
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
Industrial Development Bank of India Ltd.

Depository Registrar & Share transfer agent

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

Branches

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

Corporate Office

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

Registered Office

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

Kolkata Works

P-10, Transport Depot Road
Kolkata – 700 088

Hyderabad Works

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

Faridabad Works

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

Notice

TO THE MEMBERS

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

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

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

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

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

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

NOTES:

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

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

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

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

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

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

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

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

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

(ii) Particulars of Bank Account, viz.,

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

IMPORTANT

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

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

ANNEXURE TO NOTICE:

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

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

ITEM NO. 6

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

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

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

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

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

ITEM NO. 7

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

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

I. GENERAL INFORMATION:

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

4. Financial Performance based on given indicators

(Rupees in lacs)

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

5. Export performance and net foreign Exchange Collaborations.

(Rupees in lacs)

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

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

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

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

2. Past remuneration of Sri Sajjan Dabriwal

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

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

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

Commission and Perquisites Commission :

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

Perquisites :

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

shall be restricted to an amount equal to his salary.

CATEGORY I

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

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

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

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

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

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

CATEGORY II

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

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

<p>the Company, subject to the limits prescribed by the Central Government, which will not be included in the computation of ceiling on perquisites.</p> <p>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.</p> <p>CATEGORY III (Not to be considered as Perquisites)</p> <p>Provision of car with driver for use on Company's business, alternatively car/conveyance expenses incurred on Company's business will</p>	<p>be reimbursed at actuals.</p> <p>Free telephone facility at residence, provided that charges for all personal long distance calls shall not be borne by the Company.</p> <p>Group Personal Accident Insurance, premium of which not to exceed Rs.10,000/- p.a.</p> <p>In the event of loss or inadequacy of profit, he will be entitled to the above salary and perquisites as minimum remuneration.</p> <p>He will not be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.</p>	<p>This appointment can be terminated by either party by giving three months' notice in writing to the other.</p> <p>The remuneration, designation, terms and conditions of appointment can be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.</p>
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<p>3. Awards : NIL</p> <p>4. Job profile and his suitability : Sri Sajjan Dabriwal, Deputy Managing Director is vested with substantial operational powers of Hyderabad facility under the superintendence, control and direction of the Vice Chairman & Managing Director besides the Board of Directors. He is also involved in production planning, execution, product development, vendor development and also contribution to the marketing activities of the Company. As explained Sri Sajjan Dabriwal as Deputy Managing Director has assisted in bringing the Company to its present position</p> <p>5. Remuneration proposed : Remuneration as approved by the Board of Directors on 29th May, 2010 (for the period from 20th September, 2010 To 19th September, 2013) .</p> <p>I. Salary : Rs.1,00,000./- per month</p> <p>II. COMMISSION:</p> <p>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.</p> <p>III. Perquisites: In addition to the salary, he will be entitled to the following Perquisites which shall be restricted to an amount equal to his salary.</p>	<p>CATEGORY I</p> <p>i Rent-free residential accommodation, failing which House Rent Allowance @ 60% of the salary.</p> <p>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.</p> <p>iii. City Compensatory Allowance @ 10% of the Salary</p> <p>iv. The reimbursement of medical expenses actually incurred for self and family, in accordance with the Rules of the Company</p> <p>v. Leave Travel Assistance for self and family once in a year, incurred in accordance with the Rules of the Company.</p> <p>vi. Fee of Club subject to a maximum of two Clubs. This will not include the Admission and/ or Life Membership Fee</p> <p>CATEGORY II</p> <p>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.</p> <p>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.</p> <p>iii. Earned Leave as per Rules of the Company. Encashment of leave at the end of the tenure</p>	<p>will not be included in the computation of ceiling on perquisites.</p> <p>CATEGORY III (Not to be considered as Perquisites)</p> <p>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.</p> <p>Free telephone facility at residence, provided that charges for all personal long distance calls shall not be borne by the Company.</p> <p>Group Personal Accident Insurance, premium of which not to exceed Rs.10,000/- p.a.</p> <p>In the event of loss or inadequacy of profit, he will be entitled to the above salary and perquisites as minimum remuneration.</p> <p>He will not be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.</p> <p>This appointment can be terminated by either party by giving three months' notice in writing to the other.</p> <p>The remuneration, designation, terms and conditions of appointment can be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.</p> <p>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.</p> <p>6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person: The executive remuneration</p>
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in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration to managerial persons. The remuneration committee constituted by the Board of Directors in terms of the said schedule, perused remuneration of managerial persons in the relevant industry and other companies comparable with the size of the company, industry bench marks in general, approval and responsibilities of Sri Sajjan

Dabriwal, before providing the remuneration as herein above.

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

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

III. Other Information:

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

(Rupees in lacs)

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

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

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

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

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

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

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

ITEM NO. 8

The Resolution is proposed in order to comply with the provisions of Section 228 (3) of the Companies Act, 1956. The Company has Branches, 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

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

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

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

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

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

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

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

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

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

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

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

Directors' Report including Management Discussion

To the members

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

Financial results

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



Dividend

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

Financial review

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

Sales

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

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

Other Income

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

Financial expenses

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

Depreciation

Depreciation was at Rs. 1.65 Crores

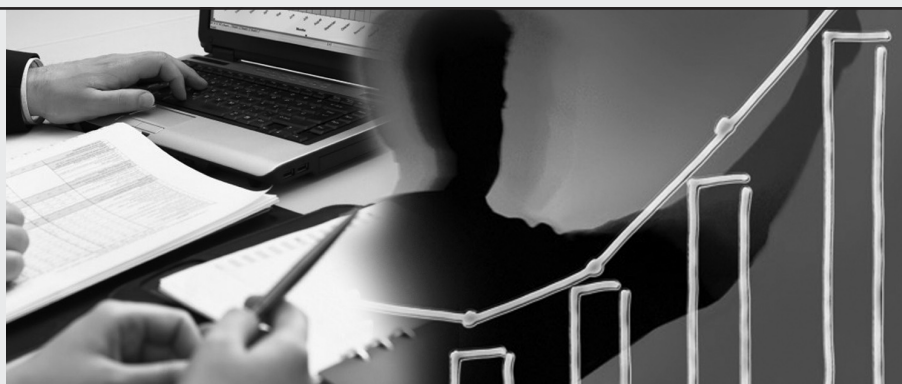
compared to Rs. 1.74 Crores in the previous year.

Earnings per share

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

Cash flow analysis

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



Industrial structure

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

Human resources

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

Safety environment and pollution control

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

ISO 9001

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

Current outlook, risks & concerns

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

Internal control systems and their adequacy

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

Fixed deposits

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

Directorate

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

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

Corporate Governance Report

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

Cost auditors

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

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

Auditors

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

Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period.
- iii) the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the Directors had prepared the annual accounts on a going concern basis.

Disclosures

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

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