
Corporate Information

Board of Directors

S.K. Khaitan, Chairman
Sunil K. Khaitan, *Vice-Chairman & Managing Director*
Sajjan Dabriwal, *Dy. Managing Director*
Jyoti P. Tibrewala (Resigned w.e.f 30th May, 2012)
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.
Allahabad Bank
Indian Bank

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, Ambala, 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 36th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Saturday, the 15th September, 2012 at 11.00 A.M. at The Federation of A.P. Chambers of Commerce and Industries (FAPCCI) Premises – Surana Udyog Hall, Federation House, 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, 2012 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 Sunil K. Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.

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

4. To appoint a Director in place of Sri M.G. Todi 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 until 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 the accounts for the year ending 31st March, 2013 of the Branches of the Company at Mumbai, Ahmedabad, Indore, Delhi, Jaipur, Ambala, Chandigarh, Kanpur, 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.”

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

46 C J.L.Nehru Road

Kolkata – 700 071.

30th May, 2012

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.6 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, at least 48 hours before commencement of the Meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2012 to 15th September, 2012 (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, 2005 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.

(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 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.**

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 30th May, 2012.

ITEM NO. 6

The Resolution is proposed in order to comply with the provisions of Section 228 (3) of the Companies Act, 1956. The Company has Branches, inter alia, at Mumbai, Ahmedabad, Indore, Delhi, Jaipur, Ambala, Chandigarh, Kanpur, 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.

46 C.J.L.Nehru Road
Kolkata - 700 071
30th May, 2012

By Order of the Board
G. R Choudhary
Chief Financial Officer & Secretary

Directors' Report including Management Discussion

To the members

Your Directors present 36th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

Financial results

	2011-2012 (Rs. in lacs)	2010-2011 (Rs. in lacs)
Sales of Goods	45365.45	48302.48
Gross Profit / (Loss) for the year	(1469.17)	1132.62
Less : Depreciation	(182.81)	(177.45)
Profit / (Loss) before Tax & Exceptional item	(1651.98)	955.17
Less : Exceptional Item	-	(75.99)
Profit after Exceptional Item	(1651.98)	879.18
Less : Provision for Income Tax		
For Current Year- Current tax	-	(320.00)
Deferred tax	18.18	(9.23)
For Earlier Years- Income tax	10.94	0.69
Profit / (Loss) after Tax	(1622.86)	550.64
Add: Balance in Profit and Loss Account	290.93	432.31
Amount available for Appropriation	(1331.93)	982.95
Appropriation		
a) Transfer to General Reserve	-	490.87
b) Proposed Dividend	-	172.50
c) Tax on Dividend	-	28.65
Balance carried to Balance Sheet	(1331.93)	290.93
Earnings Per Share (in Rs.)	(14.11)	4.79
Cash Earnings Per Share (in Rs.)	(12.52)	6.33



CORPORATE OVERVIEW

Khaitan Electricals Limited is India's Leading Fan manufacturer with interests in Home Appliances and Lightings business having its Corporate head quarters in Kolkata.

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India.

FINANCIAL REVIEW

In a year which has been one of the most challenging for the Industry in terms of

slowing economies, rising input costs and wild currency fluctuations, your company registered steep decline in sales of goods to Rs 453.65 crores from Rs 483.02 crores and a net loss of Rs 16.23 crores against net profit after tax of Rs 5.51 crores in the previous financial year.

Going forward, the company is planning to consolidate its products, divisions and manufacturing facilities.

Other Income

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

Financial Expenses

Financial expenses for the year was Rs.36.67 Crores as against Rs. 26.08 Crores in the Previous Year.

Depreciation

Depreciation was at Rs.1.83 Crores compared to Rs.1.77 Crores in the previous year.

Earning per Share

Earnings Per Share (EPS) stood at Rs. (14.11) compared to EPS of Rs. 4.79 in the previous year. The cash earned per share stood at Rs.(12.52) as against Rs. 6.33 in the previous year.

Cash flow analysis

Rs. in lacs

Source of cash	2011-12	2010-11
Cash from operations	1287.98	2659.27
Increase in Borrowings	1963.69	5641.97
Inter Corporate Deposits	104.54	-
Total	3356.21	8301.24
Use of Cash	2011-12	2010-11
Net capital expenditure	94.95	246.45
Interest Paid (Net)	2669.92	1458.91
Dividend Paid	172.50	-
Tax paid	205.58	86.12
Increase/(Decrease) in Cash & Cash Equivalents	97.29	94.70
Increase/(Decrease) in Working Capital	115.97	4805.73
Inter Corporate Deposits	-	1609.33
Total	3356.21	8301.24

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, 2012, the total permanent employees were 806.

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 9001:2008 certified.

Current Outlook

Sluggish economy, higher inflation that is lowering consumers' disposable income, rising input costs apart from shrinking demand are some of the challenges that continue to haunt fan industry. Overall the outlook for fan industry continues to remain flat.

Risks And Concerns

Deep Currency fluctuations affect metal prices and expected to cause pressure on our margins. No threat is witnessed from imports.

Though the Company is consolidating its products and mitigating the impact of rising interest costs, the steep rise in input cost is a big cause of concern.

With no sign of stability in input prices, the company looks forward to year 2012-13 with extreme caution.

Internal Control Systems And Their Adequacy

The Company remains committed to maintain its internal control systems 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.

Transfer Of Amounts To Investor Education And Protection Fund

Pursuant to the provisions of section 205A(5) of the Companies Act,1956, dividends which remained unpaid or unclaimed for a period of 7 years have been transferred by the company to the Investor Education and Protection Fund.

Directorate

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

Sri Jyoti P.Tibrewala an independent Director of the company resigned from the Board after a long period of 36 years. Your Board places on record its, appreciation for his able guidance, wise counsel and support which benefited the company.

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, 2012.

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 loss 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. 4.29 Lacs

	c) Total	:	Rs. 4.29 Lacs
	d) Total R & D Expenditure as a percentage of Total Turnover	:	0.010 %
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, 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. 4263.16 Lacs Earned - Rs. 562.79 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 NIL.

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
30th May, 2012

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 Chouduri. 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 are Sri Sunil K.Khaitan, Vice Chairman & Managing Director and Sri Sajjan Dabriwal, Dy.Managing Director.

Five Board Meetings were held during the

period from 1st April , 2011 to March 31, 2012 on the following dates:

May 28th, 2011; August 11th, 2011; September 17th, 2011; November 12th, 2011 and February 13th, 2012.

The attendance at Board Meetings and at the Last Annual General Meeting and the Number 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	4	4	Related to Sri Sunil K. Khaitan, Sri A. K. Kajaria and Sri Sajjan Dabriwal
Sri M.G. Todi	4	No	4	Nil	
Sri A.K. Kajaria	3	No	3	Nil	Related to Sri S. K. Khaitan, Sri Sunil K. Khaitan
Sri Jyoti P. Tibrewala*	1	Yes	2	NIL	
Sri Sunil K. Khaitan	4	No	2	1	Related to Sri S. K. Khaitan, Sri A. K. Kajaria and Sri Sajjan Dabriwal
Sri Sajjan Dabriwal	1	Yes	-	Nil	Related to Sri S. K. Khaitan, Sri Sunil K. Khaitan



Corporate Governance Report (Cond.)

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 V.K. Rungta	4	No	1	2	
Sri Biswajit Choudhuri	5	Yes	9	9	

- Sri Jyoti Prakash Tibrewala resigned from the Board w.e.f 30.05.2012

3. Disclosure regarding appointment or reappointment of Directors

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

a. Sri Sunil K. Khaitan(52 Years) is the Vice-Chairman and Managing Director of the Company. He is a Post Graduate in MBA having 33 Years experience in the Fan Industry. He is associated with the Company for over three decades after joining the Board of the Company in January, 1979. His other Directorships include Khaitan (India) Ltd. and Khaitan Lefin Ltd. His Shareholdings in the Company 118366 Nos

b. Sri A.K.Kajaria, (54Years) 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.

c. Sri M.G.Todi (72 Years) 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. His other Directorships include Coastal Industrial Finance Ltd., Todi Sons Ltd., Todi Services Ltd., Century Extrusion 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 P. Tibrewala , Member (Independent Director)
Sri V.K. Rungta, Member (Independent Director)

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 May 28th, 2011; August 11th, 2011; November 12th, 2011 and February 13, 2012.

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 May 28th, 2011.

The attendance at the Directors Remuneration Committee Meeting 2011-12 is given below:

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

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	-	-	30,000	30,000	-
Sri Sunil K. Khaitan	4,406,000	-	-	4,406,000	01.11.08 To 31.03.13 (Three Months)
Sri Jyoti P. Tibrewala	-	-	15,000	15,000	-
Sri A.K. Kajaria	-	-	15,000	15,000	-
Sri M.G. Todi	-	-	45,000	45,000	-
Sri V.K. Rungta	-	-	45,000	45,000	-
Sri Biswajit Choudhuri	-	-	25,000	25,000	-
Sri Sajjan Dabriwal	2,318,044	-	-	2,318,044	20.09.10 To 19.09.13 (Three Months)

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

Share Transfer Committee is comprising Sri S.K.Khaitan, Sri Sunil K.Khaitan, Sri Sajjan Dabriwal, Sri Jyoti P. Tibrewala

The Committee met 24 times during the period 2011-12 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 346 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 31st December, 2011 and 31st March, 2012 during the period under review.

The Committee is chaired by Sri Jyoti P. Tibrewala, a Non-executive Independent Director, Sri Sajjan Dabriwal, Member of the Committee and Sri P.S. Prahbakar, Chief Operating Officer is the Compliance Officer and Secretary of the Share Transfer Committee as well as the Shareholders'/Investors' Grievance Committee.

Your Company received 26 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
35th	2010-11	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004	17th September, 2011	11.00 A.M
34th	2009-10	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004	16th September, 2010	11.00 A.M
33rd	2008-09	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004.	19th September, 2009	11.00 A.M

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

- SEPTEMBER 17, 2011

No Special Resolutions was passed at the 35th Annual General Meeting held on 17th September, 2011.

- SEPTEMBER 16, 2010

One Special Resolution was passed at the 34th Annual General Meeting held

on September 16, 2010 appointment of Ms. Vegeesha Khaitan relative of some of the Directors of the Company as Executive Asst to Vice Chairman and Managing Director .

- SEPTEMBER 19, 2009

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

Directors.

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 interests 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 Exchange 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, Andhra Bhoomi and 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
15th September, 2012 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, 2012
- 2nd quarter/half-yearly
2nd week of Nov, 2012
- 3rd quarter

2nd week of Feb. 2013

- Audited results
4th week of May,2013

c. Dates of book closure

September 1st, 2012 to
September 15th, 2012

d. 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 2011-12 has been paid to BSE and NSE.

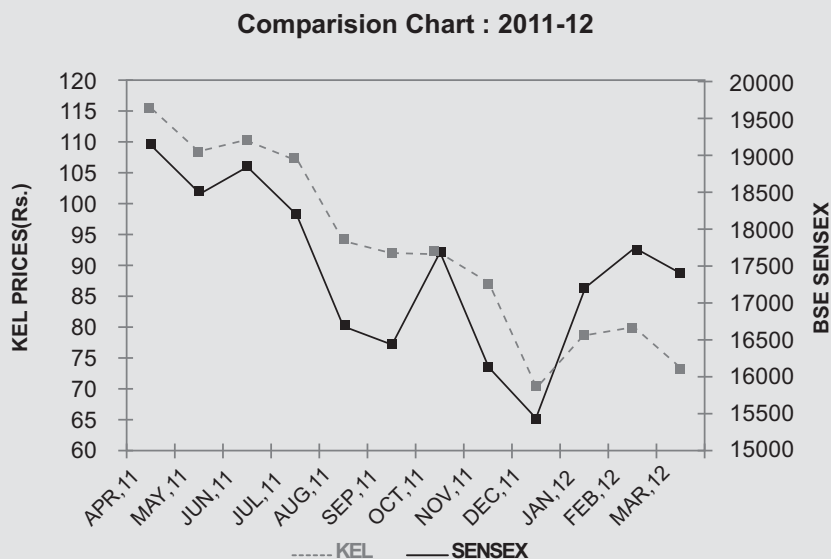
e. ISIN allotted to Equity Shares

INE 761A01019

f. Market Price Data

BSE	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	128.00	118.00	119.25	120.90	116.45	109.50	99.00	104.95	92.50	91.00	93.85	86.00
Low	113.15	97.50	94.00	105.00	86.00	86.20	86.10	79.10	60.00	65.00	71.55	72.05
Close	115.75	108.20	110.25	107.40	93.80	92.00	92.00	86.90	70.00	78.60	79.90	73.35
Monthly Turnover (Rs. in lacs)	41.67	29.71	74.92	94.40	34.11	7.92	5.12	7.68	23.65	6.96	31.52	29.63

g. Stock performance index



h. 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
 E-mail: rta@cilsecurities.com
 cilsec@rediffmail.com

i. Distribution of shareholdings as on 31st March, 2012

Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shares holding
Upto 500	19403	97.55	1723825	14.99
501 to 1,000	295	1.48	206595	1.80
1,001 to 2,000	94	0.47	134504	1.17
2,001 to 3,000	20	0.10	50570	0.44
3,001 to 4,000	8	0.04	27249	0.24
4,001 to 5,000	9	0.05	42433	0.36
5,001 to 10,000	18	0.09	127489	1.11
10,001 and above	43	0.22	9187335	79.89
	19890	100.00	11500000	100.00
Physical mode	13491	67.83	2583807	22.47
Electronic mode	6399	32.17	8916193	77.53

j. Shareholding pattern as on 31st March, 2012

Categories	No. of shares	%
Promoters' Holdings	6189585	53.82
Mutual Funds	26,493	0.23
Banks, Financial Institutions and Others	275223	2.39
Private Corporate Bodies	1940338	16.87
Indian Public	3063663	26.65
NRI/OCBS	4341	0.04
Clearing Members	357	0.00
Total	1,15,00,000	100.00

k. 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)

l. Address for correspondence

Shareholders' correspondence should be addressed to the Company's Share Transfer Agent at the address given in (h) 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 /
hydcommercial@khaitan.com or
by fax: 040-2377 0646.

m. 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, 2012 received from the senior management personnel and the Board members, a declaration of compliance with the Code of Conduct."

Kolkata
May 30, 2012

Sunil K. Khaitan
*Vice Chairman &
Managing Director*

Auditors' Certificate

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

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, 2012, 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
30th May, 2012

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

CA. Ajay Agrawal
Partner
Membership No.17643



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, 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - b) In the case of the Statement of Profit and Loss, of the 'LOSS' 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. Ajay Agrawal
Partner
Membership No. 17643

Place: Kolkata
Date: 30th May, 2012

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, 2012 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 not given any loan during the year to companies, firms or other parties covered in the register maintained under section 301 of the Act. Consequently, the provisions of para (iii) (a),(b),(c) and (d) of the Order are not applicable.
- b) The Company has not taken any loan during the year from companies, firms or other 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, and exceeding the value of Rupees Five Lakhs in respect of any party during the year, 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, 2012 for a period of more than six months from the date of becoming payable.
- b) The disputed statutory dues aggregating to Rs. 870.94 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	549.87	1991-92, 1993-94 to 2008-09	AC, DC, Commissioner, Revision Board of Comm. Taxes, Tax Tribunal, High Court.
Central Excise Act	Central Excise Duty Penalty	7.37 225.89 10.00	2000-01 2001-02 2007-08 2008-09	Tribunal Tribunal 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
Total		870.94		

- x) The Company does not have any accumulated losses as at 31st March 2012. The Company has incurred cash losses during the current year though not 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) The Company has not raised any new 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
Place: Kolkata
Date : 30th May, 2012

CA. Ajay Agrawal
Partner
Membership No. 17643

Balance Sheet

As at 31st March, 2012

(Amount in Rupees)

	Schedule	As at 31.03.2012	As at 31.03.2011
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	2.1	115,000,000	115,000,000
c. Reserves & Surplus	2.2	905,063,866	1,067,349,803
		1,020,063,866	1,182,349,803
2. Non-current liabilities			
a. Long-term borrowings	2.3	346,342,719	344,514,114
b. Deferred tax liabilities (Net)	2.4	12,830,172	14,648,171
c. Other long term liabilities	2.5	228,600	228,600
d. Long-term provisions	2.6	-	-
		359,401,491	359,390,885
3. Current liabilities			
a. Short-term borrowings	2.7	2,196,215,546	2,001,675,691
b. Trade payables	2.8	1,064,318,446	969,080,671
c. Other current liabilities	2.9	490,661,943	484,945,935
d. Short-term provisions	2.10	13,619,195	47,995,168
		3,764,815,130	3,503,697,465
Total		5,144,280,487	5,045,438,153
II. ASSETS			
1. Non-current assets			
a. Fixed assets	2.11		
(i) Tangible assets		235,233,676	243,421,272
(ii) Intangible assets		1,531,807	2,387,959
(iii) Capital work-in-progress		6,131,550	6,131,550
		242,897,033	251,940,781
b. Non-current investments	2.12	64,500,000	64,500,000
c. Long-term loans and advances	2.13	48,979,654	45,215,053
d. Other non-current assets	2.14	26,557,014	1,621,350
		382,933,701	363,277,184
2. Current assets			
a. Inventories	2.15	2,016,502,402	1,649,890,133
b. Trade receivables	2.16	1,876,154,214	2,229,634,853
c. Cash and bank balances	2.17	204,131,083	228,695,304
d. Short-term loans and advances	2.18	510,672,171	482,426,907
e. Other current assets	2.19	153,886,916	91,513,772
		4,761,346,786	4,682,160,969
Total		5,144,280,487	5,045,438,153
Significant Accounting Policies and Notes to Accounts	1 & 2	-	-

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
& Secretary

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

CA. Ajay Agrawal
Partner
Membership No. 17643

Sunil K. Khaitan
Vice Chairman &
Managing Director

M.G. Todi
Director

V.K. Rungta
Director

Kolkata
30h May, 2012

Profit and Loss Account

For the year ended 31st March, 2012

(Amount in Rupees)

	Schedule	Year ended 31.03.2012	Year ended 31.03.2011
INCOME			
I. Revenue from Operations			
Sale of Goods (Gross)	2.20	4,536,544,896	4,830,248,210
Less: Excise Duty		189,555,628	230,412,167
Net Sale of Goods		4,346,989,268	4,599,836,043
Other operating revenue		66,429,786	59,449,827
Revenue from Operations (Net)		4,413,419,054	4,659,285,870
II. Other Income	2.21	109,622,803	96,261,093
III. Total Revenue (I + II)		4,523,041,857	4,755,546,963
IV. Expenses			
Cost of Materials Consumed	2.22	1,169,643,473	1,364,301,238
Purchases of Stock-in-Trade	2.23	2,304,279,317	1,940,675,158
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.24	(364,860,807)	(155,029,794)
Employee Benefits Expense	2.25	230,873,199	197,692,729
Finance Costs	2.26	366,707,851	260,877,414
Depreciation and Amortization Expense	2.11	18,281,172	17,744,874
Other Expenses	2.27	963,316,143	1,033,768,480
Total Expenses		4,688,240,348	4,660,030,099
V. Profit/(Loss) before Exceptional and Extraordinary Items and Tax (III - IV)		(165,198,491)	95,516,864
VI. Exceptional Items		-	7,598,637
VII. Profit/(Loss) before Tax (V - VI)		(165,198,491)	87,918,227
VIII. Tax Expense:			
(1) Current tax		-	32,000,000
(2) Earlier Year Tax		(1,094,555)	(68,762)
(3) Deferred Tax		(1,817,999)	922,938
		(2,912,554)	32,854,176
IX. Profit/(Loss) for the Year (VII-VIII)		(162,285,937)	55,064,051
X. Earnings Per Share of Rs.10/- each - Basic & Diluted (Refer Note No. 2.35)		(14.11)	4.79
Significant Accounting Policies & Notes on Accounts	1&2		

The accompanying Significant Accounting Policies and Notes to Accounts are an integral part of the Financial Statements.

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

Biswajit Choudhuri
Director

G.R. Choudhary
Chief Financial Officer
& Secretary

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

CA. Ajay Agrawal
Partner
Membership No. 17643

Sunil K. Khaitan
Vice Chairman &
Managing Director

M.G. Todt
Director

V.K. Rungta
Director

Kolkata
30h May, 2012

Cash Flow Statement

For the year ended 31st March, 2012

(Amount in Rupees)

	Year ended 31.03.2012	Year ended 31.03.2011
A. Cash Flow From Operating Activities:		
Net Profit Before Tax & Exceptional Item	(165,198,491)	95,516,864
Adjustments for		
Depreciation	18,281,172	17,744,874
(Profit)/Loss on Sale/Discarded Assets Written off	2,57,917	1,046,011
Provision for Doubtful Debts	5,777,514	2,736,819
Liability no longer required Written Back	-	(16,228)
Diminuation in value of Investment Written Back	-	(744,000)
Finance cost	366,707,851	146,424,073
Interest Income	(99,715,537)	-
Provision for Liabilities (Net)	2,687,364	3,218,744
Operating Profit Before Working Capital Changes	128,797,790	265,927,157
Adjustments for		
Trade Receivables	347,703,125	(556,115,530)
Other Receivables	(93,640,648)	(110,998,816)
Inventories	(366,612,272)	(150,234,525)
Trade Payables	95,237,775	255,350,271
Other Payables	5,716,007	89,024,236
Cash Generated from Operations	117,201,777	(207,047,207)
Direct Taxes Paid	(17,692,642)	(8,611,834)
Cash Flow Before Exceptional Item	99,509,135	(215,659,041)
Exceptional Item - Loss By Fire	-	(7,598,637)
Net Cash Flow From Operating Activities (A)	99,509,135	(223,257,678)
B. Cash Flow From Investing Activities		
Additions to Fixed Assets	(20,199,462)	(34,281,371)
Sale of Fixed Assets	10,704,123	9,636,255
Loans Given During the Year	(31,478,469)	(276,737,923)
Repayment of Loans Received During the Year	41,932,356	115,804,761
Interest Received	99,715,537	40,792,610
Net Cash From Investing Activities (B)	100,674,085	(144,785,668)
C. Cash Flow From Financing Activities		
Dividend Paid	(17,250,000)	-
Dividend Distribution Tax paid	(2,865,010)	-
Net Increase/(Decrease) in Cash Credit Facility and Other Short Term Loans	251,539,855	164,595,785
Loans Raised During the Year	24,285,289	816,487,895
Loans Repaid During the Year	(79,456,684)	(416,886,700)
Interest Paid	(366,707,851)	(186,683,376)
Net Cash From Financial Activities (C)	(190,454,401)	377,513,604
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	9,728,819	9,470,258
Cash and Cash Equivalents (Opening Balance)	154,120,309	144,650,051
Cash and Cash Equivalents (Closing Balance)	163,849,128	154,120,309

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	5,00,314	396,519
Bank Balances	17,888,122	12,235,658
Remittance in Transit	145,460,692	141,488,132
	163,849,128	154,120,309

(iv) Cash and Cash Equivalent does not include any amount which is not available for use by the Company.

(v) 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

Ajay Kajaria
Director

Biswajit Choudhuri
Director

G.R. Choudhary
Chief Financial Officer
& Secretary

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Membership No. 23302

CA. Ajay Agrawal
Partner
Membership No. 17643

Sunil K. Khaitan
Vice Chairman &
Managing Director

M.G. Todi
Director

V.K. Rungta
Director

Kolkata
30h May, 2012

Schedules forming part of the Accounts

NOTE NO. 1 SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH,2012

1.1 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.
- c) All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule VI to the Companies Act, 1956. Based on the nature of operations and time between the procurement of raw material and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1.2 Fixed Assets

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

1.3 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.

1.4 Investments

Non current Investments are carried at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of non current 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.

1.5 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.

1.6 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 long term employee benefits are recognized in the Profit and Loss account.

1.7 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.

1.8 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.

Schedules forming part of the Accounts

NOTE NO. 1 SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH,2012 (CONTD.)

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.

1.9 Insurance Claims

Insurance claims are recognized when the amount thereof can be reasonably ascertained and the claim is likely to be received.

1.10 Deferred Revenue Expenditure

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

1.11 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.

1.12 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.

1.13 Government Grant

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

1.14 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.

Schedules forming part of the Accounts

(Amount in Rupees)

2 - Notes to Accounts

	As at 31.03.2012		As at 31.03.2011	
	No of Shares	Amount	No of Shares	Amount
Notes No : 2.1 Share Capital				
(a) Authorised				
Equity shares of Rs. 10/- each	16,750,000	167,500,000	16,750,000	167,500,000
Preference shares of Rs. 100/- each	75,000	7,500,000	75,000	7,500,000
		175,000,000		175,000,000
(b) Issued				
Equity shares of Rs. 10/- each	11,595,350	115,953,500	11,595,350	115,953,500
(c) Subscribed and fully paid up				
Equity shares of Rs. 10/- each	11,500,000	115,000,000	11,500,000	115,000,000

- (d) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The holders of Equity Shares are entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- (e) Shareholders holding more than 5 % of the equity shares in the Company :

	No of Shares	%	No of Shares	%
Khaitan Lefin Limited	3,428,750	30	3,248,995	28
Khaitan (India) Limited	1,708,018	15	1,708,018	15

(Amount in Rupees)

	As at 31.03.2012		As at 31.03.2011	
Notes No : 2.2 Reserves and Surplus				
(a) Securities premium account				
Balance as per last account		485,636,700		485,636,700
(b) Reserve against share warrants forfeited				
Balance as per last account		2,620,000		2,620,000
(c) General reserve				
Balance as per last account	550,000,000		500,912,677	
Add: Transfer from surplus of Statement of Profit and Loss	-		49,087,323	
		550,000,000		550,000,000
(d) Surplus				
Balance as per last account	29,093,103		43,231,385	
Add/(Less): Surplus/(Loss) as per Statement of Profit and Loss	(162,285,937)		55,064,051	
Amount available for appropriation	(133,192,834)		98,295,436	
(Add)/Less : Appropriations:				
Proposed dividend	-		17,250,000	
Tax on proposed dividend	-		2,865,010	
Transfer to general reserve	-		49,087,323	
Balance at the end of the year		(133,192,834)		29,093,103
Total Reserves and surplus		905,063,866		1,067,349,803

- i) General reserve is primarily created to comply with the requirements of section 205 (2A) of Companies Act, 1956. This is a free reserve and can be utilised for any general purpose like for issue of bonus shares, payment of dividend, buy back shares etc.
- ii) During the previous year ended 31st March, 2011, Dividend @ Rs.1.50 per equity share was recognised as distribution to equity shareholders.

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	As at 31.03.2012		As at 31.03.2011	
Note No : 2.3 Long - term borrowings				
Term loans				
From banks				
Secured				
Rupee loans:				
Axis Bank	766,539		-	
State Bank of Travancore	-		15,000,000	
HDFC Bank	357,430		1,738,353	
Unsecured				
Allahabad Bank	295,700,000		300,000,000	
		296,823,969		316,738,353
From entities other than banks				
Secured				
Rupee loan:				
Loan against keyman Insurance policy	49,518,750		26,000,000	
Home Loans	-		1,775,761	
		49,518,750		27,775,761
		346,342,719		344,514,114

a) Nature of securities:

- Vehicle loan from Axis Bank Ltd. and HDFC Bank are secured against hypothecation of vehicles.
- Rupee Term Loans from Allahabad Bank is secured by an equitable mortgage of immovable property owned by a third party and is also secured by personal guarantee of Vice Chairman & Managing Director of the Company.
- Term loan from State Bank of Travancore Rs. Nil (Previous year Rs. 1,50,00,000/- was secured by hypothecation of Raw Materials, Stock-in-Process, Stock-in-Trade and Fixed Assets of Hyderabad, Faridabad, Kolkata and Poanta Sahib Factories.
- Home loan were secured against Immovable property situated at Kolkata are financed against the loan.

b) Terms of repayment:

Sl.	Name of the banks / entities	Interest Rate p.a.	Amount outstanding as on Balance sheet date		Period of maturity w.r.t. Balance Sheet date	Number of instalments outstanding but as on 31-03-2012	Amount of instalment	
			Current #	Non Current				
i)	Axis Bank Ltd. *	10.25%	272,028	394,449	2 Years 10 Months	3 4	22,669	
		(-)	(-)	(-)	(-)	(-)	(-)	
		10.25%	184,623	372,090	2 Years 9 Months	3 3	19,430	
ii)	Allahabad Bank	(-)	(-)	(-)	(-)	(-)	(-)	
		14.75%	49,200,000	295,700,000	5 Years 9 Months	3	1,700,000	
							6 0	4,900,000
							5	7,700,000
		(14.75%)	(-)	(300,000,000)	(5 Years 4 Months)	1	7,300,000	
					(3)	(1,700,000)		
					(60)	(4,900,000)		
					(1)	(900,000)		
iii)	State Bank of Travancore	15.00%	15,000,000	-	5 Months	5	3,000,000	
		(15.00%)	(36,000,000)	(15,000,000)	(1 Year 5 Months)	(17)	(3,000,000)	
iv)	HDFC Bank *	8.05%	980,880	107,889	1 Year 2 Months	1 4	81,740	
		(8.05%)	(980,880)	(963,324)	(2 Years 2 Months)	(26)	(81,740)	
		8.05%	176,948	62,786	1 Years 4 Months	1 6	16,007	
		(8.05%)	(129,023)	(239,733)	(2 Years 4 Months)	(28)	(16,007)	
		8.05%	171,592	123,970	1 Years 8 Months	2 0	16,066	
		(8.05%)	(111,605)	(295,563)	(2 Years 8 Months)	(32)	(16,066)	
		8.05%	176,948	62,786	1 Years 4 Months	1 6	16,007	
(8.05%)	(129,023)	(239,733)	(2 Years 4 Months)	(28)	(16,007)			
v)	BHW Home Finance Ltd.	-	-	-	-	-	-	
		(13.35%)	(-)	(1,775,761)	(4 Years)	(48)	(47,490)	
vi)	Life Insurance Corporation of India **	9.00%	-	49,518,750	9 Years	-	-	
		(9.00%)	(-)	(26,000,000)	(10 Years)	(-)	(-)	
			66,163,019	346,342,719				

Represents current maturities of loan long term debts shown under other current liabilities (Note No. 2.9) * Amount of Instalment includes interest. ** Bullet payment at the end of the maturity period.

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	As at 31.03.2012		As at 31.03.2011	
Note No : 2.4 Deferred tax liabilities (Net)				
Deferred tax liabilities :				
Depreciation	22,064,380		19,786,606	
Gratuity / Leave Excashment	-		430,953	
		22,064,380		20,217,559
Deferred tax assets :				
Gratuity / Leave Excashment	(403,670)		-	
Provision for doubtful debts/claims	(8,830,538)		(5,569,388)	
		(9,234,208)		(5,569,388)
		12,830,172		14,648,171

Note No : 2.5 Other long - term liabilities				
Security Deposit		228,600		228,600

Note No : 2.6 Long - term provisions				
Provision for employee benefits		-		-

Note No : 2.7 Short - term borrowings				
Other loans and advances				
From banks				
Secured				
Cash Credit	1,419,166,540		1,170,909,134	
Unsecured				
Buyers' credit	214,180,346		58,469,957	
Bills Discounting	339,782,775		492,210,715	
		1,973,129,661		1,721,589,806
From others -Unsecured		223,085,885		280,085,885
		2,196,215,546		2,001,675,691

Nature of securities:

Cash Credit from 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.

Note No : 2.8 Trade payables				
Total outstanding dues of other than Micro and Small Enterprises		1,064,318,446		969,080,671
		1,064,318,446		969,080,671

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	As at 31.03.2012		As at 31.03.2011	
Note No : 2.9 Other current liabilities				
Current maturities of long - term debt *		66,163,019		37,350,530
Interest accrued but not due on borrowings		2,088,334		1,096,667
Interest accrued and due on borrowings		4,337,967		-
Unpaid dividends **		3,984,184		3,800,354
Other payables				
Advance received against capital goods		-		9,500,000
Advance from customers and others		29,479,100		49,857,581
Security deposits		239,084,439		222,069,206
Statutory liabilities		108,697,463		114,154,089
Unpaid salaries and other payroll dues		12,733,350		11,262,550
Accrued expenses		23,702,469		34,468,961
Others		391,618		1,385,997
		490,661,943		484,945,935

* Refer Note No. 2.3(a) & 2.3(b) for nature of securities and terms of repayment respectively.

** There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

Note No : 2.10 Short - term Provisions				
Provision for employee benefits - Leave encashment		4,689,541		-
Other provisions				
Proposed dividend		-		17,250,000
Tax on proposed dividend		-		2,865,010
Income Tax	-		54,556,880	
Less: Advance tax	-		37,608,553	
		-		16,948,327
Warranty		8,929,654		10,931,831
		13,619,195		47,995,168

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

Note No : 2.11 Fixed assets													
Particulars	Tangible assets							Intangible assets		Capital work-in progress	Grand total	Previous Year	
	Land (Free hold)	Land (Lease hold)	Buildings (Free hold)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software (acquired)				
Gross block													
Gross carrying amount as at 01.04.2011	72,834,054	1,00,85,560	72,822,045	1,61,45,82,75	34,30,86,93	20,66,8,985	29,90,4,249	40,20,81,861	5,49,0,893	6,13,1,550	41,37,04,304	39,49,13,114	
Additions during the year	227,000	-	380,904	14,42,7,486	466,219	1,62,7,873	2,68,9,076	19,81,8,558	-	380,904	20,19,9,462	34,28,1,373	
Disposals/deductions during the year	9,94,4,996	-	-	85,638	-	1,16,5,554	-	11,19,6,188	-	380,904	11,57,7,092	15,40,8,945	
Gross carrying amount as at 31.03.2012	63,11,6,058	10,08,5,560	73,20,2,949	1,75,80,0,123	34,77,4,912	21,13,1,304	32,59,3,325	41,07,04,231	5,49,0,893	6,13,1,550	42,23,26,674	41,37,85,542	
Depreciation / Amortization													
Opening accumulated depreciation / amortization	-	1,39,9,152	34,33,6,295	88,08,5,340	11,45,3,335	6,92,8,289	16,45,8,176	15,86,60,587	3,10,2,934	-	1,61,76,352	1,48,82,656	
Depreciation / amortization during the year	-	1,16,596	2,30,0,448	8,05,3,369	1,97,4,119	1,98,4,881	2,99,5,607	17,42,5,020	85,61,52	-	18,28,1,172	17,74,4,874	
Disposals/deductions during the year	-	-	-	75,170	-	539,882	-	61,5,052	-	-	61,5,052	4,72,6,677	
Closing accumulated depreciation / amortization	-	1,51,5,748	36,63,6,743	96,06,3,539	13,42,7,454	8,37,3,288	19,45,3,783	1,75,47,0,555	3,95,9,086	-	1,79,42,964	1,61,84,476	
Net carrying amount													
Net block as at 31.03.2012	63,11,6,058	8,56,9,812	36,56,6,206	79,73,6,584	21,34,7,458	12,75,8,016	13,13,9,542	23,52,33,676	1,53,1,807	6,13,1,550	24,28,97,033	25,19,40,781	

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	Face Value	No of Shares	Amount	No of Shares	Amount
Note No : 2.12 Non-current investments					
Other than trade					
Unquoted (At cost, fully paid up)					
In equity shares of companies					
Other Companies :					
Khaitan Lefin Limited	10.00	945,000	56,700,000	945,000	56,700,000
Khaitan Hotels Limited	10.00	75,000	4,500,000	75,000	4,500,000
The Oriental Mercantile Co. Limited	10.00	55,000	3,300,000	55,000	3,300,000
			64,500,000		64,500,000

Note No : 2.13 Long - term loans and advances (Unsecured, considered good unless otherwise stated)					
Capital advances			22,436,412		22,436,412
Security deposits			18,219,103		14,714,002
Other loans and advances					
Advance to suppliers and others					
Considered doubtful		700,000		700,000	
Less : Provision for doubtful advances		700,000		700,000	
			-		-
MAT credit entitlement			5,500,000		5,500,000
Others			2,824,139		2,564,639
			48,979,654		45,215,053

Note No : 2.14 Other non-current assets (Unsecured, considered good unless otherwise stated)					
Trade receivables outstanding for a period exceeding six months from due date					
Considered Doubtful		23,636,033		17,858,519	
Less : Provision for doubtful debts		23,636,033		17,858,519	
Fixed deposits with banks					
(Non current portion with original maturity period of more than 12 months)					
- Margin money against LC & Bank guarantee			21,050,000		-
Interest accrued but not due			222,768		-
For employee benefits - Gratuity			3,445,376		1,621,350
Advance tax		56,395,750		-	
Less: Provision for taxation		54,556,880		-	
			1,838,870		-
Claims receivable					
Considered Doubtful		236,000		236,000	
Less : Provision for doubtful claims		236,000		236,000	
			26,557,014		1,621,350

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	As at 31.03.2012		As at 31.03.2011	
Note No : 2.15 Inventories (At lower of cost and net realizable value)				
Raw materials	280,802,244		293,728,106	
Goods-in-Transit	82,632		-	
		280,884,876		293,728,106
Work-in-progress				
Components		142,288,576		157,639,789
Finished goods	637,567,820		438,147,562	
Goods-in-Transit	9,926,859		7,172,048	
		647,494,679		445,319,610
Stock in trade		945,321,652		752,628,125
Loose tools		512,619		574,503
		2,016,502,402		1,649,890,133

Note No : 2.16 Trade receivables (Unsecured, considered good)				
Trade receivables outstanding for a period exceeding six months from due date		210,730,785		287,581,882
Other trade receivables		1,665,423,429		1,942,052,971
		1,876,154,214		2,229,634,853

Note No : 2.17 Cash and bank balances				
Cash and cash equivalents				
Balances with banks				
In current accounts	17,888,122		12,235,658	
Remittance in transit	145,460,692		141,488,132	
Cash on hand	500,314		396,519	
		163,849,128		154,120,309
Other bank balances				
Security against borrowings				
Fixed deposits with banks				
- Current portion of original maturity period more than 12 months	-		10,200,000	
- Original maturity period upto 12 months	10,740,000		630,000	
		10,740,000		10,830,000
Unpaid dividend accounts		3,984,184		3,800,354
Margin money (With banks against LC and bank guarantees)				
In Fixed deposits				
- Current portion of original maturity period more than 12 months	-		24,870,328	
- Original Maturity period upto 12 months	10,030,395		29,448,313	
In Current Account	15,527,376		5,626,000	
		25,557,771		59,944,641
		204,131,083		228,695,304

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	As at 31.03.2012	As at 31.03.2011
Note No : 2.18 Short - term loans and advances (Unsecured, considered good)		
Security deposits	1,160,096	1,160,096
Other loans and advances		
Loan to others	360,811,154	371,265,041
Other Advances	11,399,696	7,585,008
Advance to suppliers and others	89,183,260	64,893,879
Cenvat, Vat and other taxes/duties	40,862,993	31,345,186
Prepaid expenses	7,254,972	6,177,697
	510,672,171	482,426,907

Note No : 2.19 Other current assets (Unsecured, considered good)		
Interest accrued and due	58,588,699	-
Interest accrued but not due	2,349,522	1,725,714
Claims receivable	58,088,335	54,531,868
Other receivable	26,470,877	26,818,251
Taxes and duties refundable	3,282,243	3,531,950
Employee benefits - Leave encashment	-	273,537
Gift Stock	-	108,751
DEPB entitlement	5,107,240	4,523,701
	153,886,916	91,513,772

	Year ended 31.03.2012	Year ended 31.03.2011
Note No : 2.20 Revenue from operations		
Sale of goods (Gross)		
Manufactured Goods		
Fans & Motors	1,604,588,591	2,196,682,860
Other items	268,353,689	414,934,663
	1,872,942,280	2,611,617,523
Trading Goods		
Fans & Motors	815,350,994	1,160,149,624
Home appliances	767,202,081	612,379,101
Lightings	734,273,645	415,449,171
Other items	346,775,896	30,652,791
	2,663,602,616	2,218,630,687
	4,536,544,896	4,830,248,210
Other operating revenues		
Scrap sale	66,429,786	59,449,827
	4,602,974,682	4,889,698,037

Note No : 2.21 Other income		
Interest	99,715,537	80,256,693
Income from lease	-	30,000
Profit on Sale of Fixed Assets	1,593,025	-
Export incentive	2,506,000	4,192,000
Net gain on foreign currency transactions & translations	-	5,101,971
Rent receipt	2,251,311	2,095,550
Miscellaneous income	3,556,930	4,584,879
	109,622,803	96,261,093

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	Year ended 31.03.2012		Year ended 31.03.2011	
Note No : 2.22 Cost of materials consumed				
Raw Materials				
Lamination/Silicon Steel Sheets	172,488,333		203,306,700	
Copper Wire	260,269,107		285,249,092	
Aluminium Ingots	67,635,698		82,895,514	
Aluminium Sheets	60,672,527		99,673,145	
Ball Bearings	52,866,100		60,273,234	
Other Materials & Components	555,711,707		632,903,553	
		1,169,643,472		1,364,301,238

Note No : 2.23 Purchases of stock-in trade				
Fans & Motors		724,683,481		930,605,563
Home appliances		621,317,062		515,505,404
Lightings		642,054,988		382,638,427
Other items		316,223,786		111,925,764
		2,304,279,317		1,940,675,158

Note No : 2.24 Changes in inventories of finished goods, work-in-progress and stock-in-trade				
Finised goods				
Opening stock	438,147,562		433,887,409	
Less: Closing stock	637,567,820		438,147,562	
		(199,420,258)		(4,260,153)
Work-in-progress				
Components				
Opening stock	157,639,789		167,501,102	
Less: Closing stock	142,288,576		157,639,789	
		15,351,213		9,861,313
Stock in trade				
Opening stock	752,628,125		656,708,901	
Less: Closing stock	945,321,652		752,628,125	
Less: Lost by Fire	-		59,497,854	
		(192,693,527)		(155,417,078)
Add/(Less) : Excise duty and cess on stock *		11,901,765		(5,213,876)
		(364,860,807)		(155,029,794)

* The amount of excise duty and cess on stock represents differential excise duty and cess on opening and closing stock of stock in trade.

Note No : 2.25 Employee benefits expense				
Salaries and wages		205,394,014		177,513,939
Contribution to provident and other funds		16,560,512		12,519,237
Staff welfare expense		8,918,673		7,659,553
		230,873,199		197,692,729

Note No : 2.26 Finance costs				
Interest expense		304,438,609		204,423,134
Other borrowing cost		62,269,242		56,454,280
		366,707,851		260,877,414

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

	Year ended 31.03.2012		Year ended 31.03.2011	
Note No : 2.27 Other expenses				
Consumption of stores and spare parts		5,290,370		4,560,004
Power and fuel		6,390,056		6,952,993
Fabrication charges		163,635,245		223,921,479
Royalty		54,048,951		59,911,856
Rent		30,622,024		21,701,885
Repairs				
Buildings	1,308,828		2,089,885	
Machinery	2,471,716		2,861,211	
Others	3,641,620		3,321,767	
		7,422,164		8,272,863
Insurance		9,125,879		8,532,278
Rates and taxes (excluding taxes on income)		8,054,615		9,226,520
Payments to auditor				
As auditor for statutory audit	341,000		337,882	
For tax audit	68,000		68,000	
For other services (Limited reviews & certifications)	100,400		96,321	
For reimbursement of expenses	26,728		18,361	
		536,128		520,564
Carriage outward		121,829,917		132,628,184
Commission		51,772,309		43,785,024
Exchange rate fluctuation		21,960,377		-
Travelling & Conveyance		51,760,080		47,584,708
Advertisement & Publicity		89,042,457		106,566,710
Discount & Schemes Expenses		221,798,909		241,016,165
Sundry Balance Written off		8,724		16,070
Provision for doubtful debts		5,777,514		2,736,819
Loss on Sale of Fixed Asset		257,917		872,348
Other Expenses		113,910,886		114,962,010
Prior period net *		71,621		-
		963,316,143		1,033,768,480

* Include :

	Amount(Rs.)
After sales service	8,500
Travelling expenses	5,2671
Telephone expenses	1,0450
	71,621

Schedules forming part of the Accounts (Contd.)

2.28. Contingent Liabilities not provided for in respect of

(Amount in Rupees)

	As at 31.03.2012	As at 31.03.2011
a. Claims not acknowledged as debts :-		
i) Central Excise Duty under appeal Amount deposited against above	24,326,006 -	23,343,806 -
ii) Sales Tax under appeal Amount deposited against above	60,802,930 (5,815,718)	58,306,386 (13,878,770)
iii) Employees State Insurance Amount deposited against above	711,216 (33,033)	711,216 (33,033)
iv) Extension Fee by Administrator of Haryana Urban Development Authority under appeal	7,103,310	7,103,310
b. 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.		

2.29 Capital contracts remaining to be executed and not provided for Rs. 52,000,000 against which an advance of Rs. 12,150,940 is paid. (Previous year Rs. 52,000,000 against which an advance of Rs. 12,150,940 is paid)

2.30 Balances outstanding with Debtors and Creditors are subject to confirmation.

2.31 Provisions, Contingent Liabilities and Contingent Assets as per AS-29 :

a. Movement in provision for warranty claims :

Particulars	2011-2012	2010-2011
Opening Balance	10,931,831	6,732,606
Provided during the year	26,829,480	32,649,512
Expensed/insert used during the year	(28,831,657)	(28,450,287)
Reversed during the year	-	-
Closing Balance	8,929,654	10,931,831
Timing of outflow/uncertainties	Outflow on repairing / replacement of fans	

b. The Contingent liabilities and liabilities mentioned at Note No. 2.28 & 2.31(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 Note No. 2.28 & 2.31(a).

d. There are no Contingent Assets.

2.32 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.

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

(i) Details of transactions with Related Parties:

Nature of Transactions	Associates (A)	Key Management Personnel (KMP)	Relatives of Key Management Personnel (R)	Other related Parties (ORP)	Total
Rent Payment	6,00,000 (6,00,000)	- -	- -	- -	6,00,000 (6,00,000)
Receiving of Service (Inclusive of Remuneration)	- -	6,724,044 (6,217,454)	878,460 (654,048)	- -	7,602,504 (6,871,502)
Licence Agreement (Royalty Payment)	54,048,951 (59,911,856)	- -	- -	- -	54,048,951 (59,911,856)
Lease Income	(30,000)	-	-	-	(30,000)
Interest Receipt	20,871,243 (11,392,665)	- -	- -	- -	20,871,243 (11,392,665)
Interest Payment	5,264,394 (1,521,244)	- -	- -	- -	5,264,394 (1,521,244)
Rent Receipt	-	-	-	70,416	70,416
Purchase of Goods	-	-	-	13,670,298	13,670,298

Schedules forming part of the Accounts (Contd.)

ii) Names of related parties, description of relationship and outstanding as on 31st March, 2012 :

(Amount in Rupees)

Related Party		Relationship	Balance as at 31st March, 2012	Balance as at 31st March, 2011
a. Associates:				
Khaitan (India) Ltd.	(A)	Associate	108,957,125 Dr	118,429,994 Dr
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	32,700 Cr	95,900 Cr
Smt. Sarita Dabriwal	(R)	Wife of WTD, Sri Sajjan Dabriwal		-
Kum. Vageesa Khaitan	(R)	Daughter of WTD, Sri Sunil K Khaitan		-
c. S.Y.S. Investments & Realty (P) Ltd.	(O)	Concern in which, WTD, Sri Sajjan Dabriwal, has significant influence	1,458,864 Cr	-

(iii) The Significant transactions during the year with related parties are as under:

(Amount in Rupees)

Related Party		Relationship	Balance as at 31st March, 2012	Balance as at 31st March, 2011
a) Khaitan (India) Ltd.	(A)	Licence Agreement (Royalty Payment)	54,048,951	59,911,856
		Lease Income	-	30,000
		Purchase of Fixed Asset	-	-
		Interest Payment	5,264,394	1,521,044
		Interest Receipt	20,871,243	11,392,665
		Loan Given	-	-
		Loan Recovered	-	-
b) Khaitan Lefin Ltd.	(A)	Loan Given	-	-
		Loan Recovered	-	-
		Rent Payment	600,000	600,000
		Interest Receipt	-	-
c) S..Y.S. Investments & Realty (P) Ltd.	(O)	Purchase of Goods	13,670,298	-
		Rent Receipt	70,416	-
d) Sri S.K.Khaitan	(R)	Receiving of Services (Remuneration)	30,000	30,000
e) Sri Sunil K Khaitan	(KMP)	(Remuneration)	4,406,000	4,329,622
Sri Sajjan Dabriwal	(KMP)	(Remuneration)	2,318,044	1,887,832
Smt. Sarita Dabriwal	(R)	(Remuneration)	366,000	366,648
Kum. Vagheesa Khaitan	(R)	(Remuneration)	482,460	257,400

iv) Related party 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.

2.34 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 (Contd.)

(Amount in Rupees)

2.35 Earnings Per Share – The numerator and denominator used to calculate Basic/Diluted Earning per share:

Amount used as the numerator:

	2011-2012	2010-2012
i) Profit/(Loss) After Tax available for Shareholders	(162,285,936)	55,064,051
ii) Basic/Weighted Average number of Equity Shares used as the denominator	11,500,000	11,500,000
iii) Nominal Value of Equity Shares	10	10
iv) Basic/Diluted Earnings per Share	(14.11)	4.79

2.36 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:

(Amount in Rupees)

Defined Contribution Plan	2011-2012	2010-2012
Employers’ Contribution to Provident Fund	9,940,256	10,978,597
Employers’ Contribution to Employee State Insurance Scheme	2,042,656	2,159,021
Employers’ Contribution to Labour Welfare Fund	19,019	9,669

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,2012 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2012 is as follows:

I Components of Employer Expense:

	Gratuity (Funded)		Leave Encashment (Funded)	
	2011-2012	2010-2011	2011-2012	2010-2011
1. Current Service Cost	2,721,267	1,999,424	1,537,926	826,243
2. Interest Cost	1,996,697	1,677,526	508,194	532,890
3. Expected Return on Plan Asset	(2,415,086)	(2,147,279)	(573,878)	(512,912)
4. Actuarial (gain)/loss recognized in the year	(1,376,336)	1,616,850	6,101,905	(1,101,841)
5. Net Expense Recognised in Statement of Profit & Loss Account	926,512	3,146,521	7,574,147	(255,620)

II Change in Present Value of Defined Benefit Obligation:

1. Present Value of Defined Benefit Obligation at the Beginning of the year	24,958,720	20,969,087	6,352,424	6,661,114
2. Interest Cost	1,996,697	1,677,526	508,194	532,890
3. Current Service Cost	2,721,267	1,999,424	1,537,926	826,243
4. Benefits Paid	(1,533,089)	(1,304,167)	(1,014,273)	(565,982)
5. Actuarial (Gain) / Losses	(1,376,366)	1,616,850	6,101,905	(1,101,841)
6 Present Value of Obligation at the End of the year	26,767,229	24,958,720	13,486,176	6,352,424

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

III. Change in Fair Value of Plan Assets during the year ended 31st March, 2012:

	Gratuity (Funded)		Leave Encashment (Funded)	
	2011-2012	2010-2011	2011-2012	2010-2011
1. Plan Assets at the Beginning of the year	26,580,010	23,322,214	6,625,961	5,680,633
2. Expected Return on Plan Assets	2,415,086	2,147,279	573,878	512,912
3. Actual Company Contribution	2,750,598	2,414,684	2,611,069	998,398
4. Actual Benefits Paid	(1,533,089)	(1,304,167)	(1,014,273)	(565,982)
5. Plan Assets at the End of the year	30,212,605	26,580,010	8,796,635	6,625,961

IV. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2012:

1. Present value of Defined Benefit Obligation	26,767,229	24,958,720	13,486,176	6,352,424
2. Fair Value on Plan Assets	30,212,605	(26,580,010)	8,796,635	(6,625,961)
3. Funded Status ((Surplus) / deficit)	(3,641,126)	(1,621,290)	4,635,461	(273,537)
4 Net (Asset) / Liability recognized in Balance Sheet	(3,641,126)	(1,621,290)	4,635,461	(273,537)

V. Actuarial Assumptions

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 Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2012:

1. Administered by Life Insurance Corporation of India	100%	100%	100%	100%
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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 Note No. 2.25

VIII Relevant information relating to 2009-10, 2008-09 & 2007-08 :

	Gratuity			Leave Encashment		
	2009-2010	2008-2009	2007-2008	2009-2010	2008-2009	2007-2008
a. Present Value of Obligation	20,969,087	18,687,429	15,277,751	6,661,114	6,012,200	4,546,983
b. Fair Value of Plan Assets	23,322,214	20,893,740	19,218,951	5,680,633	4,718,026	3,449,417
c. Surplus / (Deficit) in the Plan	2,353,127	2,206,311	3,941,200	(980,481)	(1,294,174)	(1,097,566)

- 2.37 The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small & Medium Enterprises Development Act, 2006) claiming their status as on 31.03.2012 as micro, small and medium enterprises. Consequently the amount paid/payable to these parties as on 31.03.2012 is NIL (Previous Year Rs. NIL).

Schedules forming part of the Accounts (Contd.)

(Amount in Rupees)

2.38 Value of imports & indigenous Raw Materials and Components, consumed during the year :

a. Raw Materials & Components

	2011-2012		2010-2011	
Imported	200,844,192	17	237,463,295	17
Indigenous	968,799,280	83	1,126,837,943	83
	1,169,643,472	100	1,364,301,238	100

b. Consumable Stores & Tools

Imported	-	-		
Indigenous	5,290,370	100	4,560,004	100
	5,290,370	100	4,560,004	100

2.39 Value of Imports calculated on C.I.F. Basis :

	2011-12	2010-11
Raw Materials	226,211,931	176,958,160
Finished Goods	211,504,153	157,564,397
Capital Goods	-	4,834,308

2.40 Expenditure in Foreign Currency :

	2011-12	2010-11
Travel Expenses	666,056	1,296,735
Interest to Banks	3,330,005	17,707,635
Others	530,471	183,281

2.41 Earning in Foreign Exchange :

	2011-12	2010-11
FOB Value of Exports	56,278,625	88,216,302

2.42 The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of Financial Statements. This has Significantly impacted the disclosure and presentation made in the Financial Statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signatories to Notes on Financial Statement for the year Ended 31st March,2012.

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 Kalaria
Director

Biswajit Choudhuri
Director

G.R. Choudhary
Chief Financial Officer
& Secretary

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

CA. Ajay Agrawal
Partner
Membership No. 17643

Sunil K. Khaitan
Vice Chairman &
Managing Director

M.G. Todi
Director

V.K. Rungta
Director

Kolkata
30h May, 2012

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 36th Annual General Meeting of the Company to be held on 2012 at 11.00 a. m. and at any adjournment thereof.

As witness my/ our hand(s) this day of 2012.

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 36th 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 on2012 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.

