



Khatam electricals limited
ANNUAL REPORT 2008-09

Spreading Joy.
Enriching lives.

Spreading joy. Enriching lives.

Imagine the joy in making someone smile. Or better still, what it feels to make a billion people smile every day. What it takes to be a company which believes in bettering lives with every step that it takes.

Imagine a company that sets you free from the usual. A company that shows you how much it cares each time you experience its quality products - letting you rediscover life and happiness. Imagine a company called Khaitan.

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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
A.K. Bhattacharya
M.G. Todi
A.K. Kajaria
V.K. Rungta

Auditors

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

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

Bankers

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

Depository Registrar & Share transfer agent

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

Branches

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

Corporate Office

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

Registered Office

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

Kolkata Works

P-10, Transport Depot Road
Kolkata – 700 088

Hyderabad Works

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

Faridabad Works

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

Paonta Sahib Works

Unit: Shree Shyam Industries
1, Gondpur Industrial Area
Dist.: Sirmor, Paonta Sahib (H.P.)

Notice

TO THE MEMBERS

The 33rd Annual General Meeting of **KHAITAN ELECTRICALS LIMITED** will be held on Saturday, the 19th September, 2009 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, 2009 and Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Sunil K. Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Jyoti P. Tibrewala who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. V.S.Rao & Co. Chartered Accountants, Hyderabad and M/s. G.P.Agrawal & Co. Chartered Accountants, Kolkata as Joint Auditors who shall hold office from the conclusion of this Annual General Meeting and till the conclusion of next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that Sri A.K.Bhattacharya, who was appointed as an additional Director by the Board of Directors of the Company with effect from January 30th, 2009, pursuant to Section 260 of the Companies Act, 1956 to hold office upto the date of 33rd Annual General Meeting of the Company and in respect of whom the Company has received a notice alongwith requisite deposit from a member proposing his candidature for the post of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED that Dr. V.K. Rungia, who was appointed as an additional Director by the Board of Directors of the Company with effect from June 30th, 2009, pursuant to Section 260 of the Companies Act, 1956 to hold office upto the date of 33rd Annual General Meeting of the Company and in respect of whom the Company has received a notice alongwith requisite deposit from a member proposing his candidature for the post of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED that in terms of provisions of Section 198, 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956 which shall include any statutory modification(s) or reenactment(s) thereon read with Schedule XIII to the Act and in view of the inadequate or absence of profits in the financial year 2008-09, for the period April 1, 2008 to March 31st, 2011 consent of the Company be and is hereby accorded to the payment of remuneration of Sri Sunil K.Khaitan, Vice Chairman and Managing Director, on the terms set out in the explanatory statement annexed hereto".

"RESOLVED FURTHER that the Board of Directors of the

Company (including remuneration Committee) be and are hereby authorized to do all such acts and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers here-in conferred to any Director/ Officer of the Company to give effect to the aforesaid resolution."

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

"RESOLVED that in terms of provisions of Section 198, 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956 which shall include any statutory modification(s) or reenactment(s) thereon read with Schedule XIII to the Act and in view of the inadequate or absence of profits in the financial year 2008-09, for the period April 1, 2008 to September 19, 2010 consent of the Company be and is hereby accorded to the payment of remuneration of Sri Sajjan Dabirwal, Deputy Managing Director, on the terms set out in the explanatory statement annexed hereto".

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

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

"RESOLVED that in terms of provisions of Section 198, 269, 309, 310, other applicable provisions, if any, of the Companies Act, 1956 which shall include any statutory modification(s) or reenactment(s) thereon read with Schedule XIII to the Act and in view of the inadequate or absence of profits in the financial year 2008-09, for the period April 1, 2008 to September 30th, 2008, consent of the Company be and is hereby accorded to the payment of remuneration of Sri G.R.Choudhary, Finance Director & Secretary, on the terms set out in the explanatory statement annexed hereto".

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

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

"RESOLVED that in terms of provisions of Section 198, 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956 which shall include any statutory modification(s) or reenactment(s) thereon read with Schedule XIII to the Act and in view of the inadequate or absence of profits in the financial year 2008-09, for the period April 1, 2008 to September 30, 2008 consent of the Company be and is hereby accorded to the payment of remuneration of Sri R.A.Lohariwala, Executive Director, on the terms set out in the explanatory statement annexed hereto".

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

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

"RESOLVED that in terms of provisions of Section 198, 269, 309, 310, other applicable provisions, if any, of the Companies Act, 1956 which shall include any statutory modification(s) or reenactment(s) thereon read with Schedule XIII to the Act and in view of the inadequate or absence of profits in the financial year 2008-09, for the period April 1, 2008 to September 30, 2008 consent of the Company be and is hereby accorded to the payment of remuneration of Sri P.S.Prabhakar, Executive Director on the terms set out in the explanatory statement annexed hereto".

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

12. 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, 2010 of the branches of the company at Mumbai, Ahmedabad, Indore, Delhi, Kanpur, Faridabad, Jaipur, Chandigarh, Chennai, Bangalore, Hyderabad, Kochi, be audited otherwise than by the Company's Auditors and that for the audit of the accounts of those branches, the Company hereby authorizes its Board of Directors to appoint, in consultation with the Company's Auditors, a person or firms of persons qualified for the appointment as Auditors of the Company Under Section 226 of the Companies Act, 1956 and to fix the terms and conditions of appointment and remuneration of such Branch Auditors."

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

46 C J.L.Nehru Road
Kolkata - 700 071
30th June, 2009

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.5 to 11 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, 2009 to 19th September, 2009 (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, 2002 are requested to approach the Company for obtaining duplicate Dividend Warrants.

6. Members, desiring to seek any information on the annual accounts at the meeting, are requested to write to the Company at least 10 days in advance of the meeting to facilitate compilation thereof.

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

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

- (ii) Particulars of Bank Account, viz.,

- (a) Name of the Bank.

- (b) Name of Branch

- (c) Complete address of the Bank with Pin Code Number

- (d) Account type, whether Savings (SB) or Current Account (CA)

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

IMPORTANT

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

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

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, 2009

ITEM NO. 5

Sri A.K.Bhattacharya was appointed as an additional Director at the Board Meeting held on January 30th, 2009. Pursuant to section 260 of the Companies Act, 1956, he holds office upto 33rd Annual General Meeting of the Company. The Company has received a notice alongwith requisite deposit from a member under section 257 of the Companies act, 1956 proposing Mr. Bhattacharya's candidature for the directorship.

Sri A.K.Bhattacharya (76 years) is a Post Graduate in science and has also done Doctorate in science.

Sri A.K.Bhattacharya has immense experience and expertise in banking industry (36 years) and is former Managing Director of State Bank of Hyderabad.

His other directorships in other Public Limited Companies include Varun Shipping Company Limited, Gayatri Sugars Limited. His Shareholding in the Company NIL.

Your Directors solicit the approval of members by way of ordinary resolution in respect of Item No.5 set out in the notice.

None of the Directors, except Sri A.K.Bhattacharya is interested in this resolution.

ITEM NO.6

Dr. V K Rungta was appointed as an additional Director at the Board Meeting held on June 30th, 2009. Pursuant to section 260 of the Companies Act, 1956, he holds office upto 33rd Annual General Meeting of the Company. The Company has received a notice alongwith requisite deposit from a member under section 257 of the Companies act, 1956 proposing Dr. V. K. Rungta candidature for the directorship.

Dr. V K Rungta (63 years) is qualified Company Secretary. He is also an MBA from the University of Calcutta 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) Ltd., Infinity Finance Ltd. etc.

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

None of the Directors, except Dr V K Rungta is interested in this resolution.

ITEM NO. 7

The Shareholders had at their meeting held on 16th September, 2008 approved the payment of remuneration of Sri Sunil K.Khaitan for the period 1st November, 2008 to 31st October, 2013.

The unforeseen severe meltdown, steep drop in discretionary spending due to low consumer sentiments, steep increase in input costs which could not be passed on to consumers fully, are some of the reasons for the company's inadequate/absence of profits. As the Company's financial year 2008-09 resulted in inadequacy of profit, the company seeks shareholders approval by way of special resolution for payment of remuneration.

Shareholders will note that Sri Sunil K.Khaitan was appointed Vice Chairman & Managing Director of the Company with effect from 1st November, 1998 and this is the first financial year that the Company has had inadequate / absence of profits during his tenure as Vice Chairman & Managing Director.

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

I. GENERAL INFORMATION:

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

4. Financial Performance based on given indicators

(Rupees in lacs)

Particulars	Year ended 31st March 2007	Year ended 31st March 2008	Year ended 31st March 2009
1. Net Sales and Other Income	28,514	32,111	28560
2. Operating Profit (before interest dep. and taxation)	1,819	2,168	822
3. Profit before taxation	1,449	1,551	(617)

5. Export performance and net foreign Exchange Collaborations.

(Rupees in lacs)

Particulars	Year ended 31st March 2007	Year ended 31st March 2008	Year ended 31st March 2009
Foreign Exchange earnings	1,098	863	1,072
Outgo	1,951	2,095	1,583

6. Foreign Investment or collaborations, if any

NIL

ii. Information about Sri Sunil K.Khaitan

1. Background details - Sri Sunil K. Khaitan took over the reins of Khaitan Electricals Limited as Vice Chairman & Managing Director in Nov, 1998. Since then he has steered the destiny of Khaitan Electricals Limited with a single minded focus of making

Khaitan Electricals Limited an electric conglomerate. He has been responsible for the strategic decision of including emerging products into product mix of the Company which resulted into phenomenal growth in the turn-over of the Company from Rs.100 crores to Rs.300 crores. He was appointed as the Vice Chairman on the Board of erstwhile Khaitan Electricals Limited, Kolkata and was elevated to the position of Vice Chairman and Managing Director in November, 1999.

With a drive for creating new brands, Sri Sunil K.Khaitan has taken active interest in the launch of new products. He was instrumental in successful launching of Zolta brand in 2000. (His personal vision for the group is to take the company from being amongst the electrical conglomerates in India).

Sri Sunil K.Khaitan aged 49 years, is Master in Business Administration and has nearly three decades of experience in the field of industry, business and corporate management.

Sri Sunil K.Khaitan is a member of Share Transfer/Investors Grievance Committee. The other Directorships of Sri Sunil Krishna Khaitan are as follows:

Name of the Company	Board position held	Committee Membership
Khaitan (India) Ltd.,	Director	--
Khaitan Lefin Ltd.,	Director	--
Khaitan Hotels P.Ltd.	Director	--

2. Past remuneration of Sri Sunil K.Khaitan

Salary approved by Remuneration Committee/Board on 30.06.2008.

Salary Approved by Shareholders at

Annual General Meeting held on 16th September, 2008

Rs.2,50,000/- per month from 01.04.08

Rs.2,50,000/- per month in the Scale of Rs.2,50,000 - Rs.5,00,000 per month with an authority to the Board of Directors of the Company to grant such increments within the said schedule as it may determine from time to time

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 their individual salary.

CATEGORY I

- i. Rent-free residential accommodation, failing which House Rent Allowance @ 60% of the salary.
- ii. The expenditure allowance incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income

Tax Rules, 1962 and shall not exceed 10% of the salary.

- iii. City Compensatory Allowance @ 10% of the Salary.
- iv. The reimbursement of medical expenses actually incurred for self and family, in accordance with the Rules of the Company.
- v. Leave Travel Assistance for self and family once in a year, incurred in accordance with the Rules of the Company.
- vi. Fee of Club subject to a maximum of two Clubs. This will not include the Admission and/or Life Membership Fee.

CATEGORY II

- i. The Company's contribution to Provident, Superannuation and other funds as per the rules. Such contribution will not be included in computation of the ceiling on perquisites to the extent, not taxable under the Income Tax Act, 1961.
- ii. Gratuity at the rate of half month's salary for every completed year of service as per rules of the Company, subject to the limits prescribed by the Central Government, which will not be included in the computation of ceiling on perquisites.
- iii. Earned Leave as per Rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

CATEGORY III (Not to be considered as Perquisites)

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

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

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

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

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

3. Awards : NIL

4. Job profile and his suitability : Sri Sunil K.Khaitan as Vice Chairman and Managing Director is vested with substantial powers of management under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long term development activities of the Company. As explained, Sri Sunil K.Khaitan as Vice Chairman and Managing Director has steered the Company to its present position and his vision is to take the Company from being amongst the electrical conglomerates in India. Sri Sunil K.Khaitan devotes his full time in managing business of the Company.

5. Remuneration proposed : Remuneration as approved by the Board on 30th June, 2008 and shareholders on 16th September, 2008

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

6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person: The executive remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration managerial persons. The remuneration committee constituted by the Board of Directors in terms of the said schedule, perused remuneration of managerial persons in the relevant industry and other companies comparable with the size of the company, industry bench marks in general, approval and responsibilities of Sri Sunil K.Khaitan, before providing the remuneration as herein above.

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

Besides the remuneration Sri Sunil K.Khaitan does not have any pecuniary relationship with the Company. Sri Sunil K.Khaitan is the son of Sri S.K.Khaitan, Chairman and related to Sri A.K.Kajaria and Sri Sajjan Dabriwal who are other Board members. Sri Sunil K.Khaitan belongs to Promoter group.

III. Other information:

1. Reasons for loss of inadequacy of profits: The Company has regularly made adequate profits for the past few decades. The financial performance of the Company for the financial years 2005-06, 2006-07 and 2007-08 are given below:

(Rupees in lacs)

Particulars	2005-06	2006-07	2007-08
Turnover	19,037	28,428	31,936
Other Income	68	86	116
Profit before tax	847	1,449	1,551

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

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

The Company has embarked on a series of strategies and operational measures that are expected to result in the improvement in the present position. The inherent strength of the Company especially its manufacturing capability and wide distribution net work and cost optimization are also expected to enable the company to position itself during adversities. The company has also addressed the issue of productivity and has put

in place measures to reduce cost and improve the bottom line.

None of the Directors of the Company other than Sri S.K. Khaitan, Sri A.K.Kajaria and Sri Sajjan Dabriwal who are related to Sri Sunil K.Khaitan, is concerned or interested in the said resolution.

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

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

ITEM NO. 8

The Shareholders had at their meeting held on 25th September, 2007 approved the payment of remuneration of Sri Sajjan Dabriwal for the period 20th September, 2007 to 19th September 2010.

The unforeseen severe meltdown, steep drop in discretionary spending due to low consumer sentiments, steep increase in input costs which could not be passed on to consumers fully, are some of the reasons for the company's inadequate/absence of profits. As the Company's financial year 2008-09 resulted in inadequacy of profit, the company seeks shareholders approval by way of special resolution for payment of remuneration.

Shareholders will note that Sri Sajjan Dabriwal was appointed as Deputy Managing Director of the Company with effect from 20th July, 1999 and this is the first financial year that the Company has had inadequate absence of profits during his tenure as Deputy Managing Director.

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

I. GENERAL INFORMATION:**1. Nature of Industry**

Manufacturing and Trading of Electric fans, Compact florescent lamps, appliances, wires and cables, pumps etc.

2. Date or expected date of commencement of commercial production

The Companies Electric fans business commenced commercial production since 1976

3. In case of new Companies expected date of commencement and activities as per project financial institutions appearing in the prospects

N.A.

4. Financial Performance based on given indicators

(Rupees in lacs)

Particulars	Year ended 31st March 2007	Year ended 31st March 2008	Year ended 31st March 2009
1. Net Sales and Other Income	28,514	32,111	28,560
2. Operating Profit (before interest dep. and taxation)	1,819	2,168	822
3. Profit before taxation	1,449	1,551	(617)

5. Export performance and net foreign Exchange Collaborations.

(Rupees in lacs)

Particulars	Year ended 31st March 2007	Year ended 31st March 2008	Year ended 31st March 2009
Foreign Exchange earnings	1,098	863	1,072
Outgo	1,951	2,095	1,583

6. Foreign Investment or collaborations, if and

II. Information about Sri Sajjan Dabrial

1. Background details - Sri Sajjan Dabrial took over the operations

of the Company's Hyderabad facility as Deputy Managing Director in July, 1999. Since then he has efficiently ran the operation of Hyderabad facility. He has been responsible for cost optimization and process re-engineering. Sri Sajjan Dabrial aged 40 years is Graduate in Commerce and has nearly two decades of experience

in the field of industry and business management.

Sri Sajjan Dabrial is member of Share Transfer/Investors Grievance Committee.

The other Directorship of Sri Sajjan Dabrial are as follows:

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

2. Past remuneration of Sri Sajjan Dabrial

Salary Approved by Shareholders at Annual General Meeting held on 25th September, 2007

Rs.50,000/- per month in the scale of Rs.50,000 - Rs.1,00,000 per month with an authority to the Board of Directors of the Company to grant such increments within the said schedule as it may determine from time to time

Salary approved by Remuneration Committee For the Financial Year 2008-09

Rs.60,000/- per month

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 their individual salary.

CATEGORY I

- Rent-free residential accommodation, falling which House Rent Allowance @ 60% of the salary
- The expenditure allowance incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962 and shall not exceed 10% of the salary.
- 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

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

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

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

CATEGORY III (Not to be considered as Perquisites)

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

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

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

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

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

3. Awards : NIL

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

5. Remuneration proposed : Remuneration as approved by the shareholders on 25th September, 2007.

In the event of loss or inadequacy of profit, he will be entitled to the above salary and perquisites as minimum remuneration for the period from 01.04.2008 to 30.09.2010.

6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person: The executive remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration managerial persons. The remuneration committee constituted by the Board of Directors in terms of the said schedule, perused remuneration of managerial persons in the relevant industry and other companies comparable with the size of the company, industry bench marks in general, approval and responsibilities of Sri Sajjan Dabrial, before providing the remuneration as herein above.

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

Besides the remuneration Sri Sajjan Dabrial does not have any pecuniary relationship with the Company. Sri Sajjan Dabrial belongs to Promoter group.

III. Other Information:

1. Reasons for loss of inadequacy of profits: The Company has regularly made adequate profits for the past few decades. The financial performance of the Company for the financial years 2005-06, 2006-07 and 2007-08 are given below:

(Rupees in lacs)

Particulars	2005-06	2006-07	2007-08
Turnover	19,037	28,428	31,996
Other Income	68	86	116
Profit before tax	847	1,449	1,551

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

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

The Company has embarked on a series of strategy and operating

measures that are expected to result in the improvement in the present position. The inherent strength of the Company especially its manufacturing capability and wide distribution net work and cost optimization are also expected to enable the company to position itself during adversities. The company has also addressed the issue of productivity and has put in place measures to reduce cost and improve the bottom line.

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

The explanatory statement together with the accompanying notice

should be treated as an abstract of the terms and memorandum of interest of the Director under section 302 of the Companies Act, 1956.

The Directors recommend the passing of the resolution at item No.8 of the accompanying notice.

ITEM NO. 9.10 & 11

The Shareholders had at their meeting held on 25th September, 2007 approved the payment of remuneration of

- (i) Sri R.A.Lohariwala, ED for the period 1.10.2007 to

30.09.2010.

(i) Sri G. R. Choudhary, FD & Secretary for the period 1.10.2007 to 30.09.2010.

(ii) Sri P. S. Prabhakar, ED for the period 1.10.2007 to 30.09.2010.

The unforeseen severe meltdown, steep drop in discretionary spending due to low consumer sentiments, steep increase in input costs which could not be passed on to consumers fully, are some of the reasons for the company's inadequate/absence

of profits. As the Company's financial year 2008-09 resulted in inadequacy of profit, the company seeks shareholders approval by way of special resolution for payment of remuneration.

Shareholders will note that Sri R.A.Lohariwala, Sri G. R. Choudhary, and Sri P. S. Prabhakar were appointed with effect from 1st February, 1999, 1st February 1999 and 27th May 1985 respectively and this is the first financial year that the company has had inadequate/absence of profits during their tenure.

All the above wholtime directors quit the Board with effect from 30th September, 2008 and are designated as Chief Operating Officer, Chief Financial Officer and Secretary and Chief Operating Officer respectively effective from 1st October 2008 hence the present approval sought from the shareholders for the payment of remuneration is limited for the period from 1st April, 2008 to 30th September, 2008.

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

I. GENERAL INFORMATION:

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

4. Financial Performance based on given indicators

(Rupees in lacs)

Particulars	Year ended 31st March 2007	Year ended 31st March 2008	Year ended 31st March 2009
1. Net Sales and Other Income	28,514	32,111	28560
2. Operating Profit (before interest dep. and taxation)	1,819	2,168	822
3. Profit before taxation	1,449	1,551	(617)

5. Export performance and net foreign Exchange Collaborations.

(Rupees in lacs)

Particulars	Year ended 31st March 2007	Year ended 31st March 2008	Year ended 31st March 2009
Foreign Exchange earnings	1,098	863	1,072
Outgo	1,951	2,095	1,583

6. Foreign Investment or collaborations, if any

NIL

1. Background details -

(a) Sri R.A.Lohariwala took over the reins of Khaitan Electri-

cals Limited, Faridabad facility as Executive Director in February, 1999. Since then he has efficiently run the operation of Faridabad facility. He has been responsible for cost optimization and process re-engineering. Sri R.A.Lohariwala aged 58 years is Graduate in Law and has nearly two decades of experience in the

field of industry and business management.

The other Directorship of Sri R.A.Lohariwala are as follows:

Name of the Company	Board position held	Committee Membership
The Oriental Mercantile Co.Ltd.	Director	--
Khaitan Hotels P.Ltd.	Director	--
Jai Maa Appliances P.Ltd.	Director	--

(b) Sri G.R.Choudhary joined the Company as Finance Director and Secretary from 1st February, 1999 to oversee Management of finance, accounts, secretarial and other commercial activities

of the Company. Sri G.R.Choudhary aged 50 years is Chartered Accountant and Company Secretary and has nearly three decades of experience in the field of Finance and Business Management.

Sri G.R.Choudhary is a member of share transfer committee. The other Directorship of Sri G.R.Choudhary are as follows:

Name of the Company	Board position held	Committee Membership
Khaitan Lefin Ltd.	Director	--
Nature Wealth Development	Director	--

(c) Sri P.S.Prabhakar joined the Company as Executive Director from 27th May, 1995 to oversee Management of finance, accounts, secretarial and other commercial activities of the Company.

Sri P.S.Prabhakar aged 52 years is Chartered Accountant and has nearly three decades of experience in the field of Finance and Business Management.

Sri P.S.Prabhakar is a member of share transfer committee. The other Directorship of Sri P.S. Prabhakar are as follows:

Name of the Company	Board position held	Committee Membership
Bolser Electricals & Appliances Ltd.	Director	NIL

2. Past remuneration of

(a) Sri R.A.Lohariwala

Salary Approved by Shareholders at Annual General Meeting held on 25th September, 2007

Salary approved by Remuneration Committee

Rs.40,000/- per month in the scale of Rs.40,000 - Rs.80,000 per month with an authority to the Board of Directors of the Company to grant such increments within the said schedule as it may determine from time to time Rs.45,000/- per month

For the Financial Year 2008-09

(b) Sri G.R.Choudhary

Salary Approved by Shareholders at Annual

General Meeting held on 25th September, 2007

Salary approved by Remuneration Committee

For the Financial Year 2008-09

(c) Sri P.S.Prabhakar

Salary Approved by Shareholders at Annual

General Meeting held on 25th September, 2007

Salary approved by Remuneration Committee

Rs.40,000/- per month in the scale of

Rs.40,000 - Rs.80,000 per month

with an authority to the Board of Directors of the Company to grant such increments within the said schedule as it may determine from time to time

Rs.40,000/- per month in the scale of

Rs.40,000 - Rs.80,000 per month

with an authority to the Board of Directors of the Company to grant such increments within the said schedule as it may determine from time to time

Rs.45,000/- per month For the Financial Year 2008-09

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 their individual salary.

CATEGORY I

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

ii. The expenditure allowance incurred by the Company on Gas,

Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962 and shall not exceed 10% of the salary.

iii. City Compensatory Allowance @ 10% of the Salary

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

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

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

CATEGORY II

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

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

iii. Earned Leave as per Rules of the Company. Encashment of leave at the end of the tenure will not be included in the compu-

tation 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, they will be entitled to the above salary and perquisites as minimum remuneration.

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

3. Awards : NIL

4. **Job profile and suitability :** (a) Sri R.A.Lohariwala, Executive Director is vested with substantial operational powers of Faridabad facility under the superintendence, control and direction of the Vice Chairman & Managing Director besides of Board of Directors. He is also involved in production planning, execution, product development, vendor development and also contribution to the marketing activities of the Company. As explained Sri R.A.Lohariwala Executive Director has assisted in bringing the Company to its present position.

(b) Sri G.R.Choudhary, Finance Director & Secretary of the Company oversees Finance Management, Accounts and Commercial activities of the Company under the superintendence, control and direction of the Vice Chairman & Managing Director besides of Board of Directors. He is also involved in production planning and strategic development activities of the Company.

(c) Sri P.S.Prabhakar, Executive Director of the Company over-

sees Finance Management, Accounts and Commercial activities of the Company under the superintendence, control and direction of the Vice Chairman & Managing Director besides of Board of Directors. He is also involved in production planning and strategic development activities of the Company.

5. **Remuneration proposed :** Remuneration as approved by the shareholders on 25th September, 2007.

In the event of loss or inadequacy of profit, they will be entitled to the above salary and perquisites as minimum remuneration for the period from 1st April 2008 to 30th September 2008 (i.e., upto the date of holding the office).

6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person: The executive remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial persons. The remuneration committee constituted

by the Board of Directors in terms of the said schedule, perused remuneration of managerial persons in the relevant industry and other companies comparable with the size of the company, industry bench marks in general, approval and responsibilities of Sri R.A. Lohariwala, Sri G.R.Choudhary and Sri P.S. Prabhakar before providing the remuneration as herein above.

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

Besides the remuneration Sri R.A.Lohariwala, Sri G. R. Choudhary and Sri P.S.Prabhakar do not have any pecuniary relationship with the Company.

III. Other Information:

1. Reasons for loss or inadequacy of profits: The Company has regularly made adequate profits for the past few decades. The financial performance of the Company for the financial years 2005-06, 2006-07 and 2007-08 are given below:

(Rupees in lacs)

Particulars	2005-06	2006-07	2007-08
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The financial year 2008-09 was a difficult year for any industry which was badly hit by the unprejudicial downturn in the global economy. Business and consumer sentiment across geographies was severely effected. The unanticipated crisis and steep increase in input costs effected the company's performance more so since the company mainly is in consumer durable and retail business.

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

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

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

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

The Directors recommend the passing of the resolution at item No.9, 10 & 11 of the accompanying notice.

ITEM NO. 12

The Resolution is proposed in order to comply with the provisions of Section 228 (3) of the Companies Act, 1956. The Company has Branches, interalia, at Mumbai, Ahmedabad, Indore, Delhi, Kanpur, Faridabad, Jaipur, Chandigarh, Chennai, Bangalore, Hyderabad, Kochi and it being considered desirable, it is proposed, in accordance with the provisions of the said Section, to authorize the Board of Directors to appoint, in consultation

with the Company's Auditors, a person or persons qualified for appointment as Auditor or Auditors under Section 226 of the Companies Act, 1956 to audit the accounts of the branches of the Company.

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

46 C.J.L.Nehru Road
Kolkata - 700 071
31st July, 2009

Directors' Report including Management Discussion

To the members

Your Directors have pleasure in presenting their 33rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

Financial results

	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
Sales	29,741.59	33,836.79
Gross profit for the year	459.19	1,709.10
Less : Depreciation	173.89	158.10
Profit before Exceptional item & Tax	285.30	1,550.99
Less : Exceptional item	902.13	-
Profit / (Loss) before Tax	(616.83)	1550.99
Less : Provision for Income Tax		
For Current Year- Current tax	-	215.00
Deferred tax	(178.09)	(20.97)
Fringe benefit tax	42.21	45.33
For Earlier Years		
Income tax	(3.02)	(45.15)
Fringe benefit tax	-	1.69
	(138.90)	195.90
Profit / (Loss) after Tax	(477.93)	1355.09
Add: Profit brought forward from previous year	551.01	465.01
Making an available surplus of	73.08	1820.10
Which is appropriated as under		
a) Transfer to general reserve	-	1000.00
b) Proposed dividend	-	230.00
c) Dividend tax	-	39.09
Leaving a balance to be carried forward	73.08	551.01
Earnings per share (in Rs.)	(4.16)	11.78
Cash earnings per share (in Rs.)	(2.64)	13.16