

# **12th Annual Report 2001**



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## **ELECTROLUX KELVINATOR LIMITED.**

**BOARD OF DIRECTORS**

Mr. Andrew Bentley	-	Chairman
Mr. Ram S. Ramasundar	-	Managing Director
Mr. Harish Kumar	-	Director
Mrs. Anita Kumar	-	Director
Mr. Inder Kumar Khosla	-	Director
Mr. Dinkar Goswami	-	Director
Mr. Rohan Pradeep Shah	-	Director

**ALTERNATE DIRECTOR**

Mr. G.S. Davar	-	Alternate for Mr. Andrew Bentley
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**BUSINESS CONTROLLER**

Mr. Ashok Barat

**COMPANY SECRETARY**

Mrs. Geeta Puri Seth

**BANKERS**

Citibank N.A.  
 Hongkong & Shanghai Banking Corporation Limited  
 ICICI Bank Limited  
 ABN Amro Bank  
 Standard Chartered Bank  
 Deutsche Bank

**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**

Flat No. 201-202,  
 A-22, Green Park,  
 Aurobindo Marg,  
 New Delhi-110 016

**CORPORATE OFFICE**

Global Business Park, Tower-A,  
 2nd & 3rd Floor, Mehrauli-Gurgaon Road  
 Gurgaon-122 002, Haryana

**REGISTRAR & SHARE TRANSFER AGENT**

Allied Computer Technics Pvt. Ltd.  
 Flat No. 18, Block 'A', III rd Floor,  
 Local Shopping Complex,  
 Ring Road, Naraina,  
 New Delhi-110 028  
 Tel.: 5796461, 5795118  
 Fax : 5798451

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ELECTROLUX KELVINATOR LIMITED WILL BE HELD ON TUESDAY, THE 25<sup>TH</sup> DAY OF JUNE, 2002 AT 9.30 A.M. AT SHAH AUDITORIUM, 2, RAJ NIWAS MARG, CIVIL LINES, DELHI - 110 054 TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit & Loss Account for the 12 months' period ended 31<sup>st</sup> December, 2001 and the Balance Sheet as at 31<sup>st</sup> December, 2001 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 Auditors to hold office from the conclusion of the Twelfth 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**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT Mr. Dinkar Goswami, 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."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT Mr. Rohan Pradeep Shah, 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."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT pursuant to the provisions of Section 269 read with "Schedule XIII" and other applicable provisions of the Companies Act, 1956 [including any modification(s) or re-enactment(s) thereof for the time being in force] and subject to all necessary approvals, consents, permissions and/or sanctions of the Central Government, Reserve Bank of India and all other appropriate authorities, institutions and bodies, to the extent necessary and subject to such conditions and modification(s) as may be prescribed or imposed by them in granting any such approval, permission, consent or sanction, which may be agreed to, by the Board of Directors of the Company or any Committee thereof, the consent of the Company be and is hereby accorded to the revised remuneration (including "Minimum Remuneration" in case of absence or inadequacy of profits) payable to Mr. Ram S. Ramasundar, Managing Director, with effect from 30<sup>th</sup> October, 2001, for the remaining period of his tenure (i.e. upto 12<sup>th</sup> January, 2003) on such terms and conditions as are provided in the Explanatory Statement hereto."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT the erosion of 50% or more of the Peak Net Worth of the Company, as at the end of the financial year ended December 31, 2001 as per the finalized and approved accounts for the year ended December 31, 2001, be and is hereby considered along with its reasons and causes as contained in the Explanatory Statement attached with the Notice in accordance with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985."

8. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT the Authorized Share Capital is increased from Rs.275,00,00,000/- divided into 22,50,00,000 Equity Shares of Rs.10/- each and 50,00,000 10% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100/- each to Rs.500,00,00,000/- divided into 45,00,00,000 Equity Shares of Rs.10/- each and 50,00,000 10% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100/- each by creation of 22,50,00,000 Equity Shares of Rs.10/- each aggregating to Rs.225,00,00,000/-."
- "RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be deleted and the following be substituted therefor as Clause V :  
 V. The Authorized Share Capital of the Company is Rs.500,00,00,000/- (Rupees Five Hundred Crores only) divided into 45,00,00,000 (Forty Five Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each and 50,00,000 (Fifty Lacs Only) 10% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100/- (Rupees One Hundred only) each."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  
 "RESOLVED THAT subject to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as under:  
 (1A) The existing Article 1 be amended so as to include the following definitions:  
 i. "Auditor" means and includes those persons appointed as such for the time being by the Company.  
 ii. "Beneficial Owner" means a person who holds any security issued by the Company and whose name is recorded as the beneficial owner of those securities in the records of the Depository.  
 iii. "Bye-laws" means byelaws made by a Depository under Section 26 of the Depositories Act, 1996.  
 iv. "Listing Agreement" means an agreement between the Company and any recognised Stock Exchange(s) in India for listing of the securities of the Company.  
 v. "Member" means a member of the Company holding any share or shares of the Company and whose name is entered in the Register of Members of the Company and includes every holder of shares of the Company whose name is entered as the beneficial owner of such shares in the records of the depository.  
 vi. "Paid up Share Capital" of the Company shall include the shares allotted for consideration other than cash.  
 vii. "Participant" shall mean a person registered as such under Sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.  
 viii. "Record" includes the records maintained by the Depository in the form of books or stored in a Computer or in such other form or medium as may be determined by regulations made by the SEBI from time to time applicable to the securities of the Company.  
 ix. "Registered owner" in relation to the securities issued by the Company shall mean a Depository whose name has been entered in the Register of the Company in respect of such securities.  
 x. "Regulations" means the regulations made by SEBI.  
 xi. "SEBI" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

- xii. "Secretary" means an individual possessing qualifications prescribed by any rules made under the Act and appointed by the Board of Directors of the Company to perform such duties, as may be prescribed from time to time under the Act including other ministerial and administrative duties.
- xiii. "Share" means share in the share capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied.
- xiv. "Security" means shares, scrips, stocks, bonds, debentures, debenture stocks or other marketable securities of the like nature issued or to be issued by the Company from time to time.
- xv. "The Registrar" means the Registrar of Companies, having jurisdiction over the Company.
- xvi. "The Register" means the Register of Members of the Company maintained by the Company as per requirements of Section 150 of the Companies Act, 1956.
- xvii. "The Depositories Act" means the Depositories Act, 1996(22 of 1996) including any Rules and Regulation thereunder for the time being in force.
- xviii. "The Depository" means a company incorporated and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a Certificate of Registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 for acting as a Depository.
- xix. "Year" means a calendar year; and "Financial Year" shall have the meaning assigned thereto by Section 2 (17) of the Act.
- (1B) The words "for the time being in force" be included at the end of the definition of the word "The Act".
- (1C) The definition of the word "Board" be amended as follows:  
 "Board of Directors" or "Board" means the Board of Directors of the Company."
- (1D) The following definition be deleted from Article 1:  
 "MIL" shall mean ELECTROLUX KELVINATOR LIMITED.
- (1E) The definitions of the words appearing in Article 1 be arranged in the alphabetical order.
2. Article 3 of the Articles of Association be replaced by the following:
- "3(a) The Authorized Share Capital of the Company shall be the same as mentioned in the Memorandum of Association. The Company shall have power to subdivide, consolidate, increase and issue from time to time, any shares out of the Authorized Share Capital with and subject to any preferential, qualified or special rights, or such differential rights as to dividend and voting or otherwise as may be prescribed under the Act, or with the privileges or conditions as may be thought fit. The Company may also consolidate or subdivide the shares and upon such consolidation or subdivision of the shares, may apportion the right to participate in profits, in any manner as between the shares resulting from consolidation or sub-division.
- (b) ABE shall subscribe to such number of Equity Shares in the Company so as to bring their equity holding to at least 51% of the Total Issued Capital of the Company so as to give them at least 51% voting rights in any General Body Meeting.
- (c) Except in so far as otherwise provided by the conditions of the issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting, dividend and otherwise.
- (d) The Company may from time to time by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium account in accordance with the provisions of the Act with or without conditions that such Capital may be called back again if so required.
- (e) The Company may buyback its own shares or other specified securities by complying with the applicable provisions of the Act or any other law and rules and regulations framed thereunder for the time being in force."
3. In line 2 of the Article 4 the words "with or without premium" be inserted after the word "profits".
4. The existing Article 5 be replaced by the following:-
- "5(a). Subject to the provisions of these Articles, the shares shall be under the control of the Board of Directors who may allot or otherwise dispose of the same on such terms and conditions, as such time as the Board of Directors think fit. They shall also have power to issue any shares to any person as fully paid up in consideration of services rendered to the Company in its formation or otherwise, or for any other consideration as they may think fit. Provided that where the Board of Directors decide to increase the Issued Capital of the Company by issue of further shares, the provisions of Section 81 of the Act shall be complied with, provided further that the option or right to call for shares shall not be given to any person except with the sanction of the Company in General Meeting. Provided no resolutions relating to the issue of such shares shall be passed without the affirmative vote or written consent of ABE, as the case may be.
- 5(b). All shares of the Company shall be serially numbered except those in respect of which any shareholder has exercised his right of the dematerialization through a Depository."
5. In Article 10 the words "where the shares are issued in physical form" be inserted after the word "shares".
6. In line 1 of the Article 11 the words "who opts for issue of shares in physical form" be inserted after the words "Every member".
- 7.(a) The following Article be inserted as Article 12(a) after Article 12:
- "12(a). Where any shares are issued for the purpose of raising money to defray the expenses for the construction of any work or building, or the provision of any plant, which cannot be made profitable for a long period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and further subject to the conditions and restrictions provided in section 208 of the Act and that it may charge the sum so paid by way of interest to capital as part of the cost of construction of the work or building or the provision of the plant."
- (b) The following Article be inserted as Article 12(b) after Article 12(a):
- "DEMATERIALIZATION"**
- "Dematerialization"**
- 12(b)(i) The holders of any securities issued or to be issued by the Company may hold such securities in the dematerialized form in accordance with the provisions of the Depositories Act, Regulations and Guidelines issued by SEBI in this regard from time to time.
- Options to Investors**
- 12(b)(ii) (a) A member of the Company can get the Securities held by him dematerialized and re-materialised.
- (b) Every person subscribing to securities offered by the company shall have the option to receive Security Certificate or to hold the securities with a depository.



Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

#### Form of Dematerialized Securities

- 12(b)(iii) The Depository shall hold the dematerialized securities in the fungible form. The provisions of Section 83, 108, 153, 187C and 372A of the Act shall not apply to a Depository in respect of such dematerialized securities of the Company held by it in fungible form on behalf of the beneficial owners.

#### Ownership of Dematerialized Securities

- 12(b)(iv) The Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of dematerialized securities held by it on behalf of the beneficial owner.

#### Voting Rights of Depository

- 12(b)(v) The Depository, as a registered owner of the securities, shall not have any voting rights or any other right in respect of the securities held by it.

#### Beneficial Owner of Shares

- 12(b)(vi) Every person holding shares of the Company and whose name is entered as a beneficial owner in respect of those shares in the records of the Depository shall be deemed to be a Member of the Company. A beneficial owner of the shares shall be entitled to all the rights including voting rights and benefits and be subject to all the liabilities in respect of his shares held by a Depository on his behalf.

#### Depository to Furnish Information

- 12(b)(vii) The Depository shall provide the record in respect of transfer of securities of the Company and the particulars of beneficial owners of such securities at such intervals and in such manner as may be prescribed by the bye laws of the Depository.

#### Register and Index of Beneficial Owners

- 12(b)(viii) The Register and Index of Beneficial Owners in respect of the securities of the Company, maintained by a Depository shall be deemed to be the Register and Index of Members and Security holders of the Company.

#### Intimation to the Depository

- 12(b)(ix) The Company shall intimate to the Depository the details of securities issued by it from time to time immediately on allotment of such securities.

#### Rights of Beneficial Owners

- 12(b)(x) Company shall recognize the Beneficial Owners as the absolute owners of the securities of the Company whose names appear in the records of the Depository as the holders of such securities in respect of the receipt of dividends or bonus or service of notices and all or any other matters connected therewith. The Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

8. In line 2 of Article 13 the word "tenants" appearing after the word "joint" be replaced by the word "holders".

9. Article 14 be amended so as to read as follows:

"14. The Board of Directors may, from time to time, subject to the terms on which any shares may have been issued, make such call as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, except on those shares, where the conditions of issue and allotment itself lay down the fixed time up to which such installment would be paid, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments."

10. Article 19 be amended by deleting the following lines appearing after the word "Company" in line 3 :

"and it shall not be necessary to prove the appointment of the Board of Directors who made any call nor that a quorum of Board of Directors was present at the meeting at which any call was made, nor that such meeting was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt."

11. In line 10 of Article 20 after the word "dividend" the word "voting" be inserted.

12. Article 22 be amended to read as follows:

"22. The notice shall name a day (not being less than 30 days from the date of the notice) and a place or places on and at which such amount of call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of amount stated in the notice at or before the date, and at the place or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited."

13. In Article 23 ( first line of page 7 ) the words " shall from time to time be " be replaced by the word "was."

14. Article 26 be amended to read as follows:

"26. The Board of Directors may, at any time before any share so forfeited are sold, re-allotted or otherwise disposed off, annul forfeiture thereof upon such conditions as they think fit."

15. In line 3 of Article 34 the word "or" appearing after the words "executed by" be replaced by the word "and".

16. Article 41 be amended to read as follows:

"41. The Board of Directors shall have the power to refuse registration of transfer or transmission of shares, if they deem fit and where the Board of Directors refuse to register the transfer or transmission of any shares, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company or intimation for the registration of shares by way of transmission was given, send notice to the transferor and the transferee or the person giving intimation of such transmission stating therein reasons of such refusal.

Notwithstanding anything contained in this Article, the Indian Promoter shall provide ABE with an offer of first refusal and ensure that ABE has the right of first refusal to acquire the Indian Promoter's shares in the Company at market value which shall be the four weeks average of the quoted price of shares of the Company on the Stock Exchanges in India. ABE shall respond to such offer within fifteen (15) days of receipt thereof and make the payment to the Indian Promoter within fifteen (15) days of acceptance of the offer, subject to obtaining the requisite approvals by the Indian Promoter. The Company shall recognise the rights and obligations created under this Article."

17. In line of 2 of Article 43 word "one" be inserted after the word "being".
18. Article 44 be amended by replacing the words "Directors think sufficient, may with consent of the Directors (which they shall not be under obligation to give)" appearing in Line 4 after the words "of his title as the" by the words "Board may think."
19. The Article 51 be replaced by the following:
  - "51. (1) - The Company may issue shares of different classes having differential rights with regard to voting, dividend or otherwise in accordance with and subject to the provision of the Act and any other applicable law for the time being in force. Such shares may be issued on such terms and conditions as may be prescribed in the resolution authorizing the issue thereof.
  - (2) All or any of the rights and privileges attached to shares of any class referred to above may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class.
  - (3) The provisions relating to General Meetings and the quorum thereof, contained in these Articles shall, mutatis mutandis, apply to the meeting of any class of shareholders referred to above."
20. Article 55 be replaced by the following:
 

"55. The Company may register transfer of debenture if such transfer of debentures is made in accordance with the provisions of Sections 108 of the Act and other applicable laws, if any for the time being in force and a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the company along with the related certificate or certificates of debentures or if no such certificate is in existence, along with the letter of allotment of the debenture. The Board of Directors may refuse to register any transfer of debentures if they deem fit."
21. Article 56 be replaced by the following:
 

"56. All provisions relating to the transfer of shares provided in the Act and in these Articles shall, mutatis mutandis, apply to the transfer of Debentures."
22. In line 11 of the Article 58 the word "on" be inserted before the last word "any" and further the last sentence of the said article be modified to read as follows:
 

"Provided that, any sum standing to the credit of the Securities Premium Account or Capital Redemption Reserve Account may for the purpose of this Article be applied as permitted under Section 78 of the Act."
23. Article 62 be amended by deleting the second sentence as follows:
 

"The nominee of ABE shall always be the Chairman of all General meetings and shall have a casting vote."
24. (a) Article 63 be modified by inserting the following sentence in the beginning:
 

"The Chairman of the Board who shall be the nominee of ABE shall preside as the Chairman at every General Meeting of the Company and shall have a casting vote."

 (b) The following sentence appearing at the end of the Article be deleted:
 

"The Chairman of the Board who shall also be a nominee of ABE shall preside as Chairman at every General Meeting of the Company and such a Chairman shall be the nominee of ABE."
25. Article 69 be modified to include the following as clause (4) to the Article:-
 

"(4) Notwithstanding anything to the contrary contained hereinabove, the voting rights of members holding securities with differential voting rights shall be such as are contained in the conditions and terms of the issue."
26. Article 72 be amended as follows:
 

"The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney and in case of Corporation, the resolution authorising the appointee shall be accompanied as per the provisions of Section 187 of the Act."
27. Article 75 be amended as follows:
 

"Every instrument appointing a proxy shall, as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act and shall be duly stamped."
28. The following Article be inserted as Article 77A:
 

"77A. Notwithstanding any thing contained herein above relating to the rights of the shareholders to vote on a resolution in a general meeting, the Company shall transact such business by means of postal ballot of the shareholders as may be provided in the rules made by the Central Government from time to time in this behalf and in the manner prescribed therein."
29. The maximum strength of the Board of Directors be increased from seven (7) to twelve (12) and the Article 78 be altered to read as follows:
 

"The number of Directors shall not be less than three (3) and more than twelve (12)."
30. Article 79 be amended and the following be included as Clause (3) at the end of the present Article:
 

"79(3) The Board of Directors shall be empowered to constitute besides the Audit Committee such committees as may be required under the Act or other applicable laws from time to time in force. At least one of the Directors in the Audit Committee shall have financial and accounting knowledge. The committee shall hold such meetings and perform such functions as prescribed in the Act and any applicable law for the time being in force."
31. Article 82 be replaced by the following:
 

"82(i) The remuneration of each Director for attending each meeting of the Board of Directors or Committee thereof or a general meeting shall be such fee as may be determined by the Board of Directors within the maximum limit of such fee as may be prescribed by the Act and the Rules made thereunder

82(ii) Director who is either in the whole-time employment of the Company or a Managing Director or Joint Managing Director may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly in one way and partly in the other.

Provided that except with the approval of the Central Government such remuneration shall not exceed five percent of the net profits for one such Director, or if there is more than one such Director, ten percent for all of them together and minimum remuneration may however be paid to him/them subject to provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Act for the financial year for which the Company has no profits or made inadequate profits.

82(iii) A Director who is neither in the whole-time employment of the Company nor a Managing Director or Joint Managing Director may be paid remuneration subject to the provisions of Section 309 of the Act.

ed by the following:

32. Article 83 be replaced by the following:  
 "The continuing Directors may act notwithstanding any vacancy in their body provided that if the number falls below the minimum number above fixed, the Board of Directors shall not act so long as the number is below the minimum, except for the purpose of summoning a General Meeting."
33. Clause (2) of the Company may, on receipt of a special notice from a member, under Section 284(2) of the Act and by complying with the other applicable provisions of the Act or any other law for the time being in force, by an ordinary resolution passed in the general meeting, remove any Director before the expiration of his period. Further if thought fit, the Company may, if it has received a special notice in advance, then it may appoint such person as a Director in place of such Director and comply with the applicable provisions of the Act and other laws for the time being in force. The person so appointed shall hold office during such time only as the Director in whose place he is appointed, would have held the same if he had not been removed."
34. Article 92 be amended to read as follows:  
 (1) All decisions of the Board of Directors shall be taken by a simple majority, except where the Act specifically prescribes otherwise. Provided that all decisions of the Board of Directors shall be made with at least one affirmative vote of the ABE Nominee Director.  
 (2) The Board Meeting may be called by the Chairman, at least, by giving 7 days notice in writing to every Director by post, courier, fax or other electronic mode. Such a notice shall be accompanied by the agenda of the proposed meeting. The Board Meeting may be convened by a shorter notice with the consent of the majority Directors in case of emergency or if special circumstances so warrant."  
 (3) A resolution by circulation, where it is so permitted under the Act, shall be a valid and effectual resolution duly passed at a meeting of the Board of Directors called and held in accordance with the provisions of the Act and the Articles of Association, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors (including Directors resident abroad and the Alternate Directors) and has been approved by a majority of the Board."
35. The following sentence be included at the end of Article 98:  
 "At least one member in such Committee shall be a Director who is a ABE Nominee."
36. Article 110 be replaced by the following:  
 "110. The Managing Director may be paid such remuneration as is provided in Article 82 of these Articles."
37. Article 114 be replaced by the following:  
 (1) Subject to the rights of persons if any entitled to shares with special rights as to dividends, the dividend shall be declared and paid according to the amounts paid or credited as paid on those shares.  
 (2) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this Article as "paid on shares".  
 (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any shares are issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly."
38. In line 1 of the Article 117 the words "or out of reserves" be included after the word "profits."
39. Article 119 be amended to read as follows:  
 "The Board of Directors may from time to time declare interim dividend to be paid to the members which in their judgement is justified and all the provisions of dividend shall apply to the interim dividend so declared."
40. (a) Article 125A be amended as follows:  
 "Any dividend remaining unpaid or unclaimed can not be forfeited after having been declared and shall be dealt in accordance with Section 205A, 205B and 205C of the Companies Act, 1956 and Rules made thereunder."  
 (b) Clause 125B be deleted.
41. Article 126 be replaced by the following:  
 "126 (i) The books of accounts shall be kept at the Registered Office or at such other place as the Board of Directors may think fit and shall be open to inspection by the Directors during business hours with prior written notice of his intention to inspect.  
 (ii) The Company may keep branch registers of its members and debenture holders in respect of shares or debentures of the company held by them in such State(s) or the countries in which those members or debenture holders reside by complying with the provisions of Section 157 of the Act."
42. In line 2 of the Article 128 the words "duly appointed" be inserted after the word "auditor".
43. The word "Directors" appearing in the Article No. 15, 17, 18, 25, 27, 31, 33, 41, 42, 45, 52, 54, 59, 65(2), 79(2), 80, 93, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 113, 118, 122, 126, 127, 130, 131, 136 and 140 be replaced by the words "Board of Directors".

By Order of the Board  
 for ELECTROLUX KELVINATOR LIMITED

Date : 24<sup>th</sup> May, 2002  
 Place : Gurgaon

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 Tuesday, 18th June, 2002 to Tuesday, 25th June, 2002 (both days inclusive).
3. The Directors' Report, Auditors' Report, Audited Balance Sheet as at 31<sup>st</sup> December, 2001 and the Profit & Loss Account for the year 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 auditorium 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.**

**RESUME OF DIRECTORS BEING APPOINTED/ RE-APPOINTED**

Mr. Harish Kumar, 46, is the Indian promoter of the Company associated with it since its inception. He is accredited with rich experience in the management of companies manufacturing white goods and home appliances. Mr. Harish Kumar holds the Directorship on the Board of the following Companies:

Appliance City Ltd, A.H. Holdings P Ltd, Eagle Engineers P Ltd, Indo Asiatic Appliances Ltd, Asiatic Appliances Ltd, Kaveri Shilpkala Ltd, Maharaja Aircon Ltd, Maharaja Appliances Ltd, Maharaja Finlease Ltd, Shogan Lamination P Ltd, Swati Fashions P Ltd, Vindhya Woodcraft P Ltd, Maharaja Refrigeration Ltd, Swati Fashions P Ltd, Far East Marketing P Ltd and Rajasthan Plantation Ltd.

Mr. Dinkar Goswami, 42, is an Advocate by profession and is heading a leading firm of solicitors. He is on the Board of Directors of the Company since 1995. Mr. Dinkar Goswami has a varied and rich experience in the field of Law. He holds the Directorship on the Board of M/s V&C Construction P Ltd and Gausa India Ltd.

Mr. Rohan Pradeep Shah, 39, is an Advocate by profession and is a managing partner in a reputed Law Firm. He is accredited with rich experience in the field of law.

**EXPLANATORY STATEMENT****Pursuant to Section 173(2) of the Companies Act, 1956****Item No. 4**

Mr. Dinkar Goswami was appointed as an Additional Director in the Board Meeting held on 25<sup>th</sup> March, 2002, and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of the Twelfth 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. Dinkar Goswami 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. Dinkar Goswami, is interested or concerned in the Resolution.

**Item No. 5**

Mr. Rohan Pradeep Shah was appointed as an Additional Director in the Board Meeting held on 30<sup>th</sup> April, 2002, and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of the Twelfth 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. Rohan Pradeep Shah 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. Rohan Pradeep Shah, is interested or concerned in the Resolution.

**Item No. 6**

Mr. Ramasundar was nominated as Country Head and CEO of AB Electrolux's Operations in India in 1998 and he was appointed as the, Managing Director of Electrolux Kelvinator Limited.

Pursuant to the amalgamation of Intron Limited and Electrolux India Limited with Electrolux Kelvinator Limited, vide Scheme of Amalgamation approved by the Hon'ble High Court of Delhi vide Order dated 14<sup>th</sup> September, 2001, the Board of Directors have, in their meeting held on 19<sup>th</sup> December, 2001, approved the revised remuneration payable to Mr. Ram S. Ramasundar, Managing Director, subject to the approval of Central Government and Shareholders. As per the provisions of Section 269 of the Companies Act, 1956, the necessary application has been made to the Central Government within 90 days of the Board of Directors approval. The constituents of remuneration payable to Mr. Ram S. Ramasundar, are as follows:

**Commencement**

The Commencement date of the appointment as "Managing Director" shall continue to remain the same i.e. January 12, 1998. The period of service will be for 5 (Five) years from the said date, subject to any mutually agreed extension and/or limits imposed by the requisite authorities.

**Compensation and benefits**

- (a) Basic annual salary Rs. 17,34,000/- (Rupees Seventeen Lacs Thirty Four Thousand Only) payable monthly.
- (b) Furnished accommodation, including maintenance services at the Company's costs subject to a ceiling of Rs. 12,00,000/- (Rupees Twelve Lacs Only) per annum.
- (c) Reimbursement of all utility costs including Electricity, Gas & Water at his residence on actual basis.
- (d) Telephone(s) at his residence for official purposes, cost of all personal calls would be recoverable.
- (e) Reimbursement of actual medical expenses incurred for self and the family against submission of actual bills.
- (f) Leave Travel Concession once a year for self and the family involving return passage for travel anywhere in India, as per Company Rules.
- (g) Provision of a Company Car and driver for official use.
- (h) Reimbursement of Fees of Clubs subject to a maximum of two clubs excluding admissions and life membership fee.
- (i) Entitlement to use of maximum two Corporate Credit Cards.
- (j) Entitlement to Mediclaim Insurance, Group Personal Accident Insurance and other benefits for self and family in accordance with the Company's Policy.
- (k) Contribution to the Provident Fund/Superannuation Fund/Annuity Fund @ 27% or such percentage, as may be applicable from time to time, of the basic salary.



- (l) Entitlement to Gratuity payments at a rate not exceeding half a month's salary for each completed year of service.
- (m) Entitlement to 30 days of annual vacation during each year of service and the unutilised leaves can be encashed as per the Company's policy.
- (n) Eligibility for those local holidays as recognised by the Company.
- (o) The provisions of these benefits will be in accordance with the Company's Policies.
- (p) Entitlement to other benefits, if any, in accordance with the Company's rules and policies, subject however, to applicable statutory approvals.

The above remuneration, will however, be subject to an overall ceiling of Rs. 47,00,000/- (Rupees Forty Seven Lacs Only) per annum, worked out in accordance with the Provisions of Schedule XIII of the Companies Act, 1956. In addition, an interest free loan of Rs.35.45 Lacs given to Mr. Ram S. Ramasundar from erstwhile Intron Limited shall continue to be governed by the original terms and conditions.

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

None of the Directors except Mr. Ram S. Ramasundar, is interested or concerned in the Resolution.

#### **Item No. 7**

In accordance with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the operations of the Company have resulted in erosion of 50% or more of its Peak Net worth as at December 31, 2001. As per the Audited Annual Accounts of the Company for the year ended December 31, 2001, to be approved by the Shareholders at Item No. 1 of this Notice, the accumulated losses amounted to Rs. 150.58 crores against the peak net worth of the Company in the year ended December 31, 2001, i.e. Rs. 224.35 crores (i.e. Share Capital and Free Reserves), which is more than 50% of its peak net worth during the immediately preceding 4 years.

The erosion of peak net worth in the relevant Financial Year has been due to industry de-growth, the competitive market condition with pressure on sales realisations, higher spends on brand building and high interest burden which contributed to the higher losses of the Company. As an ongoing effort to revive the Company, the Company has amalgamated Intron Limited and Electrolux India Limited with the Company, the benefits of which would be visible in the coming years. Further, the Company is focussing on improving the product mix and reducing its number of brands to control media spends to ensure better volumes and realizations. In addition, your Board has approved a rights issue of upto 25,00,00,000 equity shares of Rs.10/- each aggregating Rs.250 Crores, in the ratio of 10 Equity Shares for every 7 Equity Shares held, for cash at par, i.e. Rs.10/- each to be fully paid to capitalize the company adequately and improve its debt to equity and net worth ratios. The rights issue will be made in accordance with the terms of the Letter of Offer to be issued at the appropriate time. The Resolution No. 7 set out in the Notice is provided in compliance with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, which *inter-alia* requires the Company to report the fact of such erosion to the Board and hold a General Meeting of the Shareholders of the Company for considering such erosion within a period of 60 days from the date of the finalization of the duly Audited Accounts of the Company for the relevant financial year, i.e. December 31, 2001. The Company is taking necessary steps to report the fact of such erosion to the Board of Industrial & Financial Reconstruction.

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

None of the Directors is concerned or interested in the Resolution.

#### **Item No. 8**

It is proposed to increase the Authorized Share Capital from Rs. 275,00,00,000 to Rs. 500,00,00,000, particularly in view of the proposed rights issue of equity shares to the existing shareholders of the Company. The rights issue will be made in accordance with the terms of the Letter of Offer to be issued at the appropriate time. Consequently

Clause V of the Memorandum of Association would require to be suitably amended.

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

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

#### **Item No. 9**

Pursuant to the Amalgamation of Intron Limited and Electrolux India Limited with Electrolux Kelvinator Limited, the Company proposes to alter the Articles of Association, subject however, to the provisions of Section 31 of the Companies Act, 1956. The proposed amendments in the Articles detailed in the Notice in the Resolution No. 9 are in accordance with the provisions of law and are expected to add clarity to the existing provisions of the Articles of Association of the Company.

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

None of the Directors is interested or concerned in the Resolution.

#### **Note:**

The documents referred to hereinabove, including the existing Articles of Association and the Articles of Association incorporating the proposed amendments, may be inspected at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day except Saturdays and Holidays.

By Order of the Board  
for ELECTROLUX KELVINATOR LIMITED

Sd/-

**RAM S. RAMASUNDAR**  
**MANAGING DIRECTOR**

Date : 24<sup>th</sup> May, 2002  
Place : Gurgaon

unction.com