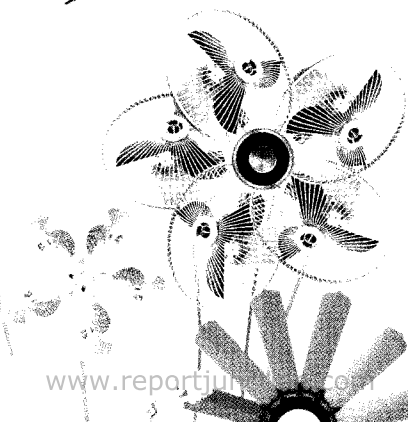
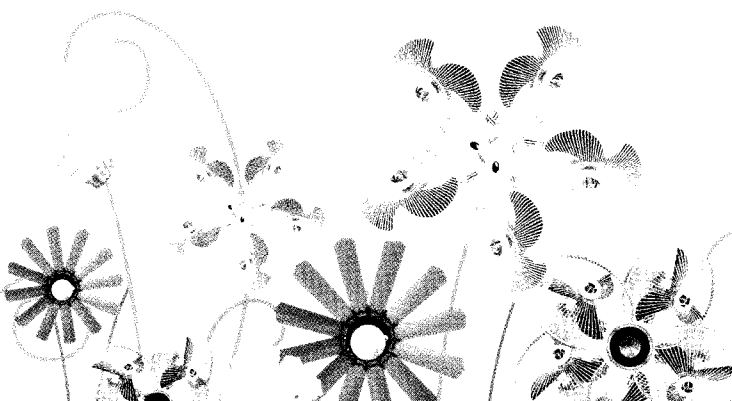
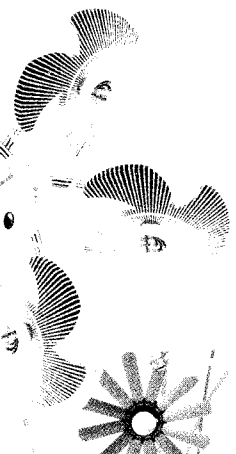




Life is beautiful with Khaitan



Life is beautiful with Khaitan

Walk into a world of ease and elegance. A world that sets you free from the mundane and makes time-taking chores seem child's play. The world of Khaitan.

With Khaitan rediscover the joy of living every minute. The fun of living life to the fullest; on your terms. Indulge yourself and live life the only way it should be lived – without a care. Live life the Khaitan way.



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Corporate Information

Board of Directors

S.K. Khaitan, *Chairman*

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

Sajjan Dabriwal, *Dy. Managing Director*

Jyoti P. Tibrewala

O. Swaminatha Reddy

M.G. Todi

A.K. Kajaria

R.A. Lohariwala, *Executive Director*

P.S. Prabhakar, *Executive Director*

G.R. Choudhary, *Finance Director & Secretary*

Auditors

M/s. V.S. Rao & Co.

Chartered Accountants

M/s. G.P. Agrawal & Co.

Chartered Accountants

Bankers

State Bank of Travancore

State Bank of Patiala

Industrial Development Bank of India Ltd.

Depository Registrar & Share transfer agent

M/s. CIL Securities Ltd.

214, Raghava Ratna Towers

Chirag Ali Lane

Hyderabad – 500 001

Telephone: (040) 23202465/ 23203155

Fax: (040) 66661267

Branches

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

Corporate Office

'Everest' 20th Floor

46C, J.L. Nehru Road

Kolkata – 700 071

Telephone: (033) 22888391

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)

Paonta Sahib Works

Unit: Shree Shyam Industries

1, Gondpur Industrial Area

Dist.: Sirmor, Paonta Sahib (H.P.)

Notice

The 32nd Annual General Meeting of **KHAITAN ELECTRICALS LIMITED** will be held on Tuesday the 16th September, 2008 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-500 004 to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st March, 2008 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 Mr. S.K. Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.R. Choudhary who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R.A. Lohariwala 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 pursuant to Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, Sri Sunil K. Khaitan be reappointed as Vice Chairman & Managing Director of the Company and consent be and is hereby accorded to him for holding and continue to hold an office or place of profit in the Company for a period of five years, commencing from 01.11.2008 to 31.10.2013 on the

terms set out in the explanatory statement annexed hereto”.

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

“RESOLVED that the accounts for the year ending 31st March, 2009 of the branches of the company at Mumbai, Ahmedabad, Indore, Delhi, Kanpur Fardiabad, Jaipur, Chandigarh Chennai, Bangalore, Hyderabad, Kochi, be audited otherwise than by the Company's Auditors and that for the audit of the accounts of those branches, the Company hereby authorizes its Board of Directors to appoint, in consultation with the Company's Auditors, a person or firms of persons qualified for the appointment as Auditors of the Company Under Section 226 of the Companies Act, 1956 and to fix the terms and conditions of appointment and remuneration of such Branch Auditors.”

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government or its Authorities/ Agencies, consent of the Shareholders be and is hereby accorded to the Company to amend the Articles of Association as mentioned below:

The following words and figures shall be substituted in place of existing Article 75 of the Articles of Association of the Company:

“75. Until otherwise determined by special resolution the number of the

Directors of the Company shall not be less than three not more than sixteen.”

“RESOLVED FURTHER THAT Mr. Sunil K. Khaitan, Vice-Chairman & Managing Director, Mr. Sajjan Dabriwal, Dy. Managing Director, Mr. G.R. Choudhary, Finance Director & Secretary and Mr. P.S. Prabhakar, Executive Director be and are hereby severally authorized to do all such acts, deeds and things as may be necessary for giving effect to the above resolutions.”

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

“RESOLVED THAT pursuant to the provisions of section 259 and other applicable provisions, if any, of the Companies Act, 1956, subject to approval of the Central Government, consent of the members be and is hereby accorded to the Company to increase the maximum number of Directors on the Board from 12 (twelve) to 16 (sixteen) including all types of Directors.”

“RESOLVED FURTHER THAT Mr. Sunil K. Khaitan, Vice-Chairman & Managing Director, Mr. Sajjan Dabriwal, Dy. Managing Director, Mr. G.R. Choudhary, Finance Director & Secretary and Mr. P.S. Prabhakar, Executive Director be and are hereby severally authorized to do all such acts, deeds and things as may be necessary for giving effect to the above resolutions.”

By Order of the Board

G.R. Choudhary

Finance Director & Secretary

46 C J.L. Nehru Road
Kolkata – 700 071.
30th June, 2008

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.7 to 10 set out above is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself/itself and the Proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, at least 48 hours before commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2008 to 16th September, 2008 (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, 2001 are requested to approach the Company for obtaining duplicate Dividend Warrants.
6. Members, desiring to seek any information on the annual accounts at the meeting, are requested to write to the Company at least 10 days in advance of the meeting to facilitate compilation thereof.
7. (a) In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/ First joint holder, the following information to be incorporated on the Dividend Warrants.
 - (i) Name of the Sole/First joint holder and the Folio Number.
 - (ii) Particulars of Bank Account, viz.,
 - (a) Name of the Bank.
 - (b) Name of Branch
 - (c) Complete address of the Bank with Pin Code Number
 - (d) Account type, whether Savings (SB) or Current Account (CA)
- (b) Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories of 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.

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.

DELISTING APPLICATION STILL PENDING WITH THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED FROM DECEMBER, 2004.

ANNEXURE TO NOTICE:

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 30th June, 2008

ITEM NO. 7

The Board of Directors of the Company, at its meeting held on 30th June, 2008 had re-appointed Mr. Sunil K. Khaitan as Vice Chairman & Managing Director on the terms and conditions and remuneration as set out hereunder:

Name and Designation	Date of appointment		Period	Basic Salary Per Month Rs.	Scale Rs.
	From	To			
Mr. Sunil K. Khaitan Vice Chairman & Managing Director	01.11.2008 to	31.10.2013	5 Years	250000/-Per month	250000 - 500000

The basic salary shall be enhanced every year subject to maximum as provided in the Scale, at the discretion of the Board, provided however the aggregate remuneration to Vice Chairman & Managing Director does not exceed the ceiling of 5 % of the net profit of the Company.

Commission and Perquisites

Commission :

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

Perquisites:

In addition to the salary and

commission, he will be entitled to the following perquisites which shall be restricted to an amount equal to his salary.

CATEGORY I

- Rent-free residential accommodation, failing which House Rent Allowance @ 60% of the salary.
- The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962 and shall not exceed 10% of the salary.
- City Compensatory Allowance @ 10% of the Salary
- The reimbursement of medical expenses actually incurred for self

and family, in accordance with the Rules of the Company

- Leave Travel Assistance for self and family once in a year, incurred in accordance with the Rules of the Company.
- Fee of Club subject to a maximum of two Clubs. This will not include the Admission and/or Life Membership Fee

CATEGORY II

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

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

CATEGORY III

(Not to be considered as Perquisites)

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

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

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

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

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

This appointment can be terminated by either party by giving three months' notice in writing to the other. The remuneration, designation, terms and conditions of his appointment can be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.

MEMORANDUM OF CONCERN OR INTEREST

Sri Sunil K. Khaitan is concerned and interested in the above appointment and remuneration payable to him. Sri S.K. Khaitan Chairman is related to Sri Sunil K. Khaitan and therefore interested in the above appointment and remuneration payable to him. Save and except the aforesaid no other Director of the Company is concerned or interested in the resolution.

The Board of Directors recommend the resolution for your approval. The Explanatory Statement together with accompanying Notice is and may be treated as an abstract Under section 302 of the Companies Act 1956.

ITEM NO. 8

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

ITEM NO. 9 & 10

Currently the overall strength of your Board is 10 Directors comprising of 4 Independent Directors, 3 Promoter Directors and 3 Non Independent

Directors. The current Board strength was in compliance with the Corporate Governance requirements under the Listing Agreement with the Stock Exchanges.

As per revised Corporate Governance requirements under the Listing Agreement with the Stock Exchanges, your Company need to broad base the Board by inducting more independent Directors, so that they constitute not less than 50% of Board's Strength. The presence of multi faceted personalities as Directors would strengthen your Board further and also achieve the desired results in all the current and future corporate endeavours.

As the current board has already reached a strength of 10 Directors, your Company intends to increase the maximum strength of the board to 16 Directors. This requires prior approval of the Shareholders and the Central Government in terms of section 259 of the Companies Act, 1956 and also amendment to Article 75 of the Articles of Association of the Company so as to reflect the maximum strength of the Board. In this regard, your Company intends to make an application to the Central Government seeking its approval.

Your Board recommends the resolutions set forth under item 9 & 10 for your approval

None of the Directors are in any way concerned or interested in the said resolutions.

By Order of the Board

G.R. Choudhary

Finance Director & Secretary

46 C J.L. Nehru Road
Kolkata - 700 071.
30th June, 2008

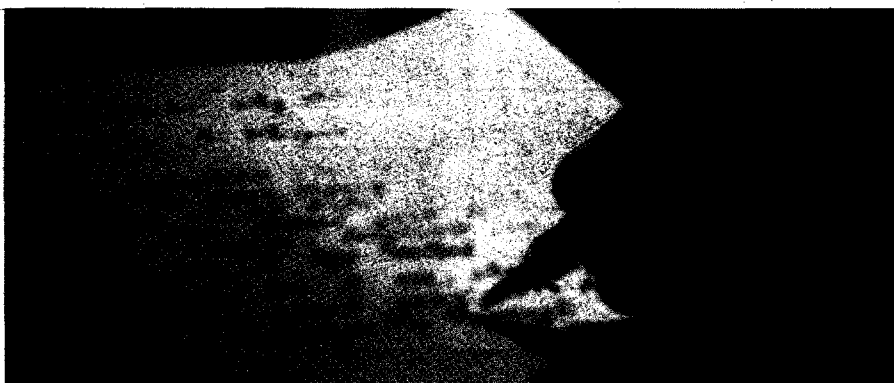
Directors' Report including Management Discussion

To The members

Your Directors have pleasure in presenting their 32nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

Financial results

	2007-2008 (Rs. in lacs)	2006-2007 (Rs. in lacs)
Sales	33,836.79	30,092.60
Gross profit for the year was	1,709.10	1,614.75
From which is deducted		
a) Depreciation	158.10	166.22
b) Provision for Income tax		
For Current Year		
Income tax	215.00	220.00
Deferred tax	(20.97)	(3.14)
Fringe benefit tax	45.33	38.02
For Earlier Years		
Income tax	(45.15)	(2.42)
Fringe benefit tax	1.70	-
	354.01	418.68
Leaving a balance of	1355.09	1196.07
To which is added profit brought forward from the previous year	465.01	538.03
Making an available surplus of	1820.10	1734.10
Which is appropriated as under		
a) Transfer to general reserve	1,000.00	1000.00
b) Proposed dividend	230.00	230.00
c) Dividend tax	39.09	39.09
Leaving a balance to be carried forward	551.01	465.01
Earnings per share (in Rs.)	11.78	14.26
Cash earnings per share (in Rs.)	13.16	16.24



Dividend

The Directors have recommended a dividend of Rs.2.00 (Previous year Rs.2.00) per Share for the year 2007-08.

The Dividend if approved by you, will absorb a sum of Rs.269.09 lacs including dividend tax against the amount of Rs.269.09 lacs in the previous year

Transfer to reserves

Your Directors propose to transfer Rs.1000 lacs to the General Reserve. An amount of Rs.551.01 Lacs is proposed to be retained in the profit and loss account.

Financial review

Your directors regret to inform that a massive fire broke out at the Company's CFL Unit at Paonta Sahib on 22nd April 2008, thereby damaging Raw Material, Stock-in-process, Stock-in-trade, Building and Plant & Machinery significantly. However there was no significant impact on business as the company quickly outsourced and ensured uninterrupted supplies.

The Assets were insured and claim has been lodged with the Insurance Company.

Sales

Sale for the year ended March 31st, 2008 increased to Rs.338.37 Crores, compared to Rs.300.93 Crores in the previous year registering a moderate growth of 12.44%.

Despite steep hike in various input costs, the company could improve its bottom line and its Operating Profit for the year increased by 22.25% to Rs.24.23 Crores against Rs.19.82 crores in the previous year.

The Net Profit after Tax for the year increased to Rs.13.55 Crores as against Rs.11.96 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.7.14 Crores as against Rs.3.67 Crores in the Previous Year.

Depreciation

Depreciation was at Rs.1.58 Crores compared to Rs.1.66 Crores in the previous year.

Earning per share

Earnings Per Share (EPS) stood at Rs.11.78 compared to EPS of Rs.14.26 in the previous year. The Cash Earning Per Share stood at Rs.13.16 as against Rs.16.24 in the previous year.

Cash flow analysis

Rs. in lacs

Source of cash	2007-08	2006-07
Proceeds from issue of share/share warrants		4,889.20
Cash from operations	2,259.26	1,848.00
Increase in borrowings	5,110.41	3,361.99
Total	7,369.67	10,099.19
Use of cash	2007-08	2006-07
Net capital expenditure	450.38	468.74
Inter corporate deposits	835.40	1,264.00
Investments	-	645.00
Interest paid	455.62	194.52
Dividend paid	230.00	129.60
Tax paid	371.73	279.82
Increase/(decrease) in cash and cash equivalents	(131.47)	394.16
Increase in working capital	5,158.01	6,723.35
Total	7,369.67	10,099.19

Industrial structure

The Fan Industry grew well in 2007-08. The market continued to witness intense competitive activities and faced severe challenges on the cost front due to high metal and other input prices for the third year in succession.

Human resources

The Company employed good human resources practices, which effectively drove its expanding business and emerging opportunities.

The Company is enjoying good and congenial industrial relations at all its plants. As on 31st March, 2008, the total permanent employees were 834.

Safety environment and pollution control

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

ISO 9001

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

Current outlook

Though the Company is optimistic about the outlook for the Current Year, the unabated increase in input costs is a major cause of concern. The inflation is

taking its toll on the economy as a whole and your company can not remain unaffected.

With no sign of stability in input prices, the company looks forward for 2008-09 with great caution.

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.