
Corporate Information

Board of Directors

S.K. Khaitan, Chairman
Sunil K. Khaitan, *Vice-Chairman & Managing Director*
Sajjan Dabriwal, *Dy. Managing Director*
Jyoti P. Tibrewala (Resigned w.e.f 30th May, 2012)
Biswajit Choudhuri
M.G. Todi
A.K. Kajaria
V.K.Rungta

Auditors

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

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

Bankers

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

Depository Registrar & Share transfer agent

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

Branches

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

Corporate Office

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

Registered Office

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

Kolkata Works

P-10, Transport Depot Road
Kolkata – 700 088

Hyderabad Works

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

Faridabad Works

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

Notice

TO THE MEMBERS

The 36th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Saturday, the 15th September, 2012 at 11.00 A.M. at The Federation of A.P. Chambers of Commerce and Industries (FAPCCI) Premises – Surana Udyog Hall, Federation House, 11-6-841, Red Hills, Hyderabad – 500004 to transact the following business:

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Sunil K. Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri A.K. Kajaria who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri M.G. Todi who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s. V.S.Rao & Co. Chartered Accountants, Hyderabad and M/s. G.P.Agrawal & Co.

Chartered Accountants, Kolkata as Joint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT the accounts for the year ending 31st March, 2013 of the Branches of the Company at Mumbai, Ahmedabad, Indore, Delhi, Jaipur, Ambala, Chandigarh, Kanpur, Chennai, Bangalore, Hyderabad, Kochi, be audited otherwise than by the Company's Auditors and that for the audit of the accounts of those branches, the Company hereby authorizes

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

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

46 C J.L.Nehru Road

Kolkata – 700 071.

30th May, 2012

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.6 set out above is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself/itself and the Proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, atleast 48 hours before commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2012 to 15th September, 2012 (both days inclusive).
4. Members are requested to bring along their copies of the Annual Report in the meeting.
5. Members, who have not encashed their dividend

warrants for the financial years commencing from 1st April, 2005 are requested to approach the Company for obtaining duplicate Dividend Warrants.

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

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

- (i) Name of the Sole/First joint holder and the Folio Number.
- (ii) Particulars of Bank Account, viz.,
 - (a) Name of the Bank.
 - (b) Name of Branch

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

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

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

IMPORTANT

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

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

ANNEXURE TO NOTICE:

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 30th May, 2012.

ITEM NO. 6

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

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

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

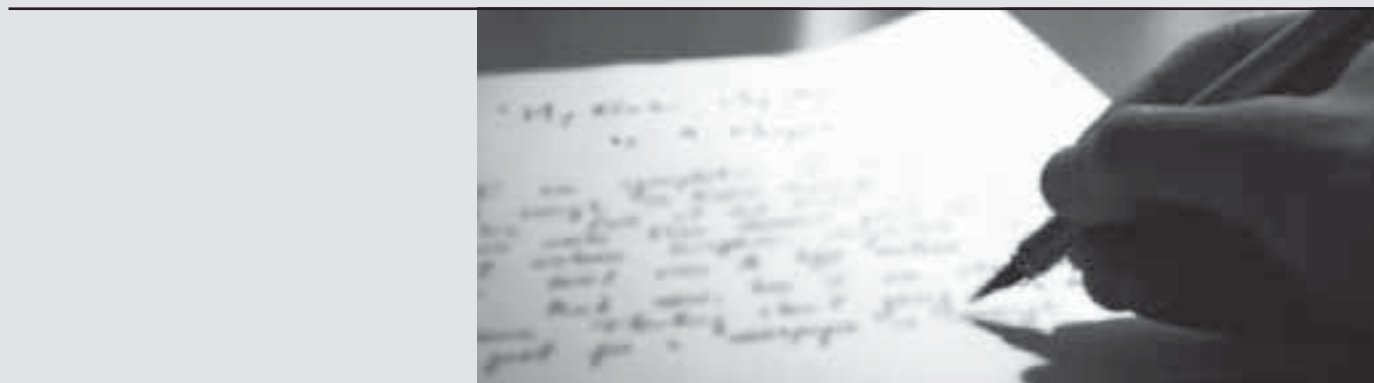
Directors' Report including Management Discussion

To the members

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

Financial results

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



CORPORATE OVERVIEW

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

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

FINANCIAL REVIEW

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

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

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

Other Income

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

Financial Expenses

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

Depreciation

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

Earning per Share

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

Cash flow analysis

Rs. in lacs

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

Human Resources

The Company employed good human resources practices. The Company is enjoying good and congenial industrial relations at all of its plants. As on 31st March, 2012, the total permanent employees were 806.

Safety Environment And Pollution Control

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

ISO 9001

The Plant of your Company located at Hyderabad and Kolkata are presently ISO 9001:2008 certified.

Current Outlook

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

Risks And Concerns

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

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

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

Internal Control Systems And Their Adequacy

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

Fixed Deposits

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

Transfer Of Amounts To Investor Education And Protection Fund

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

Directorate

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

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

Corporate Governance Report

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

Cost Auditors

Pursuant to provisions of Section 233(B) of the Companies Act, 1956 necessary application was submitted to the Department of Company Affairs for the appointment of M/s.Prasad & Company, Cost Accountants as Cost Auditors to audit the cost accounts maintained by the Company for the year ending 31st March, 2012.

Auditors

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

Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

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

Disclosures

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

A.	Conservation of Energy	:	The Company's energy requirement is not large and the power consumption is in conformity with the industry norms. Hence, no special measures were taken.
B.	Technology Absorption		
	1. Specific areas in which R&D carried out by the Company	:	Development of new models/products/ processes, improvement in the quality and productivity of the existing products.
	2. Benefits derived as a result of the above R & D	:	Improvement in quality and productivity of the products.
	3. Future Plan of Action	:	To design and develop new as well as low-cost models of fans, high speed fans and power-efficient motors.
	4. Expenditure on R&D		
	a) Capital	:	Nil
	b) Recurring	:	Rs. 4.29 Lacs

	c) Total	:	Rs. 4.29 Lacs
	d) Total R & D Expenditure as a percentage of Total Turnover	:	0.010 %
C.	Foreign Exchange Earning and Outgo		
	1. Activities relating to Exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.	:	The Company export its products to various Middle East Countries, Nigeria, Ghana, Tanzania, Sudan, Jordan, Egypt, Kenya, Maldives, Italy, Yeman, Uganda, Iraq, Nepal, Bangladesh, Sri Lanka, etc. Efforts are on for increasing exports to the existing customers and for exporting to new countries.
	2. Total Exchange used and earned	:	Used – Rs. 4263.16 Lacs Earned – Rs. 562.79 Lacs

Personnel

Relations with the employees remained cordial and harmonious. Your Directors wish to place on record their sincere appreciation for the dedicated services rendered by the Company's employees at all levels. Information, as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are NIL.

The Directors thanks the Company's Customers, Distributors, Vendors, Investors, Bankers and Financial Institutions for their support to the Company.

On behalf of the Board



S.K. Khaitan
Chairman

Kolkata
30th May, 2012

Corporate Governance Report

1. Company's Philosophy on Code of Governance

Your Company believes that good corporate governance entails the balancing of corporate actions with the interests of all stakeholders and satisfying the tests of accountability, transparency and fair play.

2. Board of Directors

The strength of your Company's Board is Eight Directors comprising Six Non-

Executive Directors, out of whom Four are Independent Directors, viz., Sri M.G.Todi, Sri Jyoti P. Tibrewala, Sri V.K.Rungta and Sri Biswajit Chouduri. Sri. S.K.Khaitan, Non-Executive Chairman of the Board and Sri A.K.Kajaria Non-Executive Director related to Chairman of the Board. The Two Executive Directors are Sri Sunil K.Khaitan, Vice Chairman & Managing Director and Sri Sajjan Dabriwal, Dy.Managing Director.

Five Board Meetings were held during the

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

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

The attendance at Board Meetings and at the Last Annual General Meeting and the Number of Other Directorships and Committee Memberships/Chairmanships of Directors is given below:

Name of Directors	No. of Board meetings attended	Attendance at the last AGM (yes/no)	No. of Directorships in other Public Limited Companies	Committee Memberships in other Public Limited Companies (excluding Khaitan Electricals Ltd.)	Relationship Interse Directors
Sri S.K. Khaitan	5	Yes	4	4	Related to Sri Sunil K. Khaitan, Sri A. K. Kajaria and Sri Sajjan Dabriwal
Sri M.G. Todi	4	No	4	Nil	
Sri A.K. Kajaria	3	No	3	Nil	Related to Sri S. K. Khaitan, Sri Sunil K. Khaitan
Sri Jyoti P. Tibrewala*	1	Yes	2	NIL	
Sri Sunil K. Khaitan	4	No	2	1	Related to Sri S. K. Khaitan, Sri A. K. Kajaria and Sri Sajjan Dabriwal
Sri Sajjan Dabriwal	1	Yes	-	Nil	Related to Sri S. K. Khaitan, Sri Sunil K. Khaitan



Corporate Governance Report (Cond.)

Name of Directors	No. of Board meetings attended	Attendance at the last AGM (yes/no)	No. of Directorships in other Public Limited Companies	Committee Memberships in other Public Limited Companies (excluding Khaitan Electricals Ltd.)	Relationship Interse Directors
Sri V.K. Rungta	4	No	1	2	
Sri Biswajit Choudhuri	5	Yes	9	9	

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

3. Disclosure regarding appointment or reappointment of Directors

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

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

b. Sri A.K.Kajaria, (54Years) is a Commerce Graduate. He was a Director of the erstwhile Khaitan Electricals Limited, Kolkata for many years and his

contribution to the growth of the Company is commendable. His other Directorships include Murlidhar Ratanlal Exports Ltd., Kajaria Yarns & Twines Ltd. and Lagan Engineering Co. Ltd. His shareholding in the company 98 Nos.

c. Sri M.G.Todi (72 Years) is a Qualified Chartered Accountant and law graduate, He was also a Director of the erstwhile Khaitan Electricals Limited, Kolkata for many Years. The Company has immensely benefited from his rich industrial as well as professional experience. His other Directorships include Coastal Industrial Finance Ltd., Todi Sons Ltd., Todi Services Ltd., Century Extrusion Ltd.. He holds no share in the Company.

4. Audit Committee

Your Company has an Audit Committee comprising Three Non Executive and

Independent Directors.

Sri M.G. Todi, Chairman of the Committee (Independent Director)
Sri Jyoti P. Tibrewala , Member (Independent Director) **Sri V.K. Rungta, Member (Independent Director)**

Sri G.R.Choudhary, Chief Financial Officer & Secretary is the Secretary of the Committee.

The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

During the period under review, the Audit Committee held Four Meetings on May 28th, 2011; August 11th, 2011; November 12th, 2011 and February 13, 2012.