



ELECTROLUX KELVINATOR LIMITED

BOARD OF DIRECTORS

| | | |
|------------------------------|---|-------------------|
| Mr. Uno Harry Lennart Ribohn | - | Chairman |
| Mr. Ram S. Ramasundar | - | Managing Director |
| Mr. Harish Kumar | - | Vice Chairman |
| Mrs. Anita Kumar | - | Director |
| Mr. Fredrik-Jan Olof Ramen | - | Director |
| Mr. Andrew Bentley | - | Director |
| Mr. Inder Kumar Khosla | - | Director |

ALTERNATE DIRECTORS

| | | |
|--------------------|---|--|
| Mr. G.S. Davar | - | Alternate for Mr. Uno Harry Lennart Ribohn |
| Mr. Dinkar Goswami | - | Alternate for Mr. Fredrik Jan Olof Ramen |

COMPANY SECRETARY

Mrs. Geeta Puri Seth

BANKERS

Citibank N.A.
 Standard Chartered Bank
 The Hongkong & Shanghai Banking Corporation Ltd.
 ICICI Bank Limited

AUDITORS

M/s. Price Waterhouse
 Chartered Accountants
 PW Centre,
 Saidulajab, Mehrauli Badarpur Road,
 Opp. D-Block, Saket, New Delhi-110 030

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REGISTERED OFFICE & WORKS

SP-1, Vigyan Nagar,
 RIICO Industrial Area,
 Shahjahanpur, Tehsil : Behror,
 Distt. Alwar, Rajasthan

CORPORATE OFFICE & INVESTORS' SERVICE CENTRE

U&I Centre,
 580, Delhi-Palam Vihar Road,
 Bijwasan, New Delhi-110 061

REGISTRAR & SHARE TRANSFER AGENT

Allied Computer Technics Pvt. Ltd.
 Flat No. 18, Block 'A', IIIrd Floor,
 Local Shopping Complex,
 Ring Road, Naraina,
 New Delhi-110028
 Tel : 5796461, 5795118
 Fax : 5798451

INVESTORS' INFORMATION

- | | |
|--|---|
| 1. Date, Venue and Time of the Annual General Meeting | Date : 16th March, 2000 Time : 11.00 A.M. Venue : SP-1, Vigyan Nagar, RIICO Industrial Area, Shahjahanpur, Distt. Alwar, Rajasthan. |
| 2. Book Closure Dates | 8th March, 2000 to 16th March, 2000 (both days inclusive) |
| 3. The Company's Shares are listed on Stock Exchange(s) at | Jaipur, Delhi, Mumbai, Bangalore, Calcutta & Ahmedabad |
| 4. Share Transfers, queries concerning your investments and other communications should be sent to the Registrar and Share Transfer Agent at | Allied Computer Technics Pvt. Ltd. Flat No. 18, Block 'A', IIIrd Floor, Local Shopping Complex, Ring Road, Naraina, New Delhi - 110 028 |

GENERAL

5. It is advisable to buy securities only from Sharebrokers who are registered with the Stock Exchanges.
6. The Transfer Deed is valid for a period of one year from the date of presentation (indicated at the top of the form by a rubber stamp) or the Book Closure, **whichever is later**. Therefore, please arrange to lodge the transfer forms along with the share certificates within the aforesaid validity period if you desire to get the shares registered in your name.
7. Before sending the Transfer Deeds with share certificates to the Company please retain photocopies of the Transfer Deed (both front and back page) which will help in retrieving the details of the documents sent if they get misplaced or lost in transit.
8. Please quote your Folio Number in all correspondence and send separate letter for each type of complaint/query/request. You may, however, send all the letters in one envelope.
9. Please give your complete address with **PIN CODE** while communicating with the Company.
10. To enable the Company to provide better and more efficient service, please write to the company to consolidate your multiple folios.
11. Please note that the company has entered into an agreement with Central Depository Services Limited (CDSL) for dematerialization of its securities. Investors interested in converting their shareholding in Dematerialized form, are advised to open an account with any of the CDSL Depository Participants (DPs).

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON THURSDAY, THE 16TH MARCH, 2000 AT 11.00 A.M. AT SP-1, VIGYAN NAGAR, RIICO INDUSTRIAL AREA, SHAHJAHANPUR, DISTRICT ALWAR, RAJASTHAN, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the 18 months' period ended 30th September, 1999 and the Balance Sheet as at 30th September, 1999 and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Harish Kumar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Inder Kumar Khosla who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors for the Financial Year 1999-2000 to hold office from the conclusion of the Tenth Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Price Waterhouse, Chartered Accountants, the retiring Auditors are eligible for appointment.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr. Andrew Bentley, who had been appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 21st January, 2000, to hold the office till the conclusion of this Annual General Meeting of the Company and for whom the notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board
for ELECTROLUX KELVINATOR LIMITED

Date : 21st January, 2000
Place : New Delhi

Sd/-
RAM S.RAMASUNDAR,
MANAGING DIRECTOR

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IN ORDER TO BE EFFECTIVE, SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books shall remain closed from 8th March, 2000 to 16th March, 2000 (both days inclusive).
3. The Directors' Report, Auditors' Report, Audited Balance Sheet as at 30th September, 1999 and the Profit & Loss Account for the period ended on that date are enclosed.
4. Members holding shares in identical order of names in more than one Folio are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio. Members are requested to notify correction/change in address, if any, to the Company at its Registered Office, quoting their Folio Number.
5. Members desiring any information on the Accounts are required to write to the Company at its Registered Office, giving at least 7 days notice prior to the date of Annual General Meeting to enable the Management to compile and keep the information ready.
6. Members/proxies should bring the Attendance Slip sent herewith, duly filled in for attending the meeting. Members/Proxies are requested not to bring their family as the same creates administrative difficulties. Members/Proxies are requested not to bring any briefcase, suitcase, handbags, carrybags, etc., as the same will not be allowed to be taken inside the venue of the meeting for security reasons.
7. Members are requested to bring their copy of this Annual Report to the Meeting.
8. **NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.**

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Mr. Andrew Bentley was appointed as an Additional Director in the Board Meeting held on 21st January, 2000, and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of the Tenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Andrew Bentley as a Director, along with a deposit of Rs. 500/-.

The Board of Directors recommend the Resolution for approval by the Members.

None of the Directors except Mr. Andrew Bentley, is interested or concerned in the Resolution.

Note : The documents referred to hereinabove may be inspected at the Registered Office of the Company.

By Order of the Board
for ELECTROLUX KELVINATOR LIMITED

Date : 21st January, 2000
Place : New Delhi

Sd/-
RAM S. RAMASUNDAR
MANAGING DIRECTOR

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Tenth Annual Report on the operations of the Company and the Audited Statement of Accounts for the eighteen months' period ended September 30, 1999.

FINANCIAL HIGHLIGHTS

| | Eighteen Months Ended September 30, 1999 (Rs. in lakhs) | Previous Year Ended March 31, 1998 (Rs. in lakhs) |
|--|--|--|
| Total Income | 45,597.34 | 21,767.08 |
| Profit/(Loss) before Interest, Miscellaneous Expenditure written-off and Depreciation | 3,073.89 | 242.62 |
| Less : Interest | 1,476.31 | 689.53 |
| Profit/(Loss) after Interest but before Miscellaneous Expenditure and Depreciation | 1,597.58 | (446.91) |
| Less : Miscellaneous Expenditure written-off | 996.23 | 769.09 |
| Profit/(Loss) before Depreciation | 601.35 | (1,216.00) |
| Less : Depreciation | 1,120.46 | 511.77 |
| Profit/(Loss) for the period | (519.11) | (1,727.77) |
| Less : Prior Period (Expenses)/Income | 4.30 | (297.86) |
| Net (Loss) carried to Balance Sheet | (514.81) | (2025.63) |

OPERATIONS

The current financial year of the Company was extended by Six months and accordingly, the Annual Accounts have been prepared for a period of 18 months ended on September 30, 1999. There has been significant improvement in the results during the current period as compared to the previous year. The sales grew by 39% on an annualised basis over previous year and the operations of the Company have resulted in the gross profit of Rs.3,073.89 lakhs during the period as compared to Rs.242.62 lakhs in the previous year giving a cash profit of Rs.1,601.89 lakhs against a cash loss of Rs.744.77 lakhs in 1997-98. Infact, if the Miscellaneous Expenditure of earlier years written-off proportionately during the current period are not considered, there is a Net Profit of Rs.481.42 lakhs during the period as compared to a Net Loss of Rs.1,256.54 lakhs during 1997-98.

MARKETING OVERVIEW

It is heartening to inform you that among the leading brands in the Industry, 'Kelvinator' brand has outperformed all other brands in terms of growth and as per the latest ORG-GFK report on retail audit for the month of November 1999, 'Kelvinator' has achieved a market share of 23.4% in the Conventional Direct Cool segment during the month, the highest in the Industry in this segment. Further, as per the same Report during the period January 1999-November 1999 in the Direct Cool category, 'Kelvinator' as a brand has seen a growth of approx. 62% over corresponding period in the previous year, again highest among the leading established brands in the industry, as compared to the Industry growth of only about 3.5% in the Direct Cool segment.

This has been made possible due to the single minded focussed approach of the Company in driving volumes and has to a great extent been helped by the new ad campaigns designed by our ad Agency. Incidentally, the 'Denture' ad of 'Kelvinator' has been very much appreciated and it has won the Bronze award at Mid Summer Advertising Award, London and has also, within the AB Electrolux Group, won the recently introduced global brand award for 1999 amidst tough competition from about 60 entrants.

During the period the Company commenced commercial production of its 315 Ltr range of refrigerators which have been very well accepted by the market.

NEW CORPORATE IDENTITY

As you all must be aware, your Company now bears a new identity since its name has been changed from "Maharaja International Limited" to "Electrolux Kelvinator Limited" with effect from 8th February, 1999 pursuant to the approval granted by the members of the Company at the Extra-ordinary General Meeting held on 14th January, 1999. The new name reflects

the commitment of the parent company AB Electrolux who have agreed to lend their name to the Company as also the strong brand image which 'Kelvinator' today enjoys in the market.

CAPITAL STRUCTURE

In view of the large accumulated losses of the your Company, its Tangible Net Worth has been considerably eroded. Hence the need was felt by the Board to strengthen the Net Worth of the Company and also improve its Capital Gearing. Keeping this fact in view it was decided to offer equity shares of the face value of Rs.10/- each for cash at par to the existing shareholders of the Company in the ratio of one share for every one share held aggregating to about Rs.68.32 crores.

In accordance with the resolution passed by the shareholders at their meeting held on 8th October, 1999 the Authorised Share Capital of the Company has been increased from Rs.70 crores to Rs.150 crores.

The Rights Issue of equity shares opened for subscription on 27th December, 1999 and is currently on. AB-Electrolux, the parent Company has also shown its full commitment to the Issue and has also indicated its willingness to subscribe to any unsubscribed portion of the Rights offer subject, however, to the overall ceiling imposed by the Foreign Investment Promotion Board (FIPB) of Ministry of Industry, Government of India, i.e. 74.2%.

The proceeds of the issue will be used to repay high cost debts of the Company and for meeting its long-term working capital requirements.

Y2K COMPLIANCE

Your company had undertaken adequate and effective steps for resolving the "Two Digit Problem" in its hardware and software systems as also for its Accounting / Financial / Design & Development, Controls, Stores & Inventory functions. As a result the transition to Y2K has been very smooth for your Company and all its equipment, systems and processes continue to function normally. The total cost involved for ensuring Y2K compliance was approx. Rs.30 lakhs.

FIXED DEPOSITS

During the period the Company has not accepted any Fixed Deposits from the Public or Shareholders or Employees.

DIRECTORS

Pursuant to Article 89 of the Articles of Association of the Company, Mr. Harish Kumar and Mr. Inder Kumar Khosla retire by rotation and being eligible offer themselves for re-appointment.

During the period Mr. Torsten G. Knutsson sought retirement from AB Electrolux and as such his nomination was withdrawn by AB Electrolux. Mr. Per Olof Albert (Olle) Wallen who was alternate Director to Mr. Knutsson also vacated his office pursuant to Mr. Knutsson's retirement. The Board places on record its appreciation for the valuable services rendered and contribution made by them as Directors of the Company.

Mr. Andrew Bentley, nominee of AB Electrolux, was appointed in place of Mr. Torsten G. Knutsson as an Additional Director in the meeting of the Board of Directors of the Company held on 21st January 2000 and holds office as a Director upto the conclusion of the Tenth Annual General Meeting of the Company. His appointment under Section 257 of the Companies Act, 1956 has been proposed and your Directors recommend it for your approval.

AUDITORS & AUDITORS' REPORT

M/s Price Waterhouse, Chartered Accountants, the present Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. A Certificate in terms of Section 224(1-B) of the Companies Act, 1956 has been received from them.

The Auditors' Report and the Notes to Accounts referred to therein are self-explanatory and therefore do not call for any further comments by your Directors.

LISTING

The Equity Shares of your Company have been listed on Jaipur, Delhi, Mumbai, Bangalore, Ahmedabad and Calcutta Stock Exchanges. Pursuant to clause 38 of the listing agreement, the Annual Listing Fee for the financial year 1999-2000 has been paid to all the Stock Exchanges.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure - 'A', forming part of this report.

PARTICULARS OF EMPLOYEES

The Statement under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of this report is given in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their gratitude to various Central & State Government Authorities, Bankers, Shareholders, Distributors, Dealers, Trade Partners and other Business Associates for their valuable co-operation and assistance. The Directors also wish to place on record their sincere appreciation for the contribution made by the Employees at all levels.

for and on behalf of the Board of Directors

Date : 21st January, 2000
Place : New Delhi

Sd/-
Lennart Ribohn
Chairman

ANNEXURE 'A' TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY

a) Energy Conservation Measures taken :

- The company is using high energy efficiency ratio compressor with higher foam thickness in the product. Refrigerator doors are also fully foamed. The Company is having upgraded / optimized refrigeration system to give low energy consumption.
- All thermopacs of the plant have been interconnected, so that any of the thermopac can be stopped as per the heating load requirement resulting in fuel saving.
- Effective control over the electricity in plant lighting, office lighting and cooling to avoid wastage.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

- Paint Shop conveyor drive modified to single drive instead of double drive resulting in good electricity saving in conveyor drive.

c) Impact of Measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production :

- Positive impact of measures already taken has been felt on the cost of production which has come down.

2. RESEARCH & DEVELOPMENT (R & D) :

a) Specified areas in which R & D carried out by the company :

- Design and Development of new models for standardization with new features and aesthetics.
- Introduction of new colour & aesthetic.
- Specification upgradation & laying down systems & procedures for ISO-9001 certification.

b) Benefits derived as a result of the above R & D :

- Upgradation & improved product quality helped in establishing "Kelvinator" brand as one of the Premium Products in the market.

c) Future Plan of Action :

- ISO-9001 Certification
- Feasible upgradation in the plant & modification of the product for production of CFC free refrigerator.
- Upgradation of Design & Test facilities.

d) Expenditure on R & D :

- The expenditure incurred by the Company on Research & Development Activities during the period has been disclosed in Schedule 20, item No. 10 in Notes to Accounts.

3. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :**a) Efforts in brief, made towards Technology absorption, adaption and Innovation :**

- Development of new products and improvements in manufacturing.

b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:

- Process and quality improvement resulting in product upgradation.
- Development / Standardization of models.
- Cost saving through process improvement, design changes and improved substitution.
- Savings in foreign exchange outflow by indigenisation of thermo forming Machine.

c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished :**I. Technology Imported :**

- New standardization model under development.
- New premium gold collection series.

II. Year of Import :

- 1999

III. Has Technology been fully absorbed :

- Already absorbed.

IV. If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action:

- Not applicable.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Earnings : NIL

(b) Outgo

-CIF value of Imports : Rs. 10,77,97,990/-

-Others : Rs. 8,94,38,417/-