
Corporate Information

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
IDBI Bank Ltd.
Allahabad 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,
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 35th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Saturday the 17th September, 2011 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, 2011 and Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Sri S.K. Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri V.K. Rungta who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri Jyoti P. Tibrewala who retires by rotation and, being eligible, offers himself for re-appointment.
6. 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

7. 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, 2012 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.”

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: “RESOLVED that consent of the Company be and is hereby granted, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of

money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company’s Bankers/Financial Institutions in the ordinary course of business) may exceed at any time, the aggregate of the Paid-up Capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding Rs.1000 Crores (Rupees One Thousand Crores) and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.”

By Order of the Board

G. R. Choudhary

Chief Financial Officer & Secretary

46C, J.L.Nehru Road
Kolkata – 700 071
28th May, 2011

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.7 and 8 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 1st September, 2011 to 17th September, 2011 (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, 2004 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 atleast 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.
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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 28th May, 2011

ITEM NO. 7

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.

ITEM NO. 8.

The Shareholders' consent under terms of Section 293(1)(d) of the Companies Act is required for the Borrowing Powers in respect

of Financial Assistances obtained by the Company from Banks/Financial Institutions. Under Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company cannot, except with the consent of the members in General Meeting, borrow monies apart from temporary loans obtained from the Company's Bankers/ Financial Institutions in the ordinary course of business, in excess of the aggregate of the Paid-up Capital and Free Reserves of the Company that is to say reserves not set apart for any specific purpose. Shareholders at the annual General Meeting of the Company, held on 25th September, 2007 had accorded their consent to the Board of Directors of the Company for borrowing upto Rs. 300 Crores.

Considering the requirement of additional funds to meet the Company's capital expenditure programmes, as also increased

working capital requirements, the limit of Rs. 300 Crores sanctioned by the Shareholders is considered to be inadequate. The consent of the Shareholders is therefore sought in accordance with the provisions of Section 293(1)(d) of the Act to enable the Directors to borrow monies to the extent of Rs. 1000 Crores.

None of the Directors of the Company is concerned or interested in this Resolution and the Board commends passing thereof.

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

46C, J.L.Nehru Road
Kolkata - 700 071
28th May, 2011

Directors' Report including Management Discussion

To the members

Your Directors are delighted to present 35th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

Financial results

	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
Sales	48928.13	37231.11
Gross profit for the year	1132.62	727.39
Less : Depreciation	(177.45)	(165.24)
Profit before Tax & Exceptional item	955.17	562.15
Less : Exceptional Item	(75.99)	-
Profit after Exceptional item	879.18	562.15
Less : Provision for Income Tax		
For Current Year- Current tax	(320.00)	(100.00)
Deferred tax	(9.23)	(161.17)
MAT Credit Entitlement	-	55.00
For Earlier Years		
Income tax	0.69	3.25
Profit / (Loss) after Tax	328.54	(202.92)
Add: Balance in Profit and Loss Account	550.64	359.23
Amount available for Appropriation	432.31	73.08
Appropriation		
a) Transfer to General Reserve	490.87	-
b) Proposed Dividend	172.50	-
c) Tax on Dividend	28.65	-
Balance carried to Balance Sheet	290.93	432.31
Earnings per share (in Rs.)	4.79	3.12
Cash earnings per share (in Rs.)	6.33	4.56



Dividend

The Directors have recommended a dividend of Rs.1.50 (Previous Year Rs. Nil) per Share for the year 2010-11. The Dividend if approved by you, will absorb a sum of Rs.201.15 lacs including Tax on Dividend against the amount of Rs. Nil in the previous year.

Financial review

The year 2010-11 brought a note of satisfaction with significant growth in business volumes and margins. 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, 2011 improved to Rs. 489.28 Crores, compared to Rs. 372.31 Crores in the previous year, registering a growth rate of 31%. Steep hike in various input cost extended to this financial year also and impacted company's bottom line. The operating profit for the year was up at Rs. 11.33 Crores against Rs. 7.27 Crores in 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. 17.82 Crores as against Rs. 15.53 Crores in the Previous Year.

Depreciation

Depreciation was at Rs. 1.77 Crores compared to Rs. 1.65 Crores in the previous year.

Earnings per share

Earnings Per Share (EPS) stood at Rs. 4.79 compared to EPS of Rs. 3.12 in the previous year. The cash earned stood at Rs. 6.33 as against Rs. 4.56 in the previous year.

Cash flow analysis

	Rs. in lacs	
	2010-11	2009-10
Source of cash		
Cash from operations	2659.35	1974.72
Increase in borrowings	5641.97	3181.64
Inter Corporate Deposits	-	188.35
Total	8301.32	5344.71
Use of cash		
Net capital expenditure	246.52	373.51
Interest Paid (Net)	1458.91	1196.84
Tax paid	86.12	41.56
Increase/(Decrease) in Cash & Cash Equivalents	94.70	689.43
Increase/(Decrease) in Working Capital	4805.74	3043.37
Inter Corporate Deposits	1609.33	-
Total	8301.32	5344.71



Industrial structure

The fan industry registered significant growth in demand during 2010-11. The market continued to witness intense competitive activities and faced severe challenges on the cost front due to high metal and input prices.

Human resources

The Company employed good human resources practices. The Company is enjoying good and congenial industrial relations at all its plants. As on 31st March, 2011, the total permanent employees were 731.

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

Our ability to sustain improved scale of operations may significantly improve margins. Though the Company is optimistic about the outlook for the Current Year, the unabated increase in input costs is a major cause of concern.

However the company is making all out efforts to maintain its growth trend with renewed thrust on reduction in cost. The company continues its efforts to introduce many more products and designing new business Formats for generation of higher revenues.

Risks & Concerns

Currency fluctuations may also affect metal prices and may cause pressure on our margins. No threat is witnessed from imports.

Though the Company is realigning its

products by reengineering and mitigating the impact of rising cost, 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 2011-12 with great caution.

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.

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 S.K.Khaitan, Sri V.K.Rungta and Sri Jyoti P.Tibrewala, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

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, 2011.

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 safeguarding 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. 7.02 Lacs
	c) Total	:	Rs. 7.02 Lacs
	d) Total R & D Expenditure as a percentage of Total Turnover	:	0.014 %
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, Myanmar, 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. 3585.45 Lacs Earned - Rs. 716.30 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	:	51 Years & 32 years
Designation and nature of duty	:	Vice Chairman & Managing Director
Qualification	:	B.Com (Hons), MBA
Remuneration	:	Rs. 4,329,622/-
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 thank 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
28th May, 2011

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 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 , 2010 to March 31,

2011 on the following dates: May 29 2010; August 12, 2010; September 16th, 2010; November 13, 2010 and February 12th, 2011.

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 Inter se 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	4	No	4	Nil	
Sri A.K. Kajaria	2	No	3	Nil	
Sri Jyoti P. Tibrewala	1	Yes	2	Nil	
Sri Sunil K. Khaitan	4	No	2	Nil	
Sri Sajjan Dabriwal	1	Yes	-	Nil	
Sri V.K. Rungta	4	No	1	10	
Sri Biswajit Choudhuri	4	No	10	9	



3. Disclosure regarding appointment or reappointment of Directors:

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

- Sri S.K.Khaitan,(72 Years) is the Chairman and Promoter of the Company. He is a Commerce Graduate and having over three decades of experience in running industry and business. His other Directorships in other Public Limited Companies include Khaitan (India) Limited, Khaitan Lefin Ltd., Murlidhar Ratanlal Exports Ltd., Emami Paper Mills Ltd. and Rupa & Co. Ltd. His Shareholdings in the Company: 126209 Nos

- Dr. V.K. Rungta, (65 Years) is a qualified Company Secretary. He is also an MBA from the University of Calcutta, Graduate in Law and has done his Ph. D in Management from Stanton University, New York through All Indian Professional Association, Madras. Dr. Rungta has over two decades of immense experience in Finance, Secretarial, Administration and other

allied fields. He has been on the Board of Bank of Rajasthan, BFL Software Ltd. His other directorships in other Public Limited Companies include Khaitan (India) Limited, Infinity Finance Ltd., etc. His Shareholdings in the Company NIL.

- Sri Jyoti P. Tibrewala, (63 Years) is a science graduate. His contribution to the growth of the Company is commendable. He was Managing Director of the Company for over two decades. He joined the Board of the Company in October, 1975. His other directorships in other Public Limited Companies include Tibrewala Electronics Ltd., Gangeet Securities Ltd. His shareholding in the Company 30 Nos.

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 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 29th, 2010; August 12th, 2010; November 13th, 2010 and February 12th, 2011.

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 29th, 2010.

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
Sri Jyoti P. 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	43,29,622	-	-	43,29,622	01.11.08 To 31.03.13 (Three Months)
Sri Jyoti P. Tibrewala	-	-	15,000	15,000	
Sri A.K. Kajaria	-	-	10,000	10,000	
Sri M.G. Todi	-	-	45,000	45,000	
Sri V.K. Rungta	-	-	45,000	45,000	
Sri Biswajit Choudhuri			20,000	20,000	
Sri Sajjan Dabrial	18,87,832	-	-	18,87,832	20.09.10 To 19.09.13 (Three Months).

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

Your Company has reconstituted the Share Transfer and Transmission Committee on 29th May, 2010 in view of changes in the Board. Share Transfer Committee now comprised Sri S.K.Khaitan, Sri Sunil K.Khaitan, Sri Jyoti P. Tibrewala and Sri Sajjan Dabriwal.

The Committee met 24 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 210 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 603 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 17th December, 2010 and 31st March, 2011 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.Prabhakar, Chief Operating Officer is the Secretary of the Committee and Compliance Officer and the Secretary of the Share Transfer Committee as well as the Shareholders'/Investors' Grievance Committee.

Your Company received 28 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
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
32nd	2007-08	Federation of A.P. Chambers and Commerce of Industry, Hyderabad - 500 004.	16th September, 2008	11.00 A.M

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

- SEPTEMBER 16, 2010

One Special Resolution was passed at the 34th Annual General Meeting held on September 16, 2010 for appointment of Ms. Vageesha 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 .

- SEPTEMBER 16, 2008

One Special Resolution was passed at the 32nd Annual General Meeting held on September 16, 2008 amending the Articles of Association to stipulate that the number of the Directors of the

Company shall not be less than three and not more than sixteen.

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 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

17th September, 2011 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, 2011
- 2nd quarter/half-yearly
2nd week of November, 2011
- 3rd quarter
2nd week of February, 2012
- Audited results
4th week of May, 2012

c. Dates of book closure

September 1st, 2011 to
September 17th, 2011

d. Dividend payment

September, 2011

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 2010-11 has been paid to BSE and NSE.

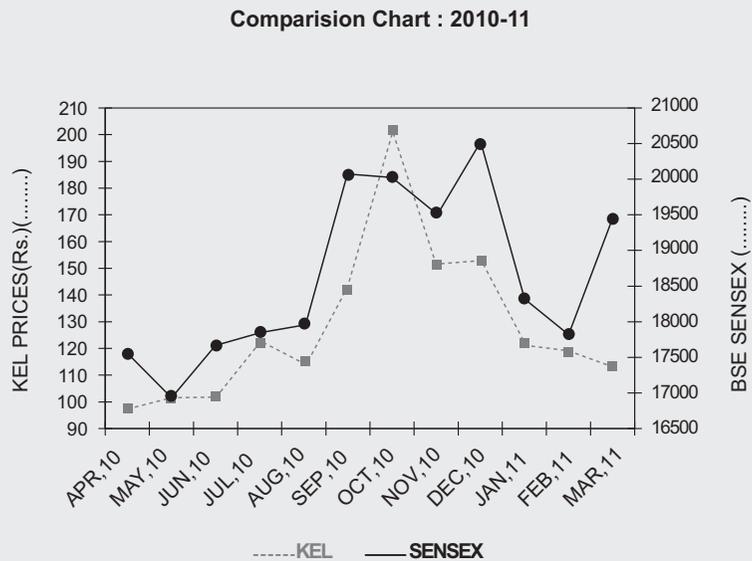
f. ISIN allotted to Equity Shares

INE 761A01019

g. Market price data

BSE	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	100.00	108.60	108.00	136.30	135.00	155.50	247.30	220.00	169.80	176.00	129.85	124.95
Low	76.50	74.15	90.85	98.50	110.00	114.60	135.00	144.00	124.00	120.05	107.00	106.85
Close	97.25	101.90	102.00	122.65	114.85	142.60	200.95	151.15	152.70	121.85	118.55	113.15
Monthly Turnover (Rs. in lacs)	227.80	167.95	213.65	610.18	152.88	705.95	2403.71	127.20	341.28	96.82	78.14	100.66

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, 2011

Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shares holding
Upto 500	19588	97.54	1744560	15.17
501 to 1,000	293	1.47	206377	1.79
1,001 to 2,000	101	0.50	143065	1.24
2,001 to 3,000	19	0.09	46838	0.41
3,001 to 4,000	7	0.03	24536	0.21
4,001 to 5,000	8	0.04	37339	0.32
5,001 to 10,000	18	0.09	127718	1.12
10,001 and above	48	0.24	9169567	79.74
	20082	100.00	11500000	100.00
Physical mode	13745	68.45	2642267	22.98
Electronic mode	6337	31.55	8857733	77.02

k. Shareholding pattern as on 31st March, 2011

Categories	No. of shares	%
Promoters' Holdings	6012166	52.28
Mutual Funds	26493	0.23
Banks, Financial Institutions and Others	275223	2.39
Private Corporate Bodies	2179765	18.95
Indian Public	3002196	26.11
NRI/OCBS	4157	0.04
Total	11500000	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)
Unit : Shree Shyam Industries,
1-Gondpur Industrial Area
Dist Sirmor, Paonta Sahib
(Himachal Pradesh)

m. Address for correspondence

Shareholders' correspondence should be addressed to the Company's Share Transfer Agents 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 / 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, 2011 received from the senior management personnel and the Board members, a declaration of compliance with the Code of Conduct.”

Kolkata
May 28, 2011

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, 2011, 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
28th May, 2011

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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - 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. Ajay Agrawal
Partner
Membership No.17643

Kolkata
May 28, 2011

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 off 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, 2011 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, 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, 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, 2011 for a period of more than six months from the date of becoming payable.

- b) The disputed statutory dues aggregating to Rs. 755.53 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	444.28	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 0.18	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.
Employees State Insurance Act	ESI Contribution	6.78	1994-95	ESI Court
Total		755.53		

- x) The Company does not have any accumulated losses as at 31st March 2011 and has not incurred cash losses during the current year and 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 held 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 raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
- 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. Ajay Agrawal
Partner
Membership No.17643

Kolkata
May 28th, 2011

Balance Sheet

As at 31st March, 2011

(Amount in Rupees)

	Schedule	As at 31.03.2011	As at 31.03.2010
I. SOURCES OF FUNDS			
1. Shareholders' Funds	1		
a. Share Capital		115,000,000	115,000,000
b. Reserves & Surplus		1,067,349,803	1,032,400,762
		1,182,349,803	1,147,400,762
2. Loan Funds	2		
a. Secured Loans		1,611,917,834	1,324,536,916
b. Unsecured Loans		624,254,318	347,438,256
		2,236,172,152	1,671,975,172
3. Deferred Tax Liability (Net) (Refer Note 20 of Schedule 12)		14,648,171	13,725,233
Total Funds Employed		3,433,170,126	2,833,101,167
II. APPLICATION OF FUNDS			
1. Fixed Assets	3		
a. Gross Block		407,653,992	388,466,667
b. Less : Depreciation		161,844,761	148,826,564
c. Net Block		245,809,231	239,640,103
d. Capital Work-in-Progress		6,131,550	6,446,447
		251,940,781	246,086,550
2. Investments	4	64,500,000	63,756,000
3. Current Assets, Loans & Advances	5		
a. Inventories		1,649,890,133	1,499,655,608
b. Sundry Debtors		2,339,541,540	1,783,162,857
c. Cash and Bank Balances		228,695,304	184,043,167
d. Other Current Assets		58,868,594	7,163,120
e. Loans and Advances		529,808,929	360,488,968
		4,806,804,500	3,834,513,720
4. Less : Current Liabilities & Provisions	6		
a. Current Liabilities		1,647,663,254	1,303,305,003
b. Provisions		42,411,901	7,950,100
		1,690,075,155	1,311,255,103
Net Current Assets		3,116,729,345	2,523,258,617
Total Assets		3,433,170,126	2,833,101,167
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

M.G. Todi
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

V.K. Rungta
Director

Kolkata
28th May, 2011

Profit and Loss Account

For the year ended 31st March, 2011

(Amount in Rupees)

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Sales	7	4,892,812,678	3,723,110,816
Less: Excise Duty		230,412,167	153,783,745
Net Sales		4,662,400,511	3,569,327,071
Other Income	8	11,468,035	10,394,239
		4,673,868,546	3,579,721,310
EXPENDITURE			
Materials Consumed	9	1,367,415,877	1,240,195,112
Purchase of Trading Goods		1,940,675,158	1,344,447,242
Manufacturing & Other Expenses	10	1,407,545,567	1,213,917,516
(Accretion) / Decretion to Stock-in-Process and Stock-in-Trade	11	(155,029,794)	(291,577,452)
		4,560,606,808	3,506,982,418
Profit before Depreciation and Tax		113,261,738	72,738,892
Depreciation		(17,744,874)	(16,523,782)
Profit before Exceptional Item and Tax		95,516,864	56,215,110
Exceptional Item (Refer Note 15 of Schedule 12)		(7,598,637)	-
Profit Before Tax		87,918,227	56,215,110
Provision for Taxation			
For Current year- Income Tax		(32,000,000)	(10,000,000)
- Deferred Tax		(922,938)	(16,116,808)
- MAT Credit Entitlement		-	5,500,000
For Earlier years - Income Tax		68,762	324,983
		(32,854,176)	(20,291,825)
Profit after Tax		55,064,051	35,923,285
Balance brought forward from previous year		43,231,385	7,308,100
Profit available for Appropriation		98,295,436	43,231,385
APPROPRIATIONS			
General Reserve		49,087,323	-
Proposed Dividend		17,250,000	-
Provision for Dividend Tax		2,865,010	-
Balance Carried forward to next year		29,093,103	43,231,385
		98,295,436	43,231,385
Significant Accounting Policies & Notes on Accounts	12		
Basic / Diluted Earning per Share of Rs.10/- each (Rs.) (Refer Note 21 of schedule 12)		4.79	3.12

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

M.G. Todi
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

V.K. Rungta
Director

Kolkata
28th May, 2011

Cash Flow Statement

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax & Exceptional Item	95,516,864	56,215,110
Adjustments for		
Depreciation	17,744,874	16,523,782
(Profit)/Loss on Sale/Discarded Assets Written off	1,046,011	4,01,004
Provision for Doubtful Debts	2,736,819	2,905,126
Liability no Longer required written back	(16,228)	(321,369)
Diminuation in value of Investment Written Back	(744,000)	-
Interest Charged to Profit and Loss Account	146,424,073	118,865,746
Amortization of Deferred Revenue Expenses	-	365,982
Provision for Liabilities (Net)	3,218,744	2,516,663
Operating Profit Before Working Capital Changes	265,927,157	197,472,044
Adjustments for:		
Trade and Receivables	(667,114,346)	(147,455,306)
Inventories	(150,234,525)	(362,240,457)
Trade Payables and other Liabilities	344,374,507	205,359,094
Cash Generated from Operations	(207,047,207)	(106,864,625)
Direct Taxes Paid	(8,611,834)	(4,155,647)
Cash Flow Before Exceptional Item	(215,659,041)	(111,020,272)
Exceptional Item - Loss by Fire	(7,598,637)	-
Net Cash Flow From Operating Activities (A)	(223,257,678)	(111,020,272)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	(34,281,371)	(48,359,393)
Sale of Fixed Assets	9,636,255	11,007,972
Loans Given During the Year	(276,737,923)	-
Repayment of Loans Received During the Year	115,804,761	18,834,829
Interest Received	40,792,610	71,860,517
Net Cash From Investing Activities (B)	(144,785,668)	53,343,925
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase/(Decrease) in Cash Credit Facility and Other Short Term Loans	164,595,785	318,164,175
Loans Raised During the Year	816,487,895	-
Loans Repaid During the Year	(416,886,700)	-
Interest Paid	(186,683,376)	(191,545,103)
Net Cash From Financial Activities (C)	377,513,604	126,619,072
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	9,470,258	68,942,725
Cash and Cash Equivalents (Opening Balance)	144,650,051	75,707,326
Cash and Cash Equivalents (Closing Balance)	154,120,309	144,650,051
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	396,519	379,106
Bank Balances	12,235,658	144,270,945
Remittance in Transit	141,488,132	-
	154,120,309	144,650,051
(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	154,120,309	144,650,051
Add : Items not considered as an item of Cash & Cash Equivalents in Cash Flow Statement		
a) Bank Balance in Fixed Deposit Account	65,849,141	34,930,800
b) Bank Balance in Unpaid Dividend Account	3,800,354	4,462,316
c) Margin Money	4,925,500	-
Cash & Bank Balance as reported in Balance Sheet	228,695,304	184,043,167
(v) Cash and Cash Equivalent does not include any amount which is 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

M.G. Todi
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

V.K. Rungta
Director

Kolkata, 28th May, 2011

Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010
Schedule – 1 SHAREHOLDERS' FUNDS			
a. Share Capital			
Authorised			
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
	175,000,000		175,000,000
Issued			
11,595,350 Equity Shares of Rs.10/- each	115,953,500		115,953,500
Subscribed and Paid-up			
11,500,000 Equity Shares of Rs.10/- each Fully Paid-up	115,000,000		115,000,000
	115,000,000		115,000,000
Of the above Equity Shares			
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. Reserves & Surplus			
Reserves			
i. Capital Reserve			
As per Last Account	2,620,000		2,620,000
ii. Securities Premium Account			
As per Last Account	485,636,700		485,636,700
iii. General Reserve			
As per Last Account	500,912,677	500,912,677	
Add : Transfer from Profit & Loss Account	49,087,323	-	
	550,000,000		500,912,677
Surplus			
iv. Balance in Profit and Loss Account	29,093,103		43,231,385
	1,067,349,803		1,032,400,762

Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
Schedule – 2 LOAN FUNDS		
a. Secured Loans		
From Scheduled Banks		
a. Cash Credit		
i) Rupee Loan	1,074,597,326	860,877,029
ii) FCNRB Loan	90,060,000	320,617,730
b. Buyer's Credit	58,469,957	71,651,497
c. Working Capital Term Loan	57,925,906	38,832,059
d. Term Loan	300,000,000	4,407,038
e. Vehicle Loans	3,088,884	90,368
From Others - Term Loan		
a. Against Keyman Insurance Policy	26,000,000	26,000,000
b. Against Immovable Property	1,775,761	2,061,195
	1,611,917,834	1,324,536,916
Notes:		
i. Cash Credit, including Buyers' Credit and Working Capital Term Loan aggregating to Rs. 12,810.53 lacs (Previous year Rs. 10,889.06 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. Nil (Previous year Rs. 2,030.72 lacs) from a scheduled Bank was secured against immovable property owned by a third party and was also secured by personal guarantee of Vice-Chairman & Mg. Director of the Company.		
iii. Term Loan Rs. 3,000 lacs (Previous year Rs. Nil) from a scheduled Bank is secured against Immovable property owned by a third party and is also secured by personal guarantee of Vice-Chairman & Mg. Director of the Company.		
iv. Term loan Rs. NIL (Previous year Rs. 44.07 lacs) from a scheduled bank was secured against Noida property of the Company.		
v. Vehicle Loans are secured against Vehicles Financed.		
b. Unsecured Loans		
a. Short Term Loan From Bodies Corporate	280,085,885	178,115,020
b. Interest-free Sales Tax Loan	-	672,714
c. Security Deposits	344,168,433	168,650,522
	624,254,318	347,438,256

Schedules forming part of the Balance Sheet

(Amount in Rupees)

Schedule - 3 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Cost as at 1st April, 2010	Additions	Disposals	Cost as at 31st March, 2011	Up to 31st March, 2010	For the Year	Adjustments	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010	
Freehold Land	72,660,054	174,000	-	72,834,054	-	-	-	-	72,834,054	72,660,054	
Land (Leasehold)	10,259,560	-	174,000	10,085,560	1,282,556	116,596	-	1,399,152	8,686,408	8,977,004	
Buildings	48,877,408	2,739,631	4,638,427	46,978,612	23,599,027	1,355,515	552,499	24,402,043	22,576,569	25,278,381	
Building (on Leasehold Land)	20,956,622	4,638,427	-	25,595,049	8,507,882	854,875	(552,499)	9,915,256	15,679,793	12,448,740	
Plant & Machinery	148,310,987	16,514,442	3,179,960	161,645,469	82,020,074	7,751,529	1,729,080	88,042,523	73,602,946	66,290,913	
Plant & Machinery (Leased)	2,598,000	-	2,598,000	-	2,012,970	96,385	2,109,355	-	-	585,030	
Office Equipment	59,093,259	2,913,263	643,550	61,362,972	21,072,459	4,584,378	224,527	25,432,310	35,930,662	38,020,800	
Computer-Software (Intangible Assets)	8,424,798	58,492	-	8,483,290	4,599,457	1,125,731	-	5,725,188	2,758,102	3,825,341	
Vehicles	17,285,979	4,798,966	1,415,959	20,668,986	5,732,139	1,859,865	663,715	6,928,289	13,740,697	11,553,840	
Total	388,466,667	31,837,221	12,649,896	407,653,992	148,826,564	17,744,874	4,726,677	161,844,761	245,809,231	239,640,103	
Capital Work-in-Progress	6,446,447	2,444,152	2,759,049	6,131,550	-	-	-	-	6,131,550	6,446,447	
Total this year	394,913,114	34,281,373	15,408,945	413,785,542	148,826,564	17,744,874	4,726,677	161,844,761	251,940,781	246,086,550	
Total previous year	360,848,885	48,359,393	14,295,164	394,913,114	135,188,970	16,523,782	2,886,188	148,826,564	246,086,550	-	

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

Schedule - 4 INVESTMENTS

Number	Face Value Rs.	Description	As at 31.03.2011	As at 31.03.2010
		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 Limited	4,500,000	4,500,000
55,000 (55,000)	10	The Oriental Mercantile Co. Limited	3,300,000	3,300,000
			64,500,000	64,500,000
		Less : Provision for diminution in value of Investments	-	744,000
		Total	64,500,000	63,756,000

Schedule - 5 CURRENT ASSETS, LOANS & ADVANCES

a. Inventories (As Certified by the Management)

i. Raw Materials	293,728,106	223,603,598
ii. Stock-in-Process	157,639,789	167,501,102
iii. Stock-in-Trade		
Manufactured Goods	443,531,557	433,887,409
Trading Goods	747,244,130	656,708,901
iv. Loose Tools	574,503	568,823
v. Goods-in-Transit	7,172,048	17,385,775
	1,649,890,133	1,499,655,608

Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
Schedule – 5 CURRENT ASSETS, LOANS & ADVANCES (CONTD)		
b. Sundry Debtors (Unsecured)		
i. Debts outstanding for a period exceeding six months		
Considered Good	385,103,575	297,172,911
Considered Doubtful	17,858,519	15,121,701
	402,962,094	312,294,612
Less : Provision for Doubtful Debts	17,858,519	15,121,701
	385,103,575	297,172,911
ii. Other Debts - Considered Good	1,954,437,965	1,485,989,946
	2,339,541,540	1,783,162,857
c. Cash and Bank Balances		
i. Cash in Hand (As Certified by the Management)	396,519	379,106
ii. Remittance-in-Transit	141,488,132	-
iii. Balances with Scheduled Banks		
On Current Account	12,235,658	144,270,945
On Fixed Deposit Account (Pledged with Scheduled Banks)	65,849,141	34,930,800
On Margin Money	4,925,500	-
On Unpaid Dividend Account	3,800,354	4,462,316
	228,695,304	184,043,167
d. Other Current Assets (Unsecured, considered good unless otherwise stated)		
i. Interest Accrued on Deposits	1,326,958	1,860,265
ii. Accrued Income	4,523,701	3,132,111
iii. Claims Receivable		
Considered Good	53,017,935	2,170,744
Considered Doubtful	236,000	236,000
	53,253,935	2,406,744
Less : Provision for Doubtful Other Current Assets	236,000	236,000
	53,017,935	2,170,744
	58,868,594	7,163,120
e. Loans and Advances (Unsecured, considered good unless otherwise stated)		
i. Loans	371,265,041	210,331,879
ii. Advances recoverable in cash or in kind or for value to be received		
Considered Good	132,537,367	106,343,525
Considered Doubtful	700,000	700,000
	133,237,367	107,043,525
Less : Provision for Doubtful Advances	700,000	700,000
	132,537,367	105,643,525
iii. Advance Income-Tax (Net of Provision)	-	6,691,357
iv. MAT Credit Entitlement	-	5,500,000
v. Advance to Gratuity Fund	1,621,290	2,353,127
vi. Advance to Leave Encashment Fund	273,537	-
vii. Balances with Government Departments	9,201,516	15,579,171
viii. Deposits	14,910,178	14,389,909
	529,808,929	360,488,968
	4,806,804,500	3,834,513,720

Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
Schedule – 6 CURRENT LIABILITIES AND PROVISIONS		
a. Current Liabilities		
i. Acceptances	530,704,219	386,299,376
ii. Sundry Creditors		
Dues to Others	795,886,734	684,941,306
iii. Accrued Expenses and Other Liabilities (Refer Note 6 of Schedule 12)	274,002,316	177,347,399
iv. Investors' Education & Protection Fund (Not due as at 31.03.2011)		
Unpaid Dividend	3,800,354	4,462,316
v. Interest Accrued but not due	361,818	785,985
vi. Advances from Customers	42,907,813	49,468,621
	1,647,663,254	1,303,305,003
b. Provisions		
i. For Proposed Dividend	17,250,000	-
ii. For Dividend Tax	2,865,010	-
iii. For Income-Tax (Net of Payment)	11,128,047	-
iv. For Fringe Benefit Tax (Net of Payment)	237,013	237,013
v. For Warranty Claims	10,931,831	6,732,606
vi. For Leave Encashment	-	980,481
	42,411,901	7,950,100
	1,690,075,155	1,311,255,103

Schedules forming part of the Profit & Loss Account

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
Schedule - 7 SALES		
Sales of Manufactured & Trading Goods	4,830,248,211	3,668,830,484
Miscellaneous Sales	62,564,467	54,280,332
	4,892,812,678	3,723,110,816

Schedule - 8 OTHER INCOME		
Miscellaneous Income	11,438,035	10,334,239
Income from Lease	30,000	60,000
	11,468,035	10,394,239

Schedule - 9 MATERIALS CONSUMED		
Stock at Commencement	223,603,598	162,917,828
Purchases	1,437,540,385	1,300,880,882
	1,661,143,983	1,463,798,710
Less: Stock at Close	293,728,106	223,603,598
	1,367,415,877	1,240,195,112

Schedule - 10 MANUFACTURING & OTHER EXPENSES		
A. Remuneration to Employees		
Salaries, Wages, Bonus etc.	177,513,939	159,510,645
Contribution to Provident & Other Funds	13,147,287	9,993,647
Workmen and Staff Welfare Expenses	7,031,503	6,523,582
	197,692,729	176,027,874
B. Manufacturing Expenses		
Fabrication Charges	223,921,479	218,873,847
Royalty	59,911,856	49,298,925
Power, Fuel and Water Charges	6,952,993	6,037,674
Consumable Stores and Tools	4,560,004	5,105,770
Repairs		
Buildings	2,089,885	2,040,396
Plant & Machinery	2,861,211	2,558,784
Others	3,323,618	3,694,262
	303,621,046	287,609,658
C. Financial Expenses		
Interest (Net)	146,424,073	118,865,746
Bank Charges	24,508,864	25,976,230
Forward Cover Charges	7,246,969	10,492,708
	178,179,906	155,334,684
D. Administrative Expenses		
Rent (Net)	19,606,335	18,484,103
Rates & Taxes	1,918,286	1,725,911
Insurance	8,532,278	8,167,016
Travelling & Conveyance	47,800,335	42,632,090
Other Expenses	50,972,544	46,638,032
	128,829,778	117,647,152

Schedules forming part of the Profit & Loss Account

(Amount in Rupees)

	Year ended 31.03.2011	Year ended 31.03.2010
Schedule – 10 MANUFACTURING & OTHER EXPENSES (CONTD.)		
E. Selling Expenses		
Advertisement and Publicity expenses	106,566,710	59,592,217
Carriage Outward	132,628,184	102,208,501
Commission	43,785,024	31,968,279
Schemes & Incentives on Sales	241,016,165	216,028,229
Cash Discount	25,632,680	24,514,990
Other Expenses	41,782,926	40,146,254
Sales Tax and Octroi	7,810,419	2,839,678
	599,222,108	477,298,148
Total	1,407,545,567	1,213,917,516

Schedule – 11 (ACCRETION)/DECRETION TO STOCK-IN-PROCESS AND STOCK-IN-TRADE		
Stock at Commencement		
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
Less : Lost by Fire (Stock-in-Trade)	59,497,854	-
	1,198,599,558	959,748,832
Less: Stock at Close		
Stock-in-Process	157,639,789	167,501,102
Stock-in-Trade	1,190,775,687	1,090,596,310
	1,348,415,476	1,258,097,412
	(149,815,918)	(298,348,580)
(Add)/Less: (Increase)/Decrease in Excise Duty & Cess on Opening & Closing Stock-in-Trade	(5,213,876)	6,771,128
	(155,029,794)	(291,577,452)

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 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 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 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 when the amount thereof can be reasonably ascertained and the claim is likely to be received.

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 on Account 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 31.03.2011	As at 31.03.2010
a. Claims not acknowledged as debts :-		
i) Central Excise Duty under appeal Amount deposited against above	23,343,806 -	23,751,493 (405,687)
ii) Sales Tax under appeal Amount deposited against above	58,306,386 (13,878,770)	39,445,730 (14,298,653)
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	743,634	1,221,887
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. 61,975 (Previous year Rs. 163,362).
b) Foreign Currency Loan include interest accrued and due Rs. 612,133 (Previous year Rs. Nil).
3. 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. 20,597,000 against which an advance of Rs. 10,247,940 was paid).
4. Balances outstanding with Debtors and Creditors are subject to confirmation.
5. Provision of Income Tax is net of Advance Income Tax Rs. 30,874,213 (Previous year : Advance Income Tax is net of provision of Rs. 53,500,000)
6. Accrued Expenses and Other Liabilities include dues to Directors Rs. 95,900 (Previous year Rs. 68,600).
7. Provisions, Contingent Liabilities & Contingent Assets as per AS-29:

a. Movement in provision for warranty claims :

(Amount in Rupees)

Particulars	2010-2011	2009-2010
Opening Balance	6,732,606	3,902,250
Provided during the year	32,649,512	31,413,085
Expense/used during the year	(28,450,287)	(28,582,729)
Closing Balance	10,931,831	6,732,606
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. The accounting policy for Insurance claims has been changed during the year from “Insurance claims are recognized upon settlement of the claim” to “Insurance claims are recognized when the amount thereof can be measured reliably and ultimate collection is reasonably certain.”
Had the aforesaid change not been made, the profit for the year would have been lower by Rs. 49,217,858 (Net of Tax Rs. 32,868,916)
9. Salaries, Wages, Bonus etc. include Rs. NIL (Previous Year Rs. 365,982) amortised towards ‘Employees Separation Scheme’ framed for the workers of Faridabad unit.
10. The Balance amount of Computer Software (acquired) is to be amortised as under:
- Rs. 33,986 in next year
 - Rs. 1,553,374 in next two years
 - Rs. 1,123,948 in next three years.
 - Rs. 46,794 in next four years.
11. Miscellaneous Income include Export Incentives Rs. 4,192,000 (Previous year Rs. 3,902,670), Sundry Balances Written Back Rs. 301,294 (Previous year Rs. 643,087) , Liabilities no longer required written back Rs. 760,228 (Previous year Rs. 148,403). Foreign Exchange Fluctuation Rs. 2,829,376 (Previous Year Rs. 4,649,466).
12. Rent (net) includes Rent received (gross) Rs. 2,095,550 (Previous year Rs. 1,915,902), Tax deducted at Source Rs. 138,422 (Previous year Rs. 193,339).
13. Interest includes interest on Fixed Loans Rs. 77,393,286 (Previous year Rs. 30,217,002). Interest is net of gross interest received Rs. 40,792,610 (Previous year Rs. 71,860,517) , Tax Deducted at Source is Rs. 4,899,132(Previous year Rs. 3,505,258).
14. i) Administrative : Other Expenses include - (Amount in Rupees)

	2010-2011	2009-2010
(a) Auditors’ Remuneration and Expenses		
i) Audit Fees	225,000	215,000
ii) Tax Audit Fees	68,000	50,000
iii) Fees for Other Services	96,321	97,417
iv) Branch Auditors’ Fees	115,382	100,500
v) Reimbursement of Out-of-Pocket Expenses	15,861	27,236
(b) Expenses pertaining to Previous year *	46,229	7,331
(c) Research & Development Expenses	701,606	1,607,517
(d) Provision for Doubtful Debts	2,736,819	2,905,125
(e) Loss on Sale/Fire/Discard of Fixed Assets	1,046,011	401,004

*[Local Conveyance Rs. NIL (Previous year Rs. 1,148), Printing & Stationary Rs. NIL (Previous year Rs . 3,142), Telephone Expenses Rs. NIL (Previous year Rs. 1,909), General Charges Rs. NIL (Previous year Rs. 1,132), Publicity Expenses Rs. 352,874 (Previous year Nil), Bank Charges (Rs. 300,088) (Previous Year Rs. Nil) & Bank Interest (Rs. 6,557) (Previous year Rs. Nil)

ii) Selling : Other Expenses include After Sales Service expenses Rs. 28,450,287 (Previous year Rs. 28,582,729).

15. A fire accident occurred at the Company’s New Delhi warehouse on 22nd June, 2010 causing extensive damage to finished goods stored therein. The Company had filed claim with the Insurance Company and is reasonably certain of settlement of claim to the extent of Rs. 49,217,858 which has been recognized in the accounts and the balance amount of Rs. 7,598,637 has been charged off to Profit and Loss Account during the year.
16. Managerial Remuneration (Debited to respective expense accounts) (Amount in Rupees)

	2010-2011	2009-2010
Salaries and Allowances	4,754,400	4,296,000
Perquisites	986,094	977,689
Contribution to Provident Fund	476,960	446,400
	6,217,454	5,720,089

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.)

17. 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.

18. 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
Rent Payment	600,000 (-)	- (-)	- (-)	- (-)	600,000 (-)
Receiving of Service (Inclusive of Remuneration)	- (-)	6,217,454 (5,720,089)	654,048 (391,715)	- (-)	6,871,502 (6,111,804)
Licence Agreement (Royalty Payment)	59,911,856 (49,298,925)	- (-)	- (-)	- (-)	59,911,856 (49,298,925)
Lease income	30,000 (60,000)	- (-)	- (-)	- (-)	30,000 (60,000)
Interest Receipt	11,392,665 (16,366,546)	- (-)	- (-)	- (-)	11,392,665 (16,366,546)
Interest Payment	1,521,224 (6,855,138)	- (-)	- (-)	- (-)	1,521,244 (6,855,138)
Loan Given	- (18,400,000)	- (-)	- (-)	- (-)	- (18,400,000)
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, 2011 :

(Amount in Rupees)

Related Party		Relationship	Balance as at 31st March, 2011	Balance as at 31st March, 2010
a. Associates:				
Khaitan (India) Ltd.	(A)	Associate	DR. 118,429,994	DR. 70,003,834
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. 95,900	CR. 68,600
Smt. Sarita Dabriwal	(R)	Wife of WTD, Sri Sajjan Dabriwal	-	-
Vageesa Khaitan	(R)	Daughter of WTD, Sri Sunil K Khaitan	-	-

Schedules forming part of the Accounts

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

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

(Amount in Rupees)

			2010-2011	2009-2010
a. Khaitan (India) Ltd.,	(A)	Licence Agreement (Royalty Payment)	59,911,856	49,298,925
		Lease Income	30,000	60,000
		Purchase of Fixed Asset	-	3,575,000
		Interest Payment	1,521,244	6,855,138
		Interest Receipt	11,392,665	15,820,796
		Loan Given	-	33,00,000
		Loan Recovered	-	69,350,000
b) Khaitan Lefin Ltd.	(A)	Loan Given	-	15,100,000
		Loan Recovered	-	15,100,000
		Rent Payment	600,000	-
		Interest Receipt	-	545,750
c) Sri S.K.Khaitan	(R)	Receiving of Services (Remuneration)	30,000	25,000
d) Sri Sunil K Khaitan	(KMP)	(Remuneration)	4,329,622	4,320,967
Sri Sajjan Dabriwal	(KMP)	(Remuneration)	1,887,832	1,399,122
Smt. Sarita Dabriwal	(R)	(Remuneration)	366,648	366,715
Kum. Vagheesa Khaitan	(R)	(Remuneration)	257,400	-

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.

19. 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.

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

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
a) Deferred Tax Liability		
Depreciation	20,414,020	18,607,135
Deferred Revenue Expenditure	22,015	-
Gratuity / Leave Encashment	631,469	455,959
b) Deferred Tax Assets		
Provision for doubtful debts/claims	(6,419,333)	(5,337,861)
c) Net Deferred Tax Liability / (Assets)	14,648,171	13,725,233

Schedules forming part of the Accounts

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

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

	2010-2011	2009-2010
Amount used as the numerator:		
i. Profit After Tax available for Shareholders	55,064,051	35,923,285
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.	4.79	3.12

22. Goods in Transit include Raw Materials Rs. NIL (Previous Year Rs. 2,627,715) and Stock-in-Trade Rs. 10,064,785 (Previous year Rs. 11,233,546) and Stock in Process Rs. NIL (Previous Year 3,524,514).

23. 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.) 2010-2011	Amount (Rs.) 2009-2010
Employer’s Contribution to Provident Fund	10,978,597	7,792,276
Employer’s Contribution to Employee State Insurance Scheme	2,159,021	1,732,263
Employer’s Contribution to Labour Welfare Fund	9,669	10,548

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, 2011 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2011 is as follows:

Schedules forming part of the Accounts

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

I. Components of Employer Expense:

	Gratuity (Funded)		Leave Encashment (Funded)	
	2010-2011	2009-2010	2010-2011	2009-2010
1. Current Service Cost	1,999,424	1,573,949	826,243	912,671
2. Interest Cost	1,677,526	1,457,875	532,890	463,174
3. Expected Return on Plan Asset	(2,147,279)	(1,964,266)	(512,912)	(458,661)
4. Actuarial (gain)/loss recognized in the year	1,616,850	1,146,685	(1,101,841)	154,345
5. Net Expense Recognised in statement of Profit & Loss Account	3,146,521	2,214,243	(255,620)	1,071,529

II. Change in Present Value of Defined Benefit Obligation:

1. Present Value of Defined Benefit Obligation at the beginning of the year	20,969,087	18,223,443	6,661,114	5,789,674
2. Interest Cost	1,677,526	1,457,875	532,890	463,174
3. Current Service Cost	1,999,424	1,573,949	826,243	912,671
4. Benefits Paid	(1,304,167)	(1,432,865)	(565,982)	(658,750)
5. Actuarial (Gain) / Losses	1,616,850	1,146,685	(1,101,841)	154,345
6. Present Value of Obligation at the End of the year	24,958,720	20,969,087	6,352,424	6,661,114

III. Change in Fair Value of Plan Assets during the year ended 31st March, 2011:

1. Plan Assets at the Beginning of the year	23,322,214	20,470,142	5,680,633	4,484,072
2. Expected Return on Plan Assets	2,147,279	1,964,266	512,912	458,661
3. Actual Company Contribution	2,414,684	2,320,671	998,398	1,396,650
4. Actual Benefits Paid	(1,304,167)	(1,432,865)	(565,982)	(658,750)
5. Plan Assets at the End of the year	26,580,010	23,322,214	6,625,961	5,680,633

IV. Net Asset / (Liability) recognized in the Balance Sheet as at 31st March, 2011:

1. Present Value of Defined Benefit Obligation	24,958,720	20,969,087	6,352,424	6,661,114
2. Fair Value of Plan Assets	(26,580,010)	(23,322,214)	(6,625,961)	(5,680,633)
3. Funded Status [Surplus/(deficit)]	(1,621,290)	(2,353,127)	(273,537)	980,481
4. Net (Asset)/Liability recognized in Balance sheet	(1,621,290)	(2,353,127)	(273,537)	980,481

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 Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2011:

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 Schedule-10.

Schedules forming part of the Accounts

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

VIII. Relevant information relating to 2008-09 & 2007-08:

	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
a. Present Value of Obligation	18,687,429	15,277,751	6,012,200	4,546,983
b. Fair Value of Plan Assets	20,893,740	19,218,951	4,718,026	3,449,417
c. Surplus / (Deficit) in the Plan	2,206,311	3,941,200	(1,294,174)	(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 one annual period 2006-07 are not available and therefore not disclosed.

24. 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**	2010-2011	Nos.	3,430,000	539,474	495,044,290	2,218,758	1,109,353	930,605,563	3,367,875	3,361,263,341	499,710	533,672,878
		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
2.	Air Coolers**	2010-2011	Nos.		954	1,989,680	-	-	-	112	7,065	842	1,594,017
		2009-2010	Nos.		1,130	2,623,381	-	-	-	176	232,374	954	1,989,680
3.	Pumps**	2010-2011	Nos.	185,000	74,740	137,736,821	129,759	175,241	79,653,825	292,577	406,288,768	87,163	152,491,440
		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
4.	Home Appliances*	2010-2011	Nos.	-	156,519	110,139,672	-	704,729	515,505,404	645,450	615,088,015	215,798	164,436,808
		2009-2010	Nos.	-	148,943	86,363,895	-	428,707	237,096,385	421,131	332,136,436	156,519	110,139,672
5.	Lighting Products**	2010-2011	Nos.		2,052,995	156,566,241	-	5,210,370	382,638,427	5,207,991	415,023,631	2,055,374	164,559,637
		2009-2010	Nos.	6,000,000	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
6.	Switchgear*@	2010-2011		-	-	127,830,765	-	-	2,319,443	-	10,644,221	-	110,422,758
		2009-2010		-	-	129,724,713	-	-	58,691,766	-	59,784,538	-	127,830,765
7.	Accessories*@	2010-2011		-	-	57,888,144	-	-	29,952,496	-	21,688,356	-	60,441,473
		2009-2010		-	-	43,486,822	-	-	20,203,915	-	10,512,842	-	57,888,144
8.	Others*	2010-2011		-	-	3,400,697	-	-	-	-	244,814	-	3,156,676
		2009-2010		-	-	5,644,188	-	-	3,311,251	-	6,029,407	-	3,400,697
Total		2010-2011				1,090,596,310			1,940,675,158		4,830,248,211		1,190,775,687
		2009-2010				852,858,761			1,344,447,242		3,668,830,484		1,090,596,310

Notes: (a) Licensed Capacities : Not Applicable

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

(c) Sales include 18880 Nos. Fans (Previous year 24,718), 109 Nos. Air Cooler (Previous Year Nil), 3714 Nos. Pumps (Previous Year Nil), 3524 Nos. Home Appliances (Previous Year Nil), 146656 Nos. Lighting Products (Previous Year Nil) Damaged/Destroyed.

* Traded

** Including 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.)

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

	2010-11		2009-10	
	Rs.	%	Rs.	%
a. Raw Materials & Components				
Imported	237,463,295	17	172,435,759	14
Indigenous	1,129,952,582	83	1,067,759,353	86
	1,367,415,877	100	1,240,195,112	100
b. Consumable Stores & Tools				
Imported	-	-	-	-
Indigenous	4,560,004	100	5,116,969	100
	4,560,004	100	5,116,969	100

26. Raw Materials & Components Consumed

Description	Unit	Qty.	Value (Rs.)	Qty.	Value (Rs.)
C.I.Castings	Tonnes	109.332	5,109,174	160.269	6,456,944
Lamination/Silicon Steel Sheets	Tonnes	2,909.935	203,306,699	3418.198	203,286,077
Copper Wire	Tonnes	616.234	285,249,092	614.148	222,847,103
Aluminium Ingots	Tonnes	666.436	82,895,514	694.920	71,975,976
Aluminium Sheets	Tonnes	690.781	99,673,145	803.293	107,547,030
Ball Bearings	Nos.	3,926,445	60,273,234	3,722,427	54,470,298
Paints & Thinners	Litres	472,612	57,456,892	474,733	55,284,240
Capacitors	Nos.	2,184,014	28,604,090	2,123,974	25,942,858
PP/ABS Powder	Tonnes	223.275	19,544,009	224.023	18,618,593
Other Materials & Components			525,304,028		473,765,993
			1,367,415,877		1,240,195,112

27. Value of Imports calculated on C.I.F. Basis

(Amount in Rupees)

	2010-11	2009-10
Raw Materials	234,784,160	172,271,454
Finished Goods	157,564,397	100,368,001
Capital Goods	4,834,308	765,846

28. Expenditure in Foreign Currency

	2010-11	2009-10
Travel Expenses	1,296,735	1,499,472
Interest to Banks	17,707,635	22,221,869
Others	183,281	1,126,705

29. Earning in Foreign Exchange

	2010-11	2009-10
FOB Value of Exports	71,630,145	88,216,302

30. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Balance Sheet Abstract

31. 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	31.03.2011
II. Capital Raised During the Year (Rs. in Thousands)	
Public Issue	Nil
Rights Issue	Nil
Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds (Rs in Thousands)	
Total Liabilities	3,433,170
Total Assets	3,433,170
(Net of Current Liabilities and Provision Rs. 1,690,075)	
Sources of Funds	
Paid-up Capital	115,000
Reserves & Surplus	1,067,350
Secured Loans	1,611,918
Unsecured Loans	624,254
Deferred Tax Liabilities (Net)	14,648
Application of Funds	
Net Fixed Assets	251,941
Net Current Assets	3,116,729
Investments	64,500
Misc. Expenditure (to the extent not w/off)	-
IV Performance of Company (Rs. in Thousands)	
Turnover	4,904,281
Total Expenditure	4,816,363
Profit/(Loss) Before Tax	87,918
Profit/(Loss) After Tax	55,064
Earning Per Share Basic & Diluted Rs.	4.79
Dividend Rate %	15%
V. Generic Names of three Principal Products / Services of Company (as per monetary terms)	
Item Code No. (ITC Code)	84145102
Product Description	CEILING FAN
Item Code No. (ITC Code)	85393100
Product Description	LIGHT PRODUCTS
Item Code No. (ITC Code)	85164000
Product Description	HOME APPLIANCES

Signatories to Schedules 1 to 12

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

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

S.K. Khaitan
Chairman

M.G. Todi
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

V.K. Rungta
Director

Kolkata
29th May, 2011

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 35th Annual General Meeting of the Company to be held on 17th September, 2011 at 11.00 A. M. and at any adjournment thereof.

As witness my/ our hand(s) this _____ day of _____ 2011.

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 35th 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 17th September, 2011 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. (in block letters)



