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# Corporate Information

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## Board of Directors

S.K. Khaitan, Chairman (upto 3rd November, 2012)  
Sunil K. Khaitan, *Chairman & Managing Director*  
Sajjan Dabriwal, *Dy. Managing Director*  
Biswajit Choudhuri  
M.G. Todi  
A.K. Kajaria  
V.K.Rungta  
Shiv Kumar Bajaj (w.e.f 20th October, 2012)

## Auditors

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

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

## Bankers

State Bank of Travancore  
State Bank of Patiala  
IDBI Bank Ltd.  
Allahabad Bank  
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  
Email: rta@cilsecurities.com

## Branches

Ahmedabad, Bengaluru, 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  
Fax: (033) 22884143

## Registered Office

A-13, Co-operative Industrial Estate  
Balannagar, 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 37th Annual General Meeting of **KHAITAN ELECTRICALS LIMITED** will be held on Monday, the 16th September, 2013 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, 2013 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 Sajjan Dabriwal who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri Biswajit Choudhuri who retires by rotation and, being eligible, offers himself for re-appointment .
5. To appoint a Director in place of Dr. V.K. Rungta who retires by rotation and, being eligible, offers himself for re-appointment
6. To appoint M/s. V.S.Rao & Co. Chartered Accountants, Hyderabad and M/s. G.P.Agrawal & Co. Chartered Accountants, Kolkata as Joint Auditors who shall hold office from the conclusion of this Annual General Meeting and till the conclusion of next Annual General Meeting and fix their remuneration.

## SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special 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 Sunil K. Khaitan be reappointed as Chairman and 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 01.11.2013 to 31.10.2016 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 a Special 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 reappointed 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 20.09.2013 to 19.09.2016 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.”

By Order of the Board

**G. R. Choudhary**

*Chief Financial Officer & Secretary*

46C, J.L.Nehru Road  
Kolkata - 700 071  
29th May, 2013

## NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.7 and 8 set out above is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself/itself and the Proxy need not

be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, atleast 48 hours before commencement of the Meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2013 to 16th September, 2013 (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, 2006 are requested to approach the Company for obtaining duplicate Dividend Warrants.
6. Members, desiring to seek any information on the annual accounts at

<p>the meeting, are requested to write to the Company atleast 10 days in advance of the meeting to facilitate compilation thereof.</p> <p>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.</p> <p>i) Name of the Sole/First joint holder and the Folio Number.</p>	<p>(ii) Particulars of Bank Account, viz.,</p> <p>(a) Name of the Bank.</p> <p>(b) Name of Branch</p> <p>(c) Complete address of the Bank with Pin Code Number</p> <p>(d) Account type, whether Savings (SB) or Current Account (CA)</p> <p>(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</p>	<p>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.</p>
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### IMPORTANT

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

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

# ANNEXURE TO NOTICE:

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 29th May, 2013

### ITEM NO. 7

The Board of Directors of the Company, at its meeting held on 29th May, 2013 had re-appointed Mr. Sunil K. Khaitan as Chairman & 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 are under:

#### I. GENERAL INFORMATION:

1. Nature of Industry - Manufacturing and Trading of Electric fans, Compact fluorescent lamps, Appliances, Wires and Cables, Pumps etc.
2. Date or expected date of commencement of commercial production - The Company's 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 prospectus - N.A.
4. Financial Performance based on given indicators (Rs. in lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2012	Year ended 31st March, 2013
1. Net Sales and Other Income	47555	45230	52528
2. Operating Profit (before interest dep. and taxation)	3741	2198	4431
3. Profit before taxation	879	(1652)	907

5. Export performance and net foreign Exchange Collaborations.

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2012	Year ended 31st March, 2013
Foreign Exchange earnings	716	563	469
Outgo	3585	4263	2606

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 Ltd as Vice Chairman and Managing Director in November 1998. Since then he has steered the destiny of Khaitan Electricals Ltd with a single minded focus of making Khaitan Electricals Ltd an electric conglomerate. He was 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 500 Crores. He was appointed as the Vice-Chairman on the Board of erstwhile Khaitan Electricals Ltd, Kolkata and was elevated to the position of Vice Chairman and Managing Director in November, 1999. He was appointed as Chairman of the Board and Company on 10th November, 2012 in place of Late Sri Shree Krishna Khaitan.

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 53 Years, is Master in Business Administration and has only three decades of experience in the field of Industry, business and corporate management.

Sri Sunil K. Khaitan is member in Remuneration/ Share Transfer/Investors Grievance Committee.

The other Directorship of Sri Sunil K Khaitan are as follows:

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

## 2. Past remuneration of Sri Sunil K. Khaitan

Salary Approved by Shareholders at Annual General Meeting held on 16th September, 2008 : 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

Salary approved by Remuneration Committee For the Financial Year 2012-13 : Rs. 2,50,000/- per month

Salary approved by Remuneration Committee For the Financial Year 2013-14 : Rs. 2,50,000/- 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 Chairman and 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 individual salary.

#### CATEGORY I

- Rent-free residential accommodation, failing 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.

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

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

This appointment can be terminated by either party by giving three months' notice in writing to the other.

The remuneration, designation, terms and conditions of 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, 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 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 of Directors on 29th May, 2013 (for the period from 1st November, 2013 To 31st October, 2016) .

- I. Salary : Rs 4,00,000/- per month :
- II. 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 Chairman and 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.
- 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 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.

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

This appointment can be terminated by either party by giving three months' notice in writing to the other.

The remuneration, designation, terms and conditions of his appointment can be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.

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 November 2013 to 31st October, 2016

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 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 Late Sri S.K. Khaitan, former Chairman and related to him..

**III. Other Information:**

1. Reasons for loss / 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 2010-11, 2011-12 and 2012-13 are given below:

(Rs. in lacs)

Particulars	2010-11	2011-12	2012-13
Turnover	46592	44134	51180
Other Income	963	1096	1348
Profit before tax	879	(1652)	907



The financial year 2011-12 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 strategy and operating measures that have resulted in the improvement in the year 2012-13. 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.

Sri Sunil K. Khaitan is concerned and

interested in the above resolution to the extent of salary and perquisites payable to him. Sri Sajjan Dabriwal and Sri A.K. Kajaria being related to Sri Sunil K. Khaitan and therefore interested in the resolution to the extent of remuneration payable to him.

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

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

#### ITEM NO. 8

The Board of Directors of the Company, at its meeting held on 29th May, 2013 had re-appointed Mr. Sajjan Dabriwal 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 fluorescent lamps, Appliances, Wires and Cables, Pumps etc.
2. Date or expected date of commencement of commercial production - The Company's 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 prospectus - N.A.

#### 4. Financial Performance based on given indicators

(Rs. in lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2012	Year ended 31st March, 2013
1. Net Sales and Other Income	47555	45230	52528
2. Operating Profit (before interest dep. and taxation)	3741	2198	4431
3. Profit before taxation	879	(1652)	907

#### 5. Export performance and net foreign Exchange Collaborations.

(Rs. in lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2012	Year ended 31st March, 2013
Foreign Exchange earnings	716	563	469
Outgo	3585	4263	2606

#### 6. Foreign Investment or collaborations, if any - NIL

#### II. Information about Sri Sajjan Dabriwal

1. Background details - Sri Sajjan 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 45 years is Graduate in Commerce and has nearly two decades of experience in the field of industry and business management.





- I. Salary : Rs 1,50,000/- per month :
- II. 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 Deputy 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.
- 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 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.

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

This appointment can be terminated by either party by giving three months' notice in writing to the other.

The remuneration, designation, terms and conditions of his appointment can be altered and varied from time to time by the Board as

it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.

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 20th September, 2013 to 19th September, 2016.

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

III. Other Information:

1. Reasons for loss / 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 2010-11, 2011-12 and 2012-13 are given below:

(Rs. in lacs)

Particulars	2010-11	2011-12	2012-13
Turnover	46592	44134	51180
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The financial year 2011-12 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 strategy and operating measures that have resulted in the improvement in the year 2012-13. 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.

Sri Sajjan Dabriwal is concerned and interested in the above resolution to the extent of salary and perquisites payable to him. Sri Sunil K. Khaitan being related to Sri Sajjan Dabriwal and therefore

interested in the resolution to the extent of remuneration payable to him.

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

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

By Order of the Board

**G. R. Choudhary**

*Chief Financial Officer & Secretary*

46C, J.L.Nehru Road  
Kolkata - 700 071  
29th May, 2013

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# Directors' Report including Management Discussion

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To the members

Your Directors are delighted to present 37th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2013.

## Financial results

	2012-2013 (Rs. in lacs)	2011-2012 (Rs. in lacs)
Sale of Goods	52,522.20	45365.45
Gross Profit/(Loss) for the year	628.89	(1469.17)
Less : Depreciation	(187.39)	(182.81)
Profit/(Loss) before Tax & Exceptional item	441.50	(1651.98)
Add : Exceptional Item	465.22	-
Profit after Exceptional item	906.72	(1651.98)
Add: Provision for Income-tax		
For Current Year- Current tax	(205.00)	-
Deferred tax	39.56	18.18
MAT Credit Entitlement	64.00	-
For earlier years- Income Tax	6.86	10.94
Profit/(Loss) after Tax	812.14	(1622.86)
Add: Balance in Profit and Loss Account	(1331.93)	290.93
Amount available for Appropriation	(519.79)	(1331.93)
Balance carried to Balance Sheet	(519.79)	(1331.93)
Earnings per share (in Rs.)	7.06	(14.11)
Cash earnings per share (in Rs.)	8.69	(12.52)



### 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

The year 2012-13 brought a note of satisfaction with significant growth in

business volumes and margins. The Turnover grew by 16% from 453.65 Crores to Rs. 525.22 Crores. The Profit before Tax including Exceptional Income of Rs.4.65 Crore was at Rs.9.07 Crores as against a loss of Rs.16.52 Crores. The Net Profit After Tax was Rs.8.12 Crores as against a Net Loss of Rs.16.23 Crores.

### Other income

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

### Financial Expenses

Financial expenses for the year was

Rs. 38.02 Crores as against Rs. 36.67 Crores in the Previous Year.

### Depreciation

Depreciation was at Rs.1.87 Crores compared to Rs.1.83 Crores in the previous year.

### Earning per Share

Earnings Per Share (EPS) stood at Rs. 7.06 compared to EPS of (Rs. 14.11) in the previous year. The cash earned per share stood at Rs. 8.69 as against (Rs. 12.52) in the previous year.

### Cash flow analysis

(Rs. in lacs)

Source of cash	2012-13	2011-12
Cash from operations	3208.87	1287.98
Increase in borrowings	(1559.93)	1963.69
Inter Corporate Deposits	1339.80	104.54
<b>Total</b>	<b>2988.74</b>	<b>3356.21</b>
Use of cash	2012-13	2011-12
Net capital expenditure	(431.64)	94.95
Interest Paid (Net)	2508.14	2669.92
Tax paid	69.41	205.58
Dividend Paid	-	172.50
Increase/(Decrease) in Cash & Cash Equivalents	318.03	97.29
Increase/(Decrease) in Working Capital	524.80	115.97
<b>Total</b>	<b>2988.74</b>	<b>3356.21</b>



## Human Resources

The Company employed good human resources practices. The Company is enjoying good and congenial industrial relations at all its plants. As on 31st March, 2013, 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

Though the Company is optimistic about the outlook for the current year, the wild fluctuation in input cost, particularly metals is a major cause of concern. However the Company is making allout efforts to maintain its growth trend with thrust on reduction in cost. The Company continues its efforts to introduce many more products and designing new business formats for generation of higher revenues.

## Risks And Concerns

Wild currency fluctuations affect metal prices and may cause pressure on margins. No threat is witnessed from imports.

Though the Company is realigning its products to mitigate the impact of rising cost, the steep rise in input cost is a major cause of concern.

With no sign of stability in input cost, the company looks forward to year 2013-14 with caution.

## Internal Control Systems And Their Adequacy

The Company remains committed to

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

## Fixed Deposits

The Company did not accept/renew any Fixed Deposits 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

Your Directors express their profound grief on the sad demise of Shri Shree Krishna Khaitan, the beloved founder and chairman of the Company on 4th November,2012 and pay glowing tributes to his vision and entrepreneurial spirit and for the immense contribution made by him for the establishment and growth of the Company.

Shri Shree Krishna Khaitan's first mover approach and relentless efforts by introducing ECONOMY range of fans concept brought electric fans within the reach of millions of underprivileged citizens of INDIA and ushered a new era of Indian Fan Industry a decade ago.

Acclaimed as "icon" of Indian Fan Industry, Shri Shree Krishna Khaitan, carved out a distinct place for " Khaitan" in the Indian Fan Industry.

Shri Sunil Krishna Khaitan was elected as

Chairman of the Company by the Board of Directors on 10th November, 2012.

Sri Sunil K.Khaitan, Sri Sajjan Dabriwal, Sri V.K.Rungta and Sri Biswajit Choudhary, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

## Corporate Governance Report

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

## Cost Auditors

Pursuant to provisions of Section 233(B) of the Companies Act, 1956 necessary application was submitted to the Department of Company Affairs for the appointment of M/s.Prasad & Company, Cost Accountants as Cost Auditors to audit the cost accounts maintained by the Company for the year ending 31st March, 2013.

## Management's Response To Auditors' Qualified Opinion

With regard to the observation made by the Auditors in the Audit Report, in the opinion of the Management, dues from Debtors being evidenced by supply documents and/or levy of interest being in accordance with the terms of supply, notwithstanding the absence of confirmations, all dues from debtors are realizable.

## 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. 2.58 Lacs
	c) Total	:	Rs. 2.58 Lacs
	d) Total R & D Expenditure as a percentage of Total Turnover	:	0.005 %
C.	Foreign Exchange Earning and Outgo		
	1. Activities relating to Exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.	:	The Company export its products to various Middle East Countries, Nigeria, Ghana, Tanzania, Sudan, Jordan, Egypt, Kenya, Maldives, Italy, Yeman, Uganda, Iraq, Nepal, Bangladesh, Myanmar, Sri Lanka, etc. Efforts are on for increasing exports to the existing customers and for exporting to new countries.
	2. Total Exchange used and earned	:	Used – Rs. 2606.34 Lacs Earned – Rs. 468.73 Lacs

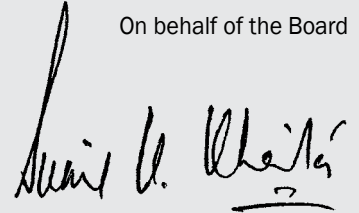


## Personnel

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



**Sunil K. Khaitan**

*Chairman & Managing Director*

Kolkata  
29th May, 2013

# 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 Seven Directors comprising Five Non-Executive Directors, out of

whom Four are Independent Directors, viz., Sri M.G.Todi, Sri V.K.Rungta, Sri Biswajit Choudhuri and Sri S.K. Bajaj. A.K.Kajaria Non-Executive Director related to Chairman of the Board. Sri Shiv Kumar Bajaj Independent Director of the Company was appointed w.e.f 20th October, 2012 to fill up the casual Vacancy .The Two Executive Directors are Sri Sunil K.Khaitan, Chairman & Managing Director and Sri Sajjan Dabriwal, Dy.Managing Director.

Five Board Meetings were held during the period from 1st April , 2012 to March 31, 2013 on the following dates:

May 30th, 2012; August 14th, 2012; October 20th,2012; November 10th, 2012 and February 14th, 2013.

The attendance at Board Meetings and at the Last Annual General Meeting and the No. of Other Directorships and Committee Memberships/ Chairmanships of Directors is given below:

Name of Directors	No. of Board meetings attended	Attendance at the last AGM (yes/No)	No. of Directorships in other Public Limited Companies	Committee Memberships in other Public Limited Companies (excluding Khaitan Electricals Ltd.)	Relationship Inter se Directors
Late Sri S.K. Khaitan*	3	Yes	4	5	Related to Sri Sunil K. Khaitan, Sri A. K. Kajaria and Sri Sajjan Dabriwal
Sri Sunil K. Khaitan	5	No	2	Nil	Related to Late Sri S.K. Khaitan, Sri A. K. Kajaria and Sri Sajjan Dabriwal
Sri M.G. Todi	5	No	4	Nil	
Sri A.K. Kajaria	4	No	3	Nil	Related to Late Sri S.K. Khaitan and Sri Sunil K. Khaitan
Sri Sajjan Dabriwal	-	Yes	-	1	Related to Late Sri S.K. Khaitan and Sri Sunil K. Khaitan
Sri V.K. Rungta	5	Yes	2	4	
Sri Biswajit Choudhury	5	No	7	13	
Sri Shiv Kumar Bajaj**	2	No	3	Nil	

\* Sri S.K. Khaitan , Chairman demised on 04th November, 2012

\*\* Sri Shiv Kumar Bajaj appointed as Independent Director w.e.f 20th October, 2012 to fill up casual vacancy caused by resignation of Sri Jyoti P. Tibrewala



### 3. Disclosure regarding appointment or re-appointment of Directors:

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

- a. Sri Sunil K. Khaitan (53 Years) is the Chairman (effective from 10th November, 2012) and Managing Director of the Company. He is a Post Graduate in MBA having 34 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 Sajjan Dabriwal, (45Years) is the Dy. Managing Director of the Company. He is Commerce Graduate having over 17 Years experience in the Industry and business and over 14 Years experience in the Fan Industry. His other Directorships - SYS Investments & Realty Ltd. His Shareholdings in the company 6660 Nos.

- c. Sri Biswajit Choudhury ( 71 Years) has over 49 Years rich experience in Engineering, Banking, Finance and Management. He is a graduate from IIT, Kharagpur in Mechanical Engineering. He is 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., Hindustan Engineering & Industries Ltd., Ludlow Jute & Specialities Ltd., Godawari Power and Ispat Ltd., R.V. Investment & Dealers Ltd., Maithan Alloys Ltd. and Hira Ferro Alloys Ltd.. He holds no share in the Company.

- d. Dr. V.K. Rungta ( 67 Years) is a qualified Company Secretary. He is also an MBA from the University of Calcutta, Graduate in Law and has done his Ph.D in Management from Stanton University, New York through All Indian Professional Association, Madras.

Dr. V.K. Rungta has over two decades of immense experience in Finance, Secretarial, Administration and other allied fields He has been on the Board of Bank of Rajasthan, BFL Software

Ltd. His other Directorships in other Public Limited Companies include Khaitan (India) Limited, Ramnugger Cane & Sugar Company Ltd.. His Shareholdings in the Company Nil.

### 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 V.K. Rungta, (Independent Director), Member  
Sri Biswajit Choudhury (Independent Director) Member.

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 30th, 2012; August 14th, 2012; November 10th, 2012 and February 14th, 2013.

The attendance at the Audit Committee Meetings is given below :

Name of Director	No. of Meetings Attended
Sri M.G. Todi	4
Sri V. K. Rungta	4
Sri Biswajit Choudhury	3

#### 5(a). Directors' Remuneration Committee

Directors' Remuneration Committee was formed on May 8th, 2004 and reconstituted on 29th May 2010 and 20th October, 2012 and further reconstituted on 10th November, 2012 in view of vacancy caused by the sad demise of Sri Shree Krishna Khaitan. as under:- Sri M.G.Todi (Chairman of the Committee), Sri Sunil K. Khaitan, Member, Sri V.K. Rungta, Member, Sri Shiv Kumar Bajaj, Member Sri G.R. Choudhary, Chief Financial Officer shall act as Secretary of the Committee.

The Committee has been constituted to recommend/review the remuneration package of the Chairman & Managing Director/ Whole-time Directors. During the year, the committee met once on May 30th, 2012.

The attendance at the Directors Remuneration Committee Meeting is given below :

Members	Meetings Attended
Late Sri S.K. Khaitan, Member	1
Sri M.G. Todi (Chairman of the Committee)	1
Sri Sunil K. Khaitan, Member	Nil
Sri V.K. Rungta, Member	1
Sri Shiv Kumar Bajaj, Member	Nil

#### Role of The Committee:

Determining and monitoring of the Company's policy and specific remuneration packages including pension rights and any compensation payment for Whole-time Directors.

#### 5(b). Remuneration of Directors:

The details of remuneration of the Directors during the period under review are as follows:

Name of the Directors	Salary and perquisites (Rs.)	Commission (Rs.)	Sitting fees (Rs.)	Total (Rs.)	Period of appointment & (notice period)
Late Sri S.K. Khaitan	-	-	20,000	20,000	-
Sri Sunil K. Khaitan	42,90,205	-	-	42,90,205	01.11.08 To 31.10.13 (Three Months)
Sri A.K. Kajaria	-	-	20,000	20,000	
Sri M.G. Todi	-	-	50,000	50,000	
Sri V.K. Rungta	-	-	60,000	60,000	
Sri Biswajit Choudhuri	-	-	40,000	40,000	
Sri Sajjan Dabriwal	23,18,306	-	-	23,18,306	20.09.10 To 19.09.13 (Three Months).
Sri Shiv Kumar Bajaj	-	-	15,000	15,000	

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

The Board reconstituted Share Transfer Committee and Shareholders'/Investors' Grievances Committee on 10th November, 2012 in view of vacancy caused by the sad demise of Sri Shree Krishna Khaitan, as follows:-

Share Transfers & Transmission Committee

Sri Sunil K. Khaitan, Sri Sajjan Dabriwal, Sri V.K. Rungta, Sri Shiv Kumar Bajaj

Sri G.R. Choudhary, Chief Financial Officer shall act as Secretary of the Committee

The Committee met 26 times during the period 2012-13 under review.

All shares received for transfer were

registered and despatched within 15 days of receipt, if the documents were correct and valid in all respects.

Your Company received 61 Nos. of Transfers/Transmission applications during the year and the above applications were duly transferred and despatched subsequently within 15 days and no transfers are pending as on date. Your Company received 245 Nos. of D'mat applications during the year and the said D'mat applications were duly confirmed within the stipulated period of 30 days and no D'mat cases are pending as on date.

Your Company also has a Shareholders'/Investors' Grievance Committee to review the Shareholders' and Investors' Grievances.

The Committee met Twice on October 20th, 2012 and March 26th, 2013 during the period under review.

The Committee was reconstituted on 10th November, 2012 as follows –

Sri Sunil Khaitan, Chairman of the Committee

Sri V.K.Rungta, Member

Sri Sajjan Dabriwal, Member

Sri Shiv Kumar Bajaj, Member.

Sri G.R.Choudhary, Chief Financial Officer is the Secretary of the Committee and Compliance Officer and Secretary of the Share Transfer Committee as well as the Shareholders'/Investors' Grievance Committee.

Your Company received 20 Nos. of Complaints from Shareholders relating to the non receipt of dividend, Exchange Certificates, Bonus Shares, Annual Report, Shares sent for transfers, and D'mat credit etc., The complaints were duly attended to and there were no complaints pending as on date.

## 7. General body meeting

AGM	Financial year	Location	Date	Time
36th	2011-12	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004	15th September, 2012	11.00 A.M
35th	2010-11	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004	17th September, 2011	11.00 A.M
34th	2009-10	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004.	16th September, 2010	11.00 A.M

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

- SEPTEMBER 15, 2012

No Special Resolution was passed at the 36th Annual General Meeting held on 15th September, 2012.

- SEPTEMBER 17, 2011

No Special Resolution was passed at the 35th Annual General Meeting

held on 17th September, 2011.

- SEPTEMBER 16, 2010

One Special Resolution was passed at the 34th Annual General Meeting held on September 16, 2010 appointing Ms. Vegeesha Khaitan relative of some of the Directors of the Company as Executive Asst to Vice Chairman and Managing Director .

All Resolutions as set out in respective notices were duly passed by the shareholders.

No resolution requiring postal ballot has been placed for shareholders approval at the ensuing Annual General Meeting.

## 8. Disclosures

There were no transactions of material nature between the Company and its directors or Management and their relatives or promoters that may have a potential conflict with the interest of the Company. The Register of Contracts, containing transactions in which directors are interested is placed before the Board regularly.

There have been no instances of non-compliance by the Company on any matters related to capital markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchange or SEBI or Statutory authority does not arise.

## 9. Means of communications

The annual, half-yearly and quarterly results are regularly submitted to Stock Exchanges in accordance with the Listing Agreement and normally published in the Business Standard/ Financial Express and Andhra Bhoomi/Andhra Prabha.

During the year the Company has not made any presentation to institutional investors or analysts.

The Management Discussion and Analysis Report form a part of Directors' Report.

## 10. General shareholders' information

### a. Annual General Meeting:

Date and time  
16th September, 2013 at 11.00 A.M.

Venue  
The Federation of A.P. Chambers of Commerce and Industry (FAPCCI) Premises – Surana Udyog Hall Federation House, 11-6-841, Red Hills HYDERABAD- 500 004

### b. Financial calendar (tentative)

- 1st quarter  
2nd week of August, 2013
- 2nd quarter/half-yearly  
2nd week of November, 2013
- 3rd quarter  
2nd week of February, 2014

- Audited results  
4th week of May, 2014

### c. Dates of book closure

September 1st, 2013 to  
September 16th, 2013

### d. Stock exchange where listed and stock code

1. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 (Stock Code: 504269)
2. National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (Stock code: Khaitan Ele. EQ.)

Note: Delisting application still pending with CSE from December, 2004.

The listing fee for the year 2012-13 has been paid to BSE and NSE.

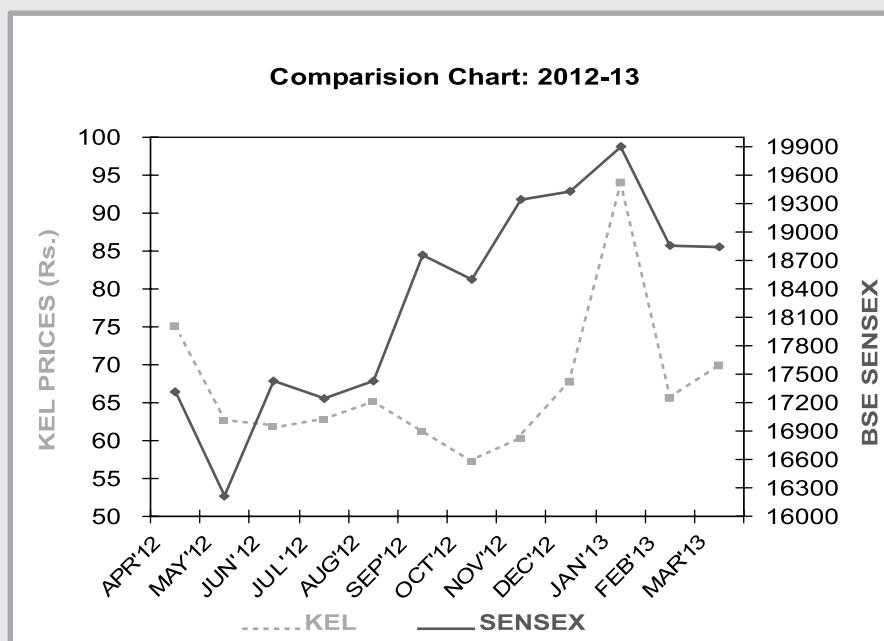
### e. ISIN allotted to Equity Shares INE 761A01019

## f. Market price data

BSE	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
HIGH	85.85	77.95	66.90	78.85	71.90	67.75	69.75	66.00	77.95	95.40	94.35	71.00
LOW	71.05	52.10	52.10	60.10	61.50	57.30	56.25	55.00	59.10	65.10	63.00	54.20
CLOSE	75.00	62.45	61.70	62.75	64.95	61.00	57.10	60.20	67.60	93.95	65.60	69.85
MONTHLY Turnover (RS.INLACS)	18.50	6.15	8.75	22.22	8.29	6.09	7.87	6.63	18.72	41.19	5.81	14.44



g. Stock performance index



h. Depository Registrar and Share Transfer Agents : M/s. CIL Securities Ltd.,

214 Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001

Phone nos. 040-23202465/23203155 • Fax no. 040-23203028, 040-66661267

Email: rta@cilsecurities.com, cilsec@rediffmail.com

i. Distribution of shareholdings as on 31st March, 2013

Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shares holding
Upto 500	19070	97.51	1677742	14.59
501 to 1,000	287	1.47	201792	1.75
1,001 to 2,000	98	0.50	139167	1.21
2,001 to 3,000	19	0.10	49341	0.43
3,001 to 4,000	10	0.05	34796	0.30
4,001 to 5,000	12	0.06	55162	0.48
5,001 to 10,000	20	0.10	146334	1.27
10,001 and above	40	0.21	9195666	79.97
	19556	100.00	11500000	100.00
Physical mode	13310	68.06	2559110	22.25
Electronic mode	6246	31.94	8940890	77.75

**j. Shareholding pattern as on 31st March, 2013**

Categories	No. of shares	%
Promoters' Holdings	6327808	55.02
Mutual Funds	26493	0.23
Banks, Financial Institutions and Others	275223	2.39
Private Corporate Bodies	1956215	17.01
Indian Public	2908986	25.30
NRI/OCBS	3392	0.03
Clearing Members	763	0.01
Trust	1120	0.01
Total	11500000	100.00

**k. Plant Location**

Plot No.129,  
S.V. Co-op.Industrial Estate,  
IDA, Bollaram, 502 320  
Medak Dist. (A P.)  
P-10 Transport Depot Road  
Kolkata - 700 088. (W.B.)  
Plot No.14, Sector 6  
Faridabad – 121 006 (Haryana)

Murthy, Senior Officer, Secretarial  
at the Company's Secretarial  
Department at A-13, Co-operative  
Industrial Estate, Balanagar,  
Hyderabad – 500 037, Telephone  
nos: 23770640/01/02/03 or by  
email at [hydfactory@khaitan.com](mailto:hydfactory@khaitan.com) /  
[hydcommercial@khaitan.com](mailto:hydcommercial@khaitan.com) or  
by fax: 040-2377 0646.

“This is to confirm that the Company  
has adopted a code of conduct for its  
employees and all Board Members.  
This code is available on the  
Company's website.  
I confirm that the Company has in  
respect of the financial year ended  
March 31st, 2013 received from the  
senior management personnel and  
the Board members, a declaration  
of compliance with the Code of  
Conduct.”

**l. Address for correspondence**

Shareholders' correspondence  
should be addressed to the  
Company's Share Transfer Agents at  
the address given in (i) above.  
In case of any difficulty, shareholders  
may contact Sri A.V.S.G. Krishna

**m. CEO declaration on Code of Conduct**

Reproduced is the text of the  
declaration made by the Chairman  
and Managing Director confirming  
compliance of Code of Conduct by all  
Directors and senior management  
personnel:

**Sunil K. Khaitan**  
*Chairman &  
Managing Director*

Kolkata  
May 29, 2013

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# Auditors' Certificate

on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

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To,  
**The members of Khaitan Electricals Limited**

1. We have reviewed, the implementation of Corporate Governance procedures by Khaitan Electricals Limited during the period ended 31st March, 2013, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the Stock Exchanges have been complied with in all material respects by the Company.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that there are no investors' grievances unattended for a period exceeding one month against the Company as per the records maintained by the Company.

For **V.S. RAO & CO.**  
*Chartered Accountants*  
(Registration No. 003157S)

For **G.P. AGRAWAL & CO.**  
*Chartered Accountants*  
(Registration No. 302082E)

Kolkata  
29th May, 2013

**CA. V.G. Tarak Nath**  
*Partner*  
Membership No.23302

**CA. Ajay Agrawal**  
*Partner*  
Membership No.17643



# Financial section

# Independent Auditors' Report

To  
The Members of **Khaitan Electricals Limited**

## Report on the financial statements

We have audited the attached Balance Sheet of KHAITAN ELECTRICALS LIMITED as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Basis for Qualified Opinion

*Confirmation of debtors' account balances including interest charged for delayed payments have not been obtained in many cases the impact of which, if any, on the profit, reserves & surplus and assets is not ascertainable.*

## Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (a) *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;*
- (b) *in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and*
- (c) *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) *we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;*
  - b) *in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*
  - c) *the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.*
  - d) *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;*
  - e) *on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.*

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

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

**CA. V.G. Tarak Nath**  
Partner  
Membership No.23302

**CA. Ajay Agrawal**  
Partner  
Membership No.17643

Kolkata  
May 29, 2013

# Annexure to the Auditors' Report

Statement referred to in our report of even date to the members of KHAITAN ELECTRICALS LIMITED on the financial statements for the year ended 31st March, 2013.

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets were physically verified by the Management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c) In our opinion, and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- ii) a) Physical verification has been conducted by the management at reasonable intervals in respect of inventory of raw materials, stores and spare parts, stock-in-process and stock-in-trade in the Company's possession. The existence of stocks lying with third parties as at 31st March, 2013 has been substantially confirmed based on confirmations or statements of account received from such third parties. In our opinion, the frequency of physical verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed between the physical inventory as verified and the book records were not material.
- iii) a) The Company has not given any loan during the year to companies, firms or other parties covered in the register maintained under section 301 of the Act. Consequently, the provisions of para (iii) (a),(b),(c) and (d) of the Order are not applicable.
- b) The Company has not taken any loan during the year from companies, firms or other parties covered in the register maintained under section 301 of the Act. Consequently, the provisions of para (iii) (e),(f) and (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining

comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, except where suitable alternative sources do not exist for obtaining comparable quotations, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion the existing internal audit system employed by the Company is commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Act. We are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.



- b) The disputed statutory dues aggregating to Rs. 940.04 lakhs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount (Rs in lacs)	Period	Forum where dispute is pending
State Sales Tax/ Central Sales Tax	Sales Tax Penalty	591.64	1991-92, 1993-94 to 2010-11	AC, DC, Commissioner, Revision Board of Comm. Taxes, Tax Tribunal, High Court.
Central Excise Act	Central Excise Duty	7.37	2000-01 to 2001-02	Tribunal
		225.89	2007-08	Tribunal
		24.85	2010-11	CESTAT, Delhi
	Penalty	10.00	2008-09	Commissioner of Central Excise
Finance Act, 1994	Service Tax	2.47	2011-12	Asstt. Commissioner Service Tax
Urban Development Act	Extension Fee	71.03	1981 - 2002	Administration of Haryana Development Authority.
Employees State Insurance Act	ESI Contribution	6.78	1994-95	ESI Court
<b>Total</b>		<b>940.04</b>		

- x) The Company does not have any accumulated losses as at 31st March 2013. The Company has incurred cash losses during the immediately preceding year though not in the current year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company did not have any outstanding debentures during the year.
- xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- xiii) As explained to us, the provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund or society are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. However, the Company has made investment in shares in respect of which proper records have been maintained of the transaction and contracts and timely entries have been made therein, and the shares held by the Company, in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions.
- xvi) The Company has not raised any new term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term purposes.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- xix) There are no debentures issued and outstanding at the year end.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

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

**CA. V.G. Tarak Nath**  
Partner  
Membership No.23302

**CA. Ajay Agrawal**  
Partner  
Membership No.17643

Kolkata  
May 29th, 2013

# Balance Sheet

As at 31st March, 2013

(Amount in Rupees)

Particulars	Note No	As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	2.1	115,000,000	115,000,000
b. Reserves & Surplus	2.2	986,277,506	905,063,866
		<b>1,101,277,506</b>	<b>1,020,063,866</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	2.3	300,837,088	346,342,719
(b) Deferred tax liabilities (Net)	2.4	8,874,344	12,830,172
(c) Other long term liabilities	2.5	390,321	228,600
		<b>310,101,753</b>	<b>359,401,491</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	2.6	2,085,729,791	2,196,215,546
(b) Trade payables	2.7	1,410,293,286	1,064,318,446
(c) Other current liabilities	2.8	536,754,676	490,661,943
(d) Short-term provisions	2.9	18,887,143	13,619,195
		<b>4,051,664,896</b>	<b>3,764,815,130</b>
<b>TOTAL</b>		<b>5,463,044,155</b>	<b>5,144,280,487</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets	2.10		
(i) Tangible assets		218,464,402	235,233,676
(ii) Intangible assets		7,544,508	1,531,807
(iii) Capital work-in-progress		-	6,131,550
		<b>226,008,910</b>	<b>242,897,033</b>
(b) Non-current investments	2.11	64,500,000	64,500,000
(c) Long-term loans and advances	2.12	55,473,356	48,979,654
(d) Other non-current assets	2.13	27,181,661	26,557,014
		<b>373,163,927</b>	<b>382,933,701</b>
<b>2. Current Assets</b>			
(a) Inventories	2.14	2,271,872,476	2,016,502,402
(b) Trade receivables	2.15	2,080,340,976	1,876,154,214
(c) Cash and bank balances	2.16	244,836,157	204,131,083
(d) Short-term loans and advances	2.17	388,094,799	510,672,171
(e) Other current assets	2.18	104,735,820	153,886,916
		<b>5,089,880,228</b>	<b>4,761,346,786</b>
<b>TOTAL</b>		<b>5,463,044,155</b>	<b>5,144,280,487</b>
Significant Accounting Policies & Notes to Accounts	1&2		

The accompanying Significant Accounting Policies & Notes to Accounts are an integral part of the Financial Statements.

As per our report of even date attached.

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

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

Sunil.K. Khaitan  
Chairman &  
Managing Director

M.G. Todi  
Director

Biswajit Choudhuri  
Director

G.R. Choudhary  
Chief Financial Officer  
& Secretary

CA. V.G. Tarak Nath  
Partner  
Membership No. 23302

CA. Ajay Agrawal  
Partner  
Membership No. 17643

V.K. Rungta  
Director

Ajay Kajaria  
Director

Shiv Kumar Bajaj  
Director

Kolkata  
29th May, 2013

# Statement of Profit and Loss

For the year ended 31st March, 2013

(Amount in Rupees)

Particulars	Note No	Year Ended 31.03.2013	Year Ended 31.03.2012
<b>I. Revenue from Operations</b>			
Sale of Goods (Gross)	2.19	5,252,220,402	4,536,544,896
Less: Excise Duty		171,079,029	189,555,628
Net Sale of Goods		5,081,141,373	4,346,989,268
Other operating revenue	2.20	36,851,773	66,429,786
Revenue from operations (net)		5,117,993,146	4,413,419,054
II. Other Income	2.21	134,850,382	109,622,803
<b>III. Total Revenue (I + II)</b>		<b>5,252,843,528</b>	<b>4,523,041,857</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	2.22	860,742,220	1,169,643,473
Purchases of Stock-in-Trade	2.23	2,959,151,207	2,304,279,317
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in-Trade	2.24	(260,242,139)	(364,860,807)
Employee Benefits Expense	2.25	236,559,938	230,873,199
Finance Costs	2.26	380,208,227	366,707,851
Depreciation and Amortization Expense	2.10	18,738,572	18,281,172
Other Expenses	2.27	1,013,535,562	963,316,143
<b>Total Expenses</b>		<b>5,208,693,587</b>	<b>4,688,240,348</b>
V. Profit/(Loss) before Exceptional and Extraordinary Items and Tax (III - IV)		44,149,941	(165,198,491)
VI. Exceptional Item	2.28	46,522,481	-
VII. Profit/(Loss) before Tax (V + VI)		90,672,422	(165,198,491)
VIII. Tax Expense:			
(1) Current tax		20,500,000	-
Less : MAT Credit		(6,400,000)	-
(2) Earlier Year Tax		(685,390)	(1,094,555)
(3) Deferred Tax		(3,955,828)	(1,817,999)
		<b>9,458,782</b>	<b>(2,912,554)</b>
<b>IX. Profit/(Loss) for the Year (VII-VIII)</b>		<b>81,213,640</b>	<b>(162,285,937)</b>
X. Earnings Per Share of Rs.10/- each - Basic & Diluted	2.36	7.06	(14.11)
Significant Accounting Policies & Notes to Accounts	1&2		

The accompanying Significant Accounting Policies & Notes to Accounts are an integral part of the Financial Statements.  
As per our report of even date attached.

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

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

**Sunil.K. Khaitan**  
Chairman &  
Managing Director

**M.G. Todi**  
Director

**Biswajit Choudhuri**  
Director

**G.R. Choudhary**  
Chief Financial Officer  
& Secretary

**CA. V.G. Tarak Nath**  
Partner  
Membership No. 23302

**CA. Ajay Agrawal**  
Partner  
Membership No. 17643

**V.K. Rungta**  
Director

**Ajay Kajaria**  
Director

**Shiv Kumar Bajaj**  
Director

Kolkata  
29th May, 2013

# Cash Flow Statement

For the Year ended 31st March, 2013

(Amount in Rupees)

	Year ended 31.03.2013	Year ended 31.03.2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Exceptional Item	44,149,938	(165,198,491)
<b>Adjustments for:</b>		
Depreciation	18,738,572	18,281,172
(Profit)/Loss on Sale/Discarded Assets Written off	1,508,047	257,917
Provision for Doubtful Debts	5,942,700	5,777,514
Finance cost	380,208,227	366,707,851
Interest Income	(129,393,629)	(99,715,537)
Provision for Liabilities (Net)	(266,885)	2,687,364
Operating Profit Before Working Capital Changes	<b>320,886,970</b>	<b>128,797,790</b>
<b>Adjustments for:</b>		
Trade Receivables	(210,129,462)	347,703,125
Other Receivables	20,789,440	(93,640,650)
Inventories	(255,370,074)	(366,612,272)
Trade Payables	345,974,840	95,237,775
Other Payables	46,254,454	5,716,007
Cash Generated from Operations	<b>268,406,168</b>	<b>117,201,777</b>
Direct Taxes Paid	(6,940,908)	(17,692,642)
Cash Flow Before Exceptional Item	261,465,260	99,509,135
<b>Net Cash Flow From Operating Activities (A)</b>	<b>261,465,260</b>	<b>99,509,135</b>
<b>B. Cash Flow From Investing Activities</b>		
Additions to Fixed Assets	(23,072,631)	(20,199,462)
Sale of Fixed Assets	66,236,619	10,704,123
Loans Given During the Year	(134,316,724)	(31,478,469)
Repayment of Loans Received During the Year	268,296,337	41,932,356
Interest Received	129,393,629	99,715,537
<b>Net Cash From Investing Activities (B)</b>	<b>306,537,230</b>	<b>100,674,085</b>
<b>C. Cash Flow From Financing Activities:</b>		
Dividend Paid	-	(17,250,000)
Dividend Distribution Tax paid	-	( 2,865,010)
Net Increase/(Decrease) in Cash Credit Facility and Other Short Term Loans	(31,785,755)	251,539,855
Loans Raised During the Year	14,086,055	24,285,289
Loans Repaid During the Year	(138,291,686)	(79,456,684)
Interest Paid	(380,208,227)	(366,707,851)
<b>Net Cash From Financial Activities (C)</b>	<b>(536,199,613)</b>	<b>(190,454,401)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>31,802,877</b>	<b>9,728,819</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>163,849,128</b>	<b>154,120,309</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>195,652,005</b>	<b>163,849,128</b>

Note: (i) Figures in Brackets represent Outflows.

(ii) The Cash Flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

(iii) Cash and Cash Equivalents include :

Cash Balances	876,806	500,314
Bank Balances	15,628,681	17,888,122
Remittance in Transit	179,146,518	145,460,692
	<b>195,652,005</b>	<b>163,849,128</b>

(iv) Cash and Cash Equivalent does not include any amount which is not available for use by the Company.

(v) Previous year figures have been restated wherever necessary.

In terms of our report of even date

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

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

**Sunil.K. Khaitan**  
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**V.K. Rungta**  
Director

**Ajay Kajaria**  
Director

**Shiv Kumar Bajaj**  
Director

Kolkata  
29th May, 2013

# Notes forming part of the Financial Statements

## NOTE No.1 SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2013

### 1.1 Basis of Accounting

- a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) The Company generally follows accrual system of accounting and recognises significant items of income and expenditure on accrual basis.
- c) All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies' Act, 1956. Based on the nature of operations and time between the procurement of raw material and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 1.2 Fixed Assets

- a) Fixed Assets are stated at their original cost (net of accumulated depreciation and amortization) of acquisition including all related expenses of acquisition and installation.
- b) Depreciation is provided on Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956 from the month the assets are put to use.
- c) Leasehold land is amortised, over the period of lease. Computer Software acquired is to be amortised over a period of five years on Straight Line Basis.

### 1.3 Inventories

- a) Inventories (other than scrap) are valued at lower of cost or net realisable value. The cost of inventories is computed on weighted average basis except Trading goods the cost of which is calculated on first in first out basis. The cost of Finished Goods and Work-in-Progress include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- b) Scrap is valued at net realisable value.

### 1.4 Investments

Non current Investments are carried at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of non current investments, scrip wise. Current Investments are valued at lower of cost or fair value, category wise. Cost of investments include acquisition cost such as brokerage, stamp duty etc.

### 1.5 Sales

- a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.
- b) Sales is inclusive of Excise Duty and net of Sales Tax and Trade Discount.

### 1.6 Employee benefits

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined as per actuarial valuations. Actuarial gains and losses in respect of long term employee benefits are recognized in the Statement of Profit and Loss.

### 1.7 Research & Development

Revenue expenditure pertaining to research and development is charged to revenue in the year in which it is incurred. Capital

# Notes forming part of the Financial Statements

## NOTE No.1 SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2013 (CONTD.)

Expenditure on Research & Development is shown as addition to Fixed Assets.

### 1.8 Foreign Currency Transactions

- a) Transactions in Foreign Currency are initially recorded at the Exchange Rate at which the transactions are carried out.
- b) Monetary items are translated at Exchange Rate prevailing at the year-end.  
The difference in translation of monetary items and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.
- c) Forward exchange contracts entered into for hedging purposes are accounted for separately from the underlying transactions. The premium or discount on forward exchange contract is amortized over the period of the respective contract.

### 1.9 Insurance Claims

Insurance claims are recognized when the amount thereof can be reasonably ascertained and the claim is likely to be received.

### 1.10 Provisions, Contingent Liabilities And Contingent Assets

Provisions are recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent liabilities are shown by way of Notes on Account in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

Contingent assets are not recognized in the Accounts.

### 1.11 Taxes On Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### 1.12 Government Grant

Government Grant received on Capital Account is shown as Capital Reserve.

### 1.13 Impairment Of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods reversed if there has been a change in the estimate of recoverable amount.



# Notes forming part of the Financial Statements

## 2 - Notes to Accounts

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
<b>Notes No : 2.1 Share Capital</b>				
<b>a. Authorised</b>				
Equity shares of Rs. 10/- each	16,750,000	167,500,000	16,750,000	167,500,000
Preference shares of Rs. 100/- each	75,000	7,500,000	75,000	7,500,000
		175,000,000		175,000,000
<b>b. Issued</b>				
Equity Shares of Rs.10/- each	11,595,350	115,953,500	11,595,350	115,953,500
<b>c. Subscribed and Paid-up</b>				
Equity shares of Rs. 10/- each	11,500,000	115,000,000	11,500,000	115,000,000

d. The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The holders of Equity Shares are entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e. Shareholders holding more than 5 % of the equity shares in the Company :

	No. of Shares	%	No. of Shares	%
Khaitan Lefin Limited	3,566,973	31.02	3,428,750	29.82
Khaitan (India) Limited	1,708,018	14.85	1,708,018	14.85

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.2 Reserves and Surplus</b>				
<b>a. Securities premium account</b>				
Balance as per last account		485,636,700		485,636,700
<b>b. Reserve against share warrants forfeited</b>				
Balance as per last account		2,620,000		2,620,000
<b>c. General reserve</b>				
Balance as per last account	550,000,000		550,000,000	
Add: Transfer from surplus of Statement of Profit and Loss	-		-	
		550,000,000		550,000,000
<b>d. Surplus</b>				
Balance as per last account	(133,192,834)		29,093,103	
Add/(Less): Surplus/(Loss) as per Statement of Profit and Loss	81,213,640		(162,285,937)	
Amount available for appropriation	(51,979,194)		(133,192,834)	
(Add)/Less : Appropriations:				
Proposed dividend	-		-	
Tax on proposed dividend	-		-	
Transfer to general reserve	-		-	
Balance at the end of the year		(51,979,194)		(133,192,834)
<b>Total Reserves and surplus</b>		<b>986,277,506</b>		<b>905,063,866</b>

Note : General reserve is a free reserve and can be utilised for any general purpose like for issue of bonus shares, payment of dividend, buy back of shares etc.

# Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.3 Long - term borrowings</b>				
<b>Term loans</b>				
From banks				
Secured				
Rupee loans:				
Axis Bank	930,344		766,539	
HDFC Bank	-		357,430	
Unsecured				
Allahabad Bank	236,465,744		295,700,000	
		237,396,088		296,823,969
From entities other than banks				
Secured				
Rupee loan:				
Loan against keyman Insurance policy		63,441,000		49,518,750
		300,837,088		346,342,719

## a) Nature of securities:

- Vehicle loan from Axis Bank Ltd. and HDFC Bank are secured against hypothecation of vehicles.
- Rupee Term Loan from Allahabad Bank is secured by an equitable mortgage of immovable property owned by a third party and is also secured by personal guarantee of Chairman & Managing Director of the Company.
- Term loan from State Bank of Travancore Rs. Nil (Previous year Rs. 1,50,00,000/-) shown under line item Current maturities of long term debt in Note no. 2.9 was secured by hypothecation of Raw Materials, Stock-in-Process, Stock-in-Trade and Fixed Assets of Hyderabad, Faridabad, Kolkata and Poanta Sahib Factories.

## b) Terms of repayment:

Sl. No	Name of the banks/entities	Interest Rate p.a.\$	Amount outstanding as at the Balance sheet date		Period of maturity w.r.t. Balance Sheet date	Number of Installments outstanding but not due as on 31/03/2013	Amount of Installment	
			Current#	Non Current				
i)	Axis Bank Ltd. *	10.25%	272,028	180,881	1 Year 10 Months	22	22,669	
		(10.25%)	(272,028)	(394,449)	(2 Years 10 Months)	(34)	(22,669)	
		10.25%	204,457	167,633	1 Year 9 Months	21	19,430	
		(10.25%)	(184,623)	(372,090)	(2 Years 9 Months)	(33)	(19,430)	
		10.25%	171,417	276,810	2 Years 5 Months	29	17,639	
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
		10.25%	169,275	305,020	2 Years 7 Months	31	17,425	
ii)	Allahabad Bank	(-)	(-)	(-)	(-)	(-)	(-)	
		14.20%	58,800,000	236,465,744	4 Years 9 Months	51	4,900,000	
						5	7,700,000	
						1	7,300,000	
		(14.75%)	(49,200,000)	(295,700,000)	(5 Years 9 Months)	(3)	(1,700,000)	
iii)	State Bank of Travancore					(60)	(4,900,000)	
						(5)	(7,700,000)	
						(1)	(7,300,000)	
iv)	HDFC Bank *	-	-	-	-	-	-	
		(15.00%)	(15,000,000)	(-)	(5 Months)	(5)	(3,000,000)	
		8.05%	161,849	-	2 Months	2	81,740	
		(8.05%)	(980,880)	(107,888)	(1Year 2 Months)	(14)	(81,740)	
		8.05%	62,786	-	4 Months	4	16,007	
		(8.05%)	(176,948)	(62,786)	(1 Year 4 Months)	(16)	(16,007)	
		8.05%	123,970	-	8 Months	8	16,006	
		(8.05%)	(171,592)	(123,970)	(1 Year 8 Months)	(20)	(16,066)	
v)	Life Insurance Corporation of India **	8.05%	62,786	-	4 Months	4	16,007	
		(8.05%)	(176,948)	(62,786)	(1 Year 4 Months)	(16)	(16,007)	
		9.00%	-	63,441,000	8 Years	-	-	
		(9.00%)	(-)	(49,518,750)	(9 Years)	(-)	(-)	
			60,028,568	300,837,088				
	(66,163,019)	(346,342,719)						

\$ As at the year end. # Represents current maturities of loan long term debts shown under other current liabilities (Note No. 2.9)

\* Amount of Instalment includes interest. \*\* Bullet payment at the end of the maturity period.

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.4 Deferred tax liabilities (Net)</b>				
<b>Deferred tax liabilities :</b>				
Depreciation		19,405,031		22,064,380
<b>Deferred tax assets :</b>				
Gratuity / Leave Excashment	6,130		403,670	
Provision for doubtful debts/claims	10,524,557		8,830,538	
		10,530,687		9,234,208
		8,874,344		12,830,172

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.5 Other long - term liabilities</b>				
Security Deposit		390,321		228,600

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.6 Short - term borrowings</b>				
<b>Other loans and advances</b>				
From banks				
Secured				
Cash Credit	1,531,667,288		1,419,166,540	
Unsecured				
Buyers' credit	175,454,918		214,180,346	
Bills Discounting	234,221,700		339,782,775	
		1,941,343,906		1,973,129,661
<b>From others -Unsecured</b>		144,385,885		223,085,885
		2,085,729,791		2,196,215,546

### Nature of securities:

Cash Credit from Banks are secured by Hypothecation of Raw Materials, Stock-in-Process, Stock-in-Trade and Book Debts and further collaterally secured by pari-passu charge on all Fixed Assets of Hyderabad, Faridabad, Kolkata and Paonta Sahib factories.

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.7 Trade payables</b>				
Total outstanding dues of other than Micro and Small Enterprises		1,410,293,286		1,064,318,446
		1,410,293,286		1,064,318,446

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.8 Other current liabilities</b>				
Current maturities of long - term debt *		60,028,567		66,163,019
Interest accrued but not due on borrowings		988,090		2,088,334
Interest accrued and due on borrowings		3,626,805		4,337,967
Unpaid dividends **		3,382,622		3,984,184
Other payables				
Advance from customers and others		50,260,669		29,479,100
Security deposits		219,352,412		239,084,439
Statutory liabilities		131,930,901		108,697,463
Overdrawn bank balances as per books		5,249,764		-
Unpaid salaries and other payroll dues		15,780,699		12,733,350
Accrued expenses		46,046,710		23,702,469
Others		107,437		391,618
		536,754,676		490,661,943

\* Refer Note No. 2.3(a) & 2.3(b) for nature of securities and terms of repayment respectively.

\*\* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.9 Short-term provisions</b>				
Provision for employee benefits - Leave encashment		4,850,553		4,689,541
Other provisions				
Income Tax	65,056,880		-	
Less: Advance tax	59,522,047		-	
		5,534,833		-
Warranty		8,501,757		8,929,654
		18,887,143		13,619,195

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

Notes No : 2.10 FIXED ASSETS												
Particulars	Tangible assets							Intangible assets		Capital Work-in progress	Grand Total	Previous Year
	Land (Free hold)	Land (Lease hold)	Building (Free hold)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software (acquired)			
<b>Gross block</b>												
Gross carrying amount as at 01.04.2012	63,116,058	10,085,560	73,202,948	179,423,006	30,668,457	21,131,304	33,076,900	410,704,233	5,490,893	6,131,550	422,326,676	413,704,304
Additions during the year	-	-	48,588	15,325,708	2,218,045	1,964,042	2,726,591	22,282,974	6,872,619	48,588	29,204,181	20,199,462
Disposals/deductions during the year	-	10,085,560	17,438,864	5,874,051	60,530	1,734,386	127,176	35,320,567	-	6,180,138	41,500,705	11,577,092
<b>Gross carrying amount as at 31.03.2013</b>	<b>63,116,058</b>	<b>-</b>	<b>55,812,672</b>	<b>188,874,663</b>	<b>32,825,972</b>	<b>21,360,960</b>	<b>35,676,315</b>	<b>397,666,640</b>	<b>12,363,512</b>	<b>-</b>	<b>410,030,152</b>	<b>422,326,674</b>
<b>Depreciation /Amortization</b>												
Opening accumulated depreciation / amortization	-	1,515,748	36,636,742	97,550,496	11,794,673	8,373,288	19,599,610	175,470,557	3,959,086	-	179,429,643	161,763,521
Depreciation /amortization during the year	-	58,298	2,022,504	8,836,251	1,807,497	1,859,121	3,294,983	17,878,654	859,918	-	18,738,572	18,281,172
Disposals/deductions during the year	-	1,574,046	8,604,409	3,432,126	53,416	426,685	56,291	14,146,973	-	-	14,146,973	615,052
<b>Closing accumulated depreciation / amortization</b>	<b>-</b>	<b>-</b>	<b>30,054,837</b>	<b>102,954,621</b>	<b>13,548,754</b>	<b>9,805,724</b>	<b>22,838,302</b>	<b>179,202,238</b>	<b>4,819,004</b>	<b>-</b>	<b>184,021,242</b>	<b>179,429,641</b>
<b>Net carrying amount</b>												
<b>Net block as at 31.03.2013</b>	<b>63,116,058</b>	<b>-</b>	<b>25,757,835</b>	<b>85,920,042</b>	<b>19,277,218</b>	<b>11,555,236</b>	<b>12,838,013</b>	<b>218,464,402</b>	<b>7,544,508</b>	<b>-</b>	<b>226,008,910</b>	<b>242,897,033</b>

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

		As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.11 Non-current investments</b>	<b>Face value</b>				
<b>Other than trade</b>					
<b>Unquoted (At cost, fully paid up)</b>					
In equity shares of companies					
Khaitan Lefin Limited	10.00	945,000	56,700,000	945,000	56,700,000
Khaitan Hotels Limited	10.00	75,000	4,500,000	75,000	4,500,000
The Oriental Mercantile Co. Limited	10.00	55,000	3,300,000	55,000	3,300,000
			64,500,000		64,500,000

(Amount in Rupees)

		As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.12 Long - term loans and advances (Unsecured, considered good unless otherwise stated)</b>					
Capital advances			20,036,412		22,436,412
Security deposits			18,672,805		18,219,103
Other loans and advances					
Advance to suppliers and others					
Considered doubtful		700,000		700,000	
Less : Provision for doubtful advances		700,000		700,000	
			-		-
MAT credit entitlement			6,400,000		5,500,000
Others			10,364,139		2,824,139
			55,473,356		48,979,654

(Amount in Rupees)

		As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.13 Other non-current assets (Unsecured, considered good unless otherwise stated)</b>					
Trade receivables outstanding for a period exceeding six months from due date					
Considered Doubtful		31,042,215		23,636,033	
Less : Provision for doubtful debts		31,042,215		23,636,033	
			-		-
Fixed deposits with banks (Non current portion with original maturity period of more than 12 months)					
Margin money against LC & Bank guarantee			22,350,000		21,050,000
Interest accrued but not due			-		222,768
For employee benefits - Gratuity			4,831,661		3,445,376
Advance tax		-		56,395,750	
Less: Provision for taxation		-		54,556,880	
			-		1,838,870
Claims receivable					
Considered Doubtful		236,000		236,000	
Less : Provision for doubtful claims		236,000		236,000	
			-		-
			27,181,661		26,557,014

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.14 Inventories (At lower of cost and net realizable value)</b>				
Raw materials	286,726,813		280,802,244	
Goods-in-Transit	2,645,340		82,632	
		289,372,153		280,884,876
Work-in-progress				
Components		136,966,380		142,288,576
Finished goods	509,255,734		637,567,820	
Goods-in-Transit	41,274,202		9,926,859	
		550,529,936		647,494,679
Stock in trade		1,294,536,428		945,321,652
Loose tools		467,579		512,619
		2,271,872,476		2,016,502,402

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.15 Trade receivables (Unsecured, considered good)</b>				
Trade receivables outstanding for a period exceeding six months from due date		241,247,808		210,730,785
Other trade receivables		1,839,093,168		1,665,423,429
		2,080,340,976		1,876,154,214

(Amount in Rupees)

	As at 31.03.2013		As at 31.03.2012	
<b>Notes No : 2.16 Cash and bank balances</b>				
Cash and cash equivalents				
Balances with banks				
In current accounts	15,628,681		17,888,122	
Remittance in transit	179,146,518		145,460,692	
Cash on hand	876,806		500,314	
		195,652,005		163,849,128
Other bank balances				
Security against borrowings				
Fixed deposits with banks				
- Original maturity period upto 12 months		10,200,000		10,740,000
Unpaid dividend accounts		3,382,622		3,984,184
Margin money (With banks against LC and bank guarantees)				
In Fixed deposits				
- Current portion of original maturity period more than 12 months	2,132,571		7,632,571	
- Original Maturity period upto 12 months	8,623,099		2,397,824	
In Current Account	24,845,860		15,527,376	
		35,601,530		25,557,771
		244,836,157		204,131,083



## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	As at 31.03.2013	As at 31.03.2012
<b>Notes No : 2.17 Short - term loans and advances (Unsecured, considered good)</b>		
Security deposits	730,565	1,160,096
Other loans and advances		
Loan to others	226,831,541	360,811,154
Other Advances	22,860,908	11,399,696
Advance to suppliers and others	80,387,332	89,183,260
Cenvat, Vat and other taxes/duties	44,167,131	40,862,993
Prepaid expenses	13,117,322	7,254,972
	388,094,799	510,672,171

(Amount in Rupees)

	As at 31.03.2013	As at 31.03.2012
<b>Notes No : 2.18 Other current assets (Unsecured, considered good)</b>		
Interest accrued and due	65,625,019	58,588,699
Interest accrued but not due	5,343,023	2,349,522
Claims receivable	11,848,462	58,088,335
Other receivable	17,039,163	26,470,877
Taxes and duties refundable	1,322,110	3,282,243
DEPB entitlement	3,558,043	5,107,240
	104,735,820	153,886,916

(Amount in Rupees)

	Year ended 31.03.2013	Year ended 31.03.2012
<b>Notes No : 2.19 Sale of goods (Gross)</b>		
Manufactured Goods		
Fans & Motors	1,367,150,417	1,604,588,591
Other items	323,980,529	268,353,689
	1,691,130,946	1,872,942,280
Trading Goods		
Fans & Motors	1,156,525,188	815,350,994
Home appliances	923,760,650	767,202,081
Lightin	1,147,347,084	734,273,645
Other items	333,456,534	346,775,896
	3,561,089,456	2,663,602,616
	5,252,220,402	4,536,544,896

(Amount in Rupees)

	Year ended 31.03.2013	Year ended 31.03.2012
<b>Notes No : 2.20 Other operating revenues</b>		
Scrap sale	36,851,773	66,429,786

(Amount in Rupees)

	Year ended 31.03.2013	Year ended 31.03.2012
<b>Notes No : 2.21 Other Income</b>		
Interest	129,393,629	99,715,537
Profit on Sale of Fixed Assets	-	1,593,025
Export incentive	500,313	2,506,000
Rent receipt	2,394,666	2,251,311
Miscellaneous income	2,561,774	3,556,930
	134,850,382	109,622,803

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Notes No : 2.22 Cost of materials consumed</b>				
<b>Raw Materials</b>				
Lamination/Silicon Steel Sheets	102,764,109		172,488,333	
Copper Wire	170,401,738		260,269,107	
Aluminium Ingots	53,998,356		67,635,698	
Aluminium Sheets	54,276,573		60,672,527	
Ball Bearings	36,167,182		52,866,100	
Other Materials & Components	443,134,262		555,711,708	
		860,742,220		1,169,643,473

(Amount in Rupees)

	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Notes No : 2.23 Purchases of stock-in trade</b>				
Fans & Motors		973,448,178		724,683,481
Home appliances		735,362,066		621,317,062
Lightings		1,009,961,901		642,054,988
Other items		240,379,062		316,223,786
		2,959,151,207		2,304,279,317

(Amount in Rupees)

	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Notes No : 2.24 Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>				
<b>Finished goods</b>				
Opening stock	637,567,820		438,147,562	
Less: Closing stock	550,529,936		637,567,820	
		87,037,884		(199,420,258)
<b>Work-in-progress</b>				
<b>Components</b>				
Opening stock	142,288,576		157,639,789	
Less: Closing stock	136,966,380		142,288,576	
		5,322,196		15,351,213
<b>Stock in trade</b>				
Opening stock	945,321,652		752,628,125	
Less: Closing stock	1,294,536,428		945,321,652	
		(349,214,776)		(192,693,527)
Add/(Less) : Excise duty and cess on stock *		(3,387,443)		11,901,765
		(260,242,139)		(364,860,807)

\* The amount of excise duty and cess on stock represents differential excise duty and cess on opening and closing stock of finished

(Amount in Rupees)

	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Notes No : 2.25 Employee benefits expense</b>				
Salaries and wages		214,736,548		205,394,014
Contribution to provident and other funds		13,293,821		16,560,512
Staff welfare expense		8,529,569		8,918,673
		236,559,938		230,873,199

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Notes No : 2.26 Finance costs</b>				
Interest expense		326,619,210		304,438,609
Other borrowing cost		53,589,017		62,269,242
		380,208,227		366,707,851

(Amount in Rupees)

	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Notes No : 2.27 Other expenses</b>				
Consumption of stores and spare parts		4,380,887		5,290,370
Power and fuel		8,248,048		6,390,056
Fabrication charges		117,266,545		163,635,245
Royalty		54,015,940		54,048,951
Rent		34,056,391		30,622,024
Repairs				
Buildings	3,219,130		1,308,828	
Machinery	2,295,133		2,471,717	
Others	4,615,319		3,641,620	
		10,129,582		7,422,165
Insurance		6,480,836		9,125,879
Rates and taxes (excluding taxes on income)		19,357,604		8,054,615
Payments to auditor				
As auditor for statutory audit	251,000		251,000	
As auditor for Branch audit	122,000		90,000	
For tax audit	68,000		68,000	
For other services (Limited reviews & certifications)	128,100		100,400	
For reimbursement of expenses	23,305		26,728	
		592,405		536,128
Carriage outward		117,497,690		121,829,917
Commission		48,274,470		51,772,309
Exchange rate fluctuation		15,791,315		21,960,377
Travelling & Conveyance		53,546,335		51,760,080
Advertisement & Publicity		62,688,612		89,042,457
Discount & Schemes Expenses		305,494,657		221,798,909
Sundry Balance Written off		61,423		8,724
Provision for doubtful debts		5,942,700		5,777,514
Loss on Sale of Fixed Asset		1,508,047		257,917
Miscellaneous Expenses		148,202,075		113,910,885
Prior period Expenses *		-		71,621
		1,013,535,562		963,316,143

\* Include : Amount(Rs.)

After sales service 8,500

Travelling expenses 52,671

Telephone expenses 10,450

71,621

(Amount in Rupees)

	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Notes No : 2.28 Exceptional Item</b>				
Profit on sale of Immovable Property		46,522,481		-

## Notes forming part of the Financial Statements (contd.)

(Amount in Rupees)

	As at 31.03.2013	As at 31.03.2012
<b>Notes No : 2.29 Contingent Liabilities not provided for in respect of :</b>		
a) Claims not acknowledged as debts :-		
i) Central Excise Duty under appeal	27,058,448	24,326,006
Amount deposited against above	-	-
ii) Sales Tax under appeal	73,388,832	60,802,930
Amount deposited against above	(14,224,712)	(5,815,718)
iii) Employees State Insurance	711,216	711,216
Amount deposited against above	(33,033)	(33,033)
iv) Extension Fee by Administrator of Haryana Urban Development Authority under appeal	7,103,310	7,103,310
v) Letter of Credit under dispute	11,908,590	-
b) The Company has entered into a sub-lease Agreement on 19/10/1985 for Kolkata Factory premises with M/s P.C.Syam & Co., the lessee, with the consent of Kolkata Port Trust (KPT), the lessor. The lease which expired in April, 1987 is yet to be renewed by the lessor.		

2.30 Capital contracts remaining to be executed and not provided for Rs. 49,500,000 against which an advance of Rs. 20,036,412 is paid (Previous year Rs. 52,000,000 against which an advance of Rs. 22,436,412 is paid).

2.31 Balances outstanding with Debtors and Creditors are subject to confirmation.

2.32 Provisions, Contingent Liabilities and Contingent Assets as per AS-29 :

(Amount in Rupees)

a. Movement in provision for warranty claims :

Particulars	2012-13	2011-12
Opening Balance	8,929,654	10,931,831
Provided during the year	46,692,217	26,829,480
Expense/used during the year	(46,685,470)	(28,831,657)
Reversed during the year	(434,644)	-
Closing Balance	8,501,757	8,929,654

Timing of outflow/uncertainties

Outflow on repairing/replacement of fans

b. The Contingent liabilities and liabilities mentioned at Note No. 2.29 & 2.32(a) respectively are dependent upon disposal of appeals/payment by customers for bills discounted/fans sent by customers for replacement etc.

c. No reimbursement is expected in the case of Contingent liabilities and liabilities shown under Note No. 2.29 & 2.32(a).

d. There are no Contingent Assets.

2.33 Company operates predominantly only in one business segment, viz, Electrical Goods, which is the Primary Segment. Therefore, Segment Reporting under AS-17 is not applicable.

2.34 Related Party Disclosure (as identified by the Management) as per Accounting Standard 18 are given below:

l) Details of transactions with Related Parties:

(Amount in Rupees)

Nature of Transactions	Associates (A)	Key Management Personnel (KMP)	Relatives of Key Management Personnel (R)	Other related Parties (ORP)	Total
Rent Payment	6,00,000	-	-	-	6,00,000
	(6,00,000)	-	-	-	(6,00,000)
Receiving of Service	-	6,974,511	544,400	-	7,518,911
(Inclusive of Remuneration)	-	(6,724,044)	(878,460)	-	(7,602,504)
Licence Agreement	54,015,940	-	-	-	54,015,940
(Royalty Payment)	(54,048,951)	-	-	-	(54,048,951)
Advances Given	57,413,326	-	-	-	57,413,326
	(28,969,233)	-	-	-	(28,969,233)
Interest Receipt	22,229,056	-	-	-	22,229,056
	(20,871,243)	-	-	-	(20,871,243)
Interest Payment	1,585,666	-	-	-	1,585,666
	(5,264,394)	-	-	-	(5,264,394)
Rent Receipt	-	-	-	-	-
	-	-	-	(70,416)	(70,416)
Purchase of Goods	-	-	-	41,857,756	41,857,756
	-	-	-	(13,670,298)	(13,670,298)

## Notes forming part of the Financial Statements (contd.)

ii) Names of related parties, description of relationship and outstanding as on 31st March, 2013 :

(Amount in Rupees)

Related Party		Relationship	Balance as at 31st March, 2013	Balance as at 31st March, 2012
a. Associates:				
Khaitan (India) Ltd.	(A)	Associate	132,997,901 Dr	108,957,125 Dr
b. Key Management Personnel & Relatives:				
Sri. S.K.Khaitan (expired on 4.11.2012)	(R)	Father of CMD, Sri Sunil K. Khaitan	-	-
Sri Sunil K. Khaitan	(KMP)	VC & MD till 9.11.2012 and CMD from 10.11.2012.	-	-
Sri Sajjan Dabriwal	(KMP)	Wholetime Director	78,800 Cr	32,700 Cr
Smt. Sarita Dabriwal	(R)	Wife of WTD, Sri Sajjan Dabriwal	-	-
Kum. Vageesa Khaitan	(R)	Daughter of CMD, Sri Sunil K Khaitan	-	-
C. SYS Investments & Realty Ltd.	(O)	Concern in which, WTD, Sri Sajjan Dabriwal, has significant influence	5,961,458 Cr	1,458,864 Cr

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

(Amount in Rupees)

Related Party		Relationship	2012-13	2011-12
a) Khaitan (India) Ltd.	(A)	Licence Agreement (Royalty Payment)	54,015,940	54,048,951
		Advances Given	57,413,326	28,969,233
		Interest Payment	1,585,666	5,264,394
		Interest Receipt	22,229,056	20,871,243
b) Khaitan Lefin Ltd.	(A)	Rent Payment	600,000	600,000
c) SYS Investments & Realty Ltd.	(O)	Purchase of Goods	41,857,756	13,670,298
		Rent Receipt	-	70,416
d) Sri S.K.Khaitan	(R)	Receiving of Services (Remuneration)	20,000	30,000
e) Sri Sunil K Khaitan	(KMP)	(Remuneration)	4,290,205	4,406,000
f) Sri Sajjan Dabriwal	(KMP)	(Remuneration)	2,318,306	2,318,044
g) Smt. Sarita Dabriwal	(R)	(Remuneration)	366,000	366,000
h) Kum. Vagheesa Khaitan	(R)	(Remuneration)	524,400	482,460

iv) Related party Notes :

- Figures in the brackets pertain to previous year.
- The Company has neither written off nor written back any amount recoverable/payable from / to any related party during the year.
- The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

### 2.35 Disclosure under clause 32 of the listing agreement:

There are no transactions (except related party transactions) which are required to be disclosed under clause 32 of the listing agreement with the stock exchanges where the equity shares of the Company are listed.

### 2.36 Earnings Per Share – The numerator and denominator used to calculate Basic/Diluted Earning per share:

Amount used as the numerator:

(Amount in Rupees)

Particulars	2012-13	2011-12
i) Profit/(Loss) After Tax available for Shareholders	81,213,637	(162,285,936)
ii) Basic/Weighted Average number of Equity Shares used as the denominator	11,500,000	11,500,000
iii) Nominal Value of Equity Shares	10	10
iv) Basic/Diluted Earnings per Share	7.06	(14.11)

## Notes forming part of the Financial Statements (contd.)

2.37 As per Accounting Standard – 15 “Employee Benefits “, the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

### Defined Contribution Plan:

Employee benefits in the form of Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund are considered as defined contribution plan and the contributions are made in accordance with the relevant statute and are recognized as an expense when employees have rendered service entitling them to the contributions. The contribution to defined contribution plan, recognized as expense for the year are as under:

(Amount in Rupees)

Defined Contribution Plan	2012-13	2011-12
Employers' Contribution to Provident Fund	9,487,804	9,940,256
Employers' Contribution to Employee State Insurance Scheme	1,961,433	2,042,656
Employers' Contribution to Labour Welfare Fund	29,384	19,019

### Defined Benefit Plan:

Post employment and other long-term employee benefits in the form of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of the obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognized in the Statement of Profit and Loss for the year ended 31st March,2013 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2013 is as follows:

### I. Components of Employer Expense:

(Amount in Rupees)

	Gratuity (Funded)		Leave Encashment (Funded)	
	2012-13	2011-12	2012-13	2011-12
1. Current Service Cost	2,692,833	2,721,267	2,475,103	1,537,926
2. Interest Cost	2,141,378	1,996,697	1,078,894	508,194
3. Expected Return on Plan Assets	(2,737,481)	(2,415,086)	(826,958)	(573,878)
4. Actuarial (gain)/loss recognized in the year	(1,903,542)	(1,376,336)	(868,138)	6,101,905
5. Net Expense Recognised in Statement of Profit & Loss	193,188	926,512	1,858,901	7,574,147

### II. Change in Present Value of Defined Benefit Obligation:

1. Present Value of Defined Benefit Obligation at the Beginning of the year	26,767,229	24,958,720	13,486,176	6,352,424
2. Interest Cost	2,141,378	1,996,697	1,078,894	508,194
3. Current Service Cost	2,692,833	2,721,267	2,475,103	1,537,926
4. Benefits Paid	(3,373,816)	(1,533,089)	(2,869,532)	(1,014,273)
5. Actuarial (Gain ) / Losses	(1,903,542)	(1,376,366)	(868,138)	6,101,905
6. Present Value of Obligation at the End of the year	26,324,082	26,767,229	13,302,503	13,486,176

### III. Change in Fair Value of Plan Assets during the year ended 31st March, 2013:

1. Plan Assets at the Beginning of the year	30,212,605	26,580,010	8,796,635	6,625,961
2. Expected Return on Plan Assets	2,737,481	2,415,086	826,958	573,878
3. Actual Company Contribution	1,579,473	2,750,598	1,697,889	2,611,069
4. Actual Benefits Paid	(3,373,816)	(1,533,089)	(2,869,532)	(1,014,273)
5. Plan Assets at the End of the year	31,155,743	30,212,605	8,451,950	8,796,635

## Notes forming part of the Financial Statements (contd.)

### IV. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March,2013:

(Amount in Rupees)

	Gratuity (Funded)		Leave Encashment (Funded)	
	2012-13	2011-12	2012-13	2011-12
1. Present value of Defined Benefit Obligation	26,324,082	26,767,229	13,302,503	13,486,176
2. Fair Value on Plan Assets	31,155,743	30,212,605	8,451,950	8,796,635
3. Funded Status ((Surplus) / deficit)	(4,831,661)	(3,641,126)	4,850,453	4,635,461
4 Net (Asset) / Liability recognized in Balance Sheet	(4,831,661)	(3,641,126)	4,850,453	4,635,461

### V. Actuarial Assumptions

1. Discount Rate (per annum)	8%	8%	8%	8%
2. Salary Increases	5%	5%	5%	5%
3. Retirement/ Superannuation Age	58	58	58	58

### VI. Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2013:

1. Administered by Life Insurance Corporation of India	100%	100%	100%	100%
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### VII. Basis of estimates of rate of escalation in salary

The estimates of rate of escalation in salary considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Gratuity Expenses & Leave Encashment have been recognized in "Salaries, Wages, Bonus, etc. " under Note No. 2.25

### VIII. Relevant information relating to 2010-11,2009-10 & 2008-09 :

(Amount in Rupees)

	Gratuity (Funded)			Leave Encashment (Funded)		
	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09
a. Present Value of Obligation	24,958,720	20,969,087	18,687,429	6,352,424	6,661,114	6,012,200
b. Fair Value of Plan Assets	26,580,010	23,322,214	20,893,740	6,625,961	5,680,633	4,718,026
c. Surplus / (Deficit) in the Plan	1,621,290	2,353,127	2,206,311	273,537	(980,481)	(1,294,174)

2.38 The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small & Medium Enterprises Development Act, 2006) claiming their status as on 31.03.2013 as micro, small and medium enterprises. Consequently the amount paid/payable to these parties as on 31.03.2013 is NIL (Previous Year Rs. NIL).



## Notes forming part of the Financial Statements (contd.)

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

(Amount in Rupees)

a. <b>Raw Materials &amp; Components</b>	2012-13		2011-12	
	Rs.	%	Rs.	%
Imported	37,694,148	4	200,844,192	17
Indigenous	823,048,072	96	968,799,281	83
	860,742,220	100	1,169,643,473	100
<b>b. Consumable Stores &amp; Tools</b>				
Imported	-	-	-	-
Indigenous	4,380,887	100	5,290,370	100
	4,380,887	100	5,290,370	100

### 2.40 Value of Imports calculated on C.I.F. Basis :

	2012-13	2011-12
Raw Materials	45,432,915	226,211,931
Finished Goods	214,624,526	211,504,153

### 2.41 Expenditure in Foreign Currency :

	2012-13	2011-12
Travel Expenses	241,190	666,056
Interest to Banks	-	3,330,005
Others	335,762	530,471

### 2.42 Earning in Foreign Exchange :

	2012-13	2011-12
FOB Value of Exports	46,873,166	56,278,625

### 2.43 Previous Year's figure have been re-grouped / re-arranged, wherever necessary.

Signatories to Notes on Financial Statement for the year Ended 31st March,2013.

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

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

**Sunil.K. Khaitan**  
Chairman &  
Managing Director

**M.G. Todi**  
Director

**Biswajit Choudhuri**  
Director

**G.R. Choudhary**  
Chief Financial Officer  
& Secretary

**CA. V.G. Tarak Nath**  
Partner  
Membership No. 23302

**CA. Ajay Agrawal**  
Partner  
Membership No. 17643

**V.K. Rungta**  
Director

**Ajay Kajaria**  
Director

**Shiv Kumar Bajaj**  
Director

Kolkata  
29th May, 2013

# khaitan electricals limited

Registered office: A-13, Co-operative Industrial Estate, Balanagar, Hyderabad - 500 037

## PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member(s) of KHAITAN ELECTRICALS LIMITED hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ or failing him/ her \_\_\_\_\_

on my/ our behalf at the 37th Annual General Meeting of the Company to be held on 16th September, 2013 at 11.00 A. M. and at any adjournment thereof.

As witness my/ our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signed by the said \_\_\_\_\_

Folio/Client ID No \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re 1/-

Note : The Proxy must be deposited at the Registered Office of the Company, Not less than 48 hours before the time for holding of the aforesaid meeting.



# khaitan electricals limited

Registered office: A-13, Co-operative Industrial Estate, Balanagar, Hyderabad - 500 037

## ATTENDANCE SLIP

I hereby record my presence at the 37th Annual General Meeting of the Company to be held at the Federation of A.P. Chambers of Commerce and Industry (FAPCCI) premises -Surana Udyog Auditorium A/c, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004 on 16th September, 2013 at 11.00 A. M.

Name of the shareholder \_\_\_\_\_

(in block letters)

Folio/client ID No \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signature of Member/Proxy

This attendance slip filled in accordance with the specimen signature registered with the Company to be handed over before the meeting.

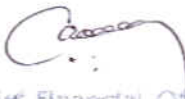







**FORM – B**

**FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES**

1	Name of the Company	Khaitan Electricals Limited
2	Annual Financial Statement for the Year Ended	31 <sup>st</sup> March, 2013
3	Type of Audit Qualification	<p>Basis for Qualified Opinion-</p> <p>“Confirmation of debtors’ account balances including interest charged for delayed payments have not been obtained in many cases the impact of which, if any, on the profit, reserves and surplus and assets is not ascertainable.”</p> <p>Qualified opinion-</p> <p>“In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <p>a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;</p> <p>b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and</p> <p>c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.”</p>
4	Frequency of Qualification	Appeared First Time
5	Draw attention to relevant notes in the Annual Financial Statements and Management Response to the qualification in the Directors Report	<p>Refer Note no.2.31 of the Annual Report-</p> <p>“Balances outstanding with Debtors and Creditors are subject to confirmation”</p> <p>Extract from Directors’ Report- (refer page no.13 of Annual Report)</p> <p>Management Response to Auditors’ Qualified Opinion –</p> <p>“With regard to the observation made by the Auditors in the Audit Report, in the opinion of the Management, dues from Debtors being evidenced by supply documents and/or levy of interest being in accordance with the terms of supply, notwithstanding the absence of confirmations, all dues from debtors are realizable.”</p>

6	Additional Comments from the Board/ Audit Committee Chair	<p>The qualification referred to in the Auditors' Report relate only to the four Branches of the Company. There is no such qualification in the Auditors' Report pertaining to other Branches/Units of the Company</p> <p>Based on conduct of Account of Debtors over several business cycles and in the presence of supply documents, distinct confirmations from Debtors are not called for to draw an opinion on realisability of dues. Absence of confirmations from Debtors do not dilute the Company's Legal Rights of realisability of dues from Debtors. A proper system of monitoring overdue outstanding by a team headed by General Manager-Accounts and by the Branch Head is in place. Moreover the Company is holding security cheques from most of the parties.</p> <p>Therefore Qualified Opinion as above is NOT material.</p>
7	<p>To be signed by</p> <p><b>MANAGING DIRECTOR</b></p> <p><b>CHIEF FINANCIAL OFFICER</b></p> <p><b>AUDITORS OF THE COMPANY</b></p> <ol style="list-style-type: none"> <li>1. M/S G.P. Agrawal &amp; Co Chartered Accountants Regn. No. 302082E</li> <li>2. M/s V.S.Rao &amp; Co. Chartered Accountants Regn. No. 003157S</li> </ol> <p><b>AUDIT COMMITTEE CHAIRMAN</b></p>	<p><del>Shastri</del> electricals ltd.</p> <p>↓</p> <p>Managing Director</p> <p><del>Shastri</del> electricals limited</p> <p></p> <p>Chief Financial Officer &amp; Co. Secretary</p> <p>G. P. AGRAWAL &amp; CO.</p> <p> Partner Chartered Accountants 7A, Kiran Shankar Roy Road Kolkata - 700 001</p> <p>17643</p> <p>For V.S. RAO &amp; CO. Chartered Accountants ICAI Reg. No. 003157S</p> <p></p> <p>(V.G. TARAK NATH) Partner M. No: 023302</p> <p></p>

Date : 02-08-2013