

KLK



K L K ELECTRICAL INDUSTRIES LIMITED

22ND ANNUAL REPORT
2002 - 2003

BOARD OF DIRECTORS

Shri. V. Lavakumar	<i>Chairman & Managing Director</i>
Shri. J.M. Menezes	<i>Director</i>
Smt. Devi Lavakumar	<i>Director</i>
Shri. John. B. Thangasamy	<i>Director</i>
Auditors	<i>M/s. N. Subramanian Chartered Accountant # 81, Greens Road, Chennai - 6.</i>
Regd. & Admin. Office	<i>Plot NO. 2-B/10 III Main Road, Ambattur Industrial Estate, Chennai - 600 058.</i>
Share Transfer Agency	<i>M/s. Cameo Corporate Services Ltd. ' Subramanian Building' No. 1, Club House Road, Chennai - 600 002.</i>
Listing on Stock Exchanges	<i>a) The Stock Exchange Mumbai P. J. Towers, Dalal Street, Mumbai - 400 001. b) Madras Stock Exchange Ltd. Exchange Building, 11, Second Line Beach, Chennai -600 001.</i>

NOTICES

Notice is hereby given that 22nd Annual General Meeting of KLK ELECTRICAL INDUSTRIES LIMITED will be held at the Registered office on Monday, the 29th Day of September 2003 at 11.00 a.m. to transact the following business:

1. To receive and adopt the Profit & Loss account for the year ended 31st March 2003, the Balance Sheet as on that date and the Report of the Directors and Auditors thereon;
2. To appoint director in place of Smt. Devi Lavakumar who retires by rotation, and being eligible, offer herself for re-appointment.
3. To appoint Auditor and to fix their remuneration;

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification, the following resolution as Ordinary resolution :

4. "RESOLVED THAT Mr. JOHN. B. THANGASAMY who was appointed as an additional director U/s.260 of the Companies Act, 1956 in the Board Meeting held on 4th September 2003 and who holds office upto the date of Twenty Second Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received proposing Mr. John. B. Thangasamy as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

To consider and if thought fit to pass with or without modification, the following resolutions as a Special resolutions:

5. For Change of Name of the Company:

"RESOLVED THAT, pursuant to the provisions of Section 21 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force), of the Companies Act, 1956, and subject to approval of the Central Government through Registrar of Companies, the name of the Company be changed from "**KLK ELECTRICAL INDUSTRIES LIMITED**" to "**KLK ELECTRICAL LIMITED**".

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to sign applications, papers, documents, power of attorney and do all such acts, deeds and things as may be required to give effect to this resolution and to make alteration in the Memorandum & Articles of Association of the Company."

6. Preferential Allotment.

"RESOLVED THAT Pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, and the guidelines/regulations prescribed by the Securities & Exchange Board of India, Stock Exchanges or any other relevant authority, from time to time in this behalf, to the extent applicable and subject to such approvals, consents, permissions and sanctions, the approval of the shareholders be and is hereby accorded to the board (hereinafter referred to as the Board which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) to issue, offer and allot the 2,50,000 Equity Shares @ Rs.10/- each, aggregating to Rs.25 Lacs on preferential basis to the persons as mentioned in the Explanatory Statement to this notice upon such terms and conditions including the pricing of such shares/Lock in Period which was determined as per SEBI Regulations as decided by the Board of Directors at the time of issue".

"FURTHER RESOLVED THAT the Directors be and are hereby authorized to file necessary application for listing of the proposed Preferential Allotment with Stock Exchanges wherein the Company's shares are listed and with such other authorities as may be required and to comply with the regulations as may be required under the listing agreement."

FURTHER RESOLVED THAT subject to the terms stated herein, the equity Shares allotted pursuant to this Resolution shall rank pari passu, inter se, as also with the existing Equity Shares of Company, in all respects except that the new Equity shares allotted, pro-rata for the period commencing from the date of allotment.

FURTHER RESOLVED THAT for the purpose of giving effect of any offer, issue and allotment of Equity Shares, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the company to settle all questions, difficulties or doubts that may arise, in regard

to such issue(s) and/or allotments (s) (including to amend or modify any of the terms of such issue or allotment including lock in period and other stipulations by the Stock Exchanges), without being required to seek any further consent or approval of the Members, as it may, in its absolute discretion, deem fit, and is further authorized to delegate all or any of the power herein conferred to any Committee of Directors.

For & on behalf of the Board of Directors,

Place: Chennai

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Date: 4th September 2003

V. Lavakumar

Chairman & Managing Director

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- The relevant explanatory statements pursuant to section 173 (2) of the companies act, 1956 in respect of the business under item no 4 to 6 are enclosed herewith:**
- The Register of Members and Share Transfer Books of the Company will remain closed from 15th September 2003 to 29th September 2003 (both days inclusive)**
- Member/Proxy holder must bring the attendance slip to the meeting and hand it over at the entrance duly signed.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No : 4

MR. JOHN. B. THANGASAMY, were appointed an Additional Director of the Company on 4th September 2003. As per the provisions of Section 260 of the Companies Act, 1956, Mr. B. Thangasamy holds office as an Additional director until the ensuing Annual General Meeting.

MR. JOHN. B. THANGASAMY a Graduate Electrical Engineering from Madras University who has more than 40 Years Experience in Electrical Industry. He has last served as Executive Director TNEB and also been a Consultant to PSEG Global who are Promoters of Independent Power Projects.

The Company has received notice in writing from member proposing his candidature as Director liable to retire by rotation in terms of Section 257 of the Act.

None of the Directors is concerned or interested in the resolution except the Director proposed to be appointed.

Item No. 5

The Company is so far carrying on the business in the name and style "KLK ELECTRICAL INDUSTRIES LIMITED". As the Board of directors of your Company feels that the above name does not reflect the core activity and for convenience they proposes to delete the word "INDUSTRIES" appearing in the present name of the

Company there by changing the name of the Company from "KLK ELECTRICAL INDUSTRIES LIMITED" to "KLK ELECTRICAL LIMITED".

The Company has already got the above name approved by the Registrar of Companies, Chennai Vide their letter no:NA/CN/907/STAT/2003 Dated 17.03.2003.

Since the change in the name of the Company requires the approval of the shareholders in General meeting and the approval of the Central Government through Registrar of Companies the above resolution is placed before the shareholders for approval.

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

Item No. 6 Preferential Allotment

1. Objects of the issue of preferential offer:

a) Preferential allotment to Mrs.Devi Lavakumar towards Unsecured Loan.

Mrs.Devi Lavakumar has given unsecured loan to the Company at various circumstances on various dates to an extent of Rs.465000/- during the financial problems faced by the Company. Considering the position of the Company and future prospects of the Company she has agreed to subscribe for the preferential allotment against her unsecured loan amount of Rs.465000/- given to the Company by allotment of 46500/- Equity shares on preferential basis.

b) Preferential allotment to the Employees (including Managing Director) of the Company against the dues payable towards salary and other benefits payable

The Company owes money to the employees of the Company (including Managing Director) towards salary and other benefits & remuneration payable to them and the same was accumulated over a period of time. These dues could not be paid in time due to non-availability of sufficient working funds with the Company as operations came to a stand still for the last three years. The company initiated negotiations with the employees to accept shares in full settlement of their dues with company and they had given their consent in principle for the same vide letters dated 31-3-2003. The total amount of liabilities proposed to be settled with the employees by allotment of equity shares is Rs.20,35,000/- and the company will be in a better position to source sufficient working capital for revival of its operations. Moreover the Company has made all arrangement for repayment of other secured loans from banks by way of one time settlement. The only liability which is unsettled is the liability to the employees as stated above. Once this problem is sorted out the Company will resume good status and can start doing production activity. By this preferential allotment employees will also feel the participation in the management by share holding and hence it was decided to issue & allot the shares to the employees & the Managing Director on preferential basis.

2. INTENTION OF PROMOTERS / DIRECTORS / KEY MANAGEMENT PERSONS TO SUBSCRIBE TO THE OFFER:

The Promoters/Directors/Key Management Personnel will be allotted Equity shares on preferential basis to the extent of the settlement of their dues towards unsecured loan to Mrs.Devi Lavakumar, Director & salary and other benefits payable to Mr. V. Lavakumar the Managing Director of the Company.

3. SHAREHOLDING PATTERN:

	CATEGORY	(Before Preferential Allotment)		(After Preferential Allotment)	
		NO. OF SHARES HELD	% OF SHARE HOLDING	NO. OF SHARES HELD	% OF SHARE HOLDING
A	PROMOTOR'S HOLDING				
1.	PROMOTERS *				
	INDIAN PROMOTERS	143850	14.39	253350	20.27
	FOREIGN PROMOTERS	NIL	NIL	NIL	NIL
2.	PERSON'S ACTING IN CONCERT #	204200	20.42	204200	16.34
	SUB TOTAL	348050	34.81	457550	36.61
B.	NON PROMOTERS HOLDING				
3.	INSTITUTIONAL INVESTORS	NIL	NIL	NIL	NIL
A)	MUTUAL FUNDS AND UTI	NIL	NIL	NIL	NIL
B)	BANKS, FINANCIAL INSTITUTIONS, INSURANCE COMPANIES (CENTRAL/STATE GOVT INTITUTIONS/ NON-GOVERNMENT INSTITUTIONS)	NIL	NIL	NIL	NIL
C)	FII'S	NIL	NIL	NIL	NIL
	SUB TOTAL	NIL	NIL	NIL	NIL
4.	OTHERS				
A)	PRIVATE CORPORATE BODIES	2300	0.23	2300	0.18
B)	INDIAN PUBLIC	557050	55.70	697550	55.80
C)	NRI'S/OCB'S	92600	9.26	92600	7.41
D)	Any Other (Please Specify)	NIL	NIL	NIL	NIL
	SUB TOTAL	651950	65.19	792450	63.39
	GRAND TOTAL	1000000	100.00	1250000	100.00

4) Terms Of Issue: The Proposed Preferential Allotment is based on the employees & directors letters dated 31-3-2003 and the shares are issued against the amount agreed in the above letters towards the dues of unsecured loan / salary and other dues payable to the Employees (including Managing Director's remuneration). Since the shares are not being traded frequently the price calculated on the basis of 26 weeks average before the relevant date fixed on 4th September 2003 which is Nil and hence the par value being the highest price the same is fixed as fair price for the proposed preferential allotment.

7) Pricing of the shares:

For Equity Shares if allotted within the above period the relevant date shall be 29th August 2003 and the relevant price shall be Rs.10/- per share which is not less than the following:

The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the last six months preceding the relevant date

(OR)

The average weekly high and Low of the closing prices of the related shares quoted on a stock exchange during the 2 weeks preceding the relevant date.

The price for all equity shares on 29.8.2003 as relevant date as certified by the auditors, if allotted within three months of the passing of the resolution under item no: 6 of Notice as under:

5) Proposed time within which the allotment will be complete:
The allotment is proposed to be made before three months from the passing of this resolution.

6) Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:
2,50,000 Equity shares of Rs.10/- each to be allotted at the Offer price of Rs.10/- per share aggregating to Rs.25,00,000/-