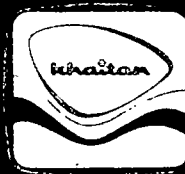


Sixteenth Annual Report & Accounts 1996-97



khaitan electricals limited

CEO				BKC	
CS				DPY	
RO				DIV	
TRA				AC	
AGM				SHI	
YE					





khaitan electricals limited

BOARD OF DIRECTORS

Mr. S. K. Khaitan-*Chairman*

Mr. Sunil K. Khaitan-*Vice Chairman & Mg. Director*

Mr. S. P. Goenka

Mr. N. N. Lahiri

Mr. G. D. Shah

Mr. H. P. Budhia

Mr. M. G. Todt

Mr. A. K. Kalaria

Mr. N. C. Saha-Dy. Mg. Director

Mr. R. A. Lohariwala-*Executive Director*

Mr. G. R. Choudhary-*Finance Director*

FINANCE DIRECTOR & SECRETARY

Mr. G. R. Choudhary

AUDITORS

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

FARIDABAD WORKS

Plot No. 14, Sector-6
Faridabad-121 006

TARAPUR WORKS

J-72/1, Tarapur
MIDC Industrial Area
Boiser-401 506 (Maharashtra)

BRANCHES

Ahmedabad, Bombay, Calcutta
Chandigarh, Cuttack, Faridabad
Guwahati, Indore, Jaipur, Kanpur
New Delhi & Patna

BANKERS

State Bank of Patiala
Indian Bank
State Bank of Hyderabad

REGISTERED OFFICE

"Everest" 20th Floor
46C, J. L. Nehru Road
Calcutta-700 071

HEAD OFFICE & WORKS

P-10, Transport Depot Road
Calcutta-700 088

NOTICE**TO THE MEMBERS**

Notice is hereby given that the Sixteenth Annual General Meeting of Khaitan Electricals Limited will be held on Saturday the 23rd August, 1997 at 11.00 a.m. at the Somani Conference Hall of Merchants' Chamber of Commerce, 15-B, Hemanta Basu Sarani, Calcutta - 700 001 to transact the following business :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date together with the reports of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. M.G. Todi, who retires by rotation and. being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.D. Shah, who retires by rotation and. being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.
6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
 "RESOLVED that the Company hereby accords its approval in accordance with the provisions of Schedule XIII read with Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mr. Sunil K. Khaitan, as Managing Director for a period of five years with effect from 1st June, 1996 on the remuneration, terms and conditions, as set out in the Explanatory Statement annexed hereto."
7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
 "RESOLVED that the Company hereby accords its approval in accordance with the provisions of Schedule XIII read with Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mr. N.C. Saha, as Deputy Managing Director for a period of three years with effect from 1st December, 1997 on the remuneration, terms and conditions, as set out in the Explanatory Statement annexed hereto."
8. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
 "RESOLVED that the Company hereby accords its approval in accordance with the provisions of Schedule XIII read with Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mr. R. A. Lohariwala, as Executive Director for a period of three years with effect from 1st December, 1997 on the remuneration, terms and conditions, as set out in the Explanatory Statement annexed hereto."
9. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
 "RESOLVED that the Company hereby accords its approval in accordance with the provisions of Schedule XIII read with Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mr. G.R. Choudhary, as Finance Director for a period of three years with effect from 1st December, 1997 on the remuneration, terms and conditions, as set out in the Explanatory Statement annexed hereto."
10. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

C.
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"RESOLVED that pursuant to Section 293(1) (a) of the Companies Act, 1956, the Board of Directors of the Company, subject to such other approvals as may be necessary, be and is hereby authorised to deal, negotiate and dispose of its land and building situated at Industrial Plot No.107, Block 'D' Sector-II at New Okhla Industrial Development Area (Noida) at such price and terms which the Directors may consider reasonable and for that purpose sign, seal and deliver such instrument(s), assignment(s), contract(s), deed, conveyance, or other instrument(s) which may be considered necessary or proper for the sale, lease or otherwise disposing of the said land and building, which the Directors may consider beneficial for the Company."

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

"RESOLVED that pursuant to Section 293(1) (a) of the Companies Act, 1956, the Board of Directors of the Company, subject to such other approvals as may be necessary, be and is hereby authorised to transfer the Tarapur Unit of the Company situated at J-72/1, Tarapur MIDC Industrial Area, Boiser-401 506, Maharashtra to M/s. Boiser Electricals & Appliances Ltd., a wholly owned Subsidiary of the Company as a going concern at such consideration as the Directors may think reasonable and in the interest of the Company and for that purpose sign, seal and deliver such instrument(s), assignment(s), contract(s), deed, conveyance or other instrument(s) which may be considered necessary or proper for the purpose of such transfer of the Unit."

12. To consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956, Article 3 of the Articles of Association of the Company be and is hereby altered by numbering the existing clause as sub-clause (a) and by inserting the following sub-clause (b) to Article 3 immediately after the existing Article 3a :

b) Notwithstanding anything contained in sub-clause (a) above, in the event it is permitted by the law and subject to such limits, terms, conditions and consents as may be prescribed and laid down for the purpose, the Company shall have the power to buy-back its own shares whether or not there is any consequent reduction of capital and to the extent permitted by law, the Company shall also have the power to re-issue shares so bought-back."

13. To consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution :

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 (Including any statutory modification or re-enactment thereof for the time being in force and may be enacted from time to time) (hereinafter referred to as the "said Act") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and as may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board") the consent of the Company be and is hereby accorded to the Board to buy-back any of its own shares whether fully paid up or partly paid up on such terms and conditions and up-to such limits as may be prescribed by law from time to time, subject further that such bought-back shares of the Company can be cancelled or re-issued, as the Board may deem fit and the Board of Directors of the Company be and is hereby authorised to do all such acts, matters and things as may be necessary or proper to implement this resolution."

Calcutta
18th June, 1997

By Order of the Board
G. R. CHOUDHARY
Finance Director & Secretary

khaitan electricals limited**NOTICE (Contd.)****Notes**

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 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.
3. An instrument appointing a proxy, in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the commencement of the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th August, 1997 to 23rd August, 1997 (both days inclusive).
5. The Dividend as recommended by the Board, when approved, will be payable to those Shareholders, whose names appear in the Company's Register of Members as on 23rd August, 1997.
6. Members, desiring to seek any information about accounts, are requested to write to the Company at least 10 days in advance of the Annual General Meeting to facilitate compilation of the same.
7. Due to prohibitive cost of paper and printing, additional copies of Annual Report may not be available for distribution at the Annual General Meeting and hence the members are requested to bring their copies of Annual Report with them.
8. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the Financial Year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed the dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies, West Bengal.

The logo for Report Junction.com, featuring the word "Report" in a light blue font, a yellow diamond shape with a black outline, and the word "junction.com" in a light green font, all enclosed within a light green rounded rectangular border.

Calcutta
18th June, 1997

By Order of the Board
G. R. CHOUDHARY
Finance Director & Secretary



ANNEXTURE TO THE NOTICE

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

ITEM 6

The Board of Directors, at its meeting held on 28th March, 1996 had re-appointed Mr. Sunil K. Khaitan, as Managing Director of the Company for a period of five years with effect from 1st June, 1996. The remuneration, terms and conditions of his re-appointment are set out hereunder :

1. Appointment as above will be for a period of five years and is subject to the approval of the Shareholders at the General Meeting.
2. He will devote his maximum time to look after the business of the Company and shall make best endeavour to promote the interest of the Company.
3. Subject to the overall superintendence, control and direction of the Board of Directors, he will carry out such duties as may be entrusted to him from time to time.
4. In consideration of his services as above, he will be paid the following remuneration and perquisites :

I. Remuneration

- a) Salary : Rs. 20,000/- per month in the scale of Rs. 20,000/- – 50,000/-. Annual increment, which will be effective from 1st April every year, will be decided by the Board on merit and after taking into account the Company's performance.
- b) Commission : @ 1% of the net profit of the Company for each financial year subject to a ceiling of 50% of his annual salary.

II. Perquisites

In addition to salary and commission, he shall be entitled to the following perquisites which shall be restricted to an amount equal to the annual salary :

CATEGORY I

- a) Rent for residential accommodation will be re-imbursed at actuals but shall not exceed 60% of the salary. If the Company does not provide accommodation, he will be entitled to House Rent Allowance @ 60% of the salary.
- b) The expenditure incurred by the Company on Gas, Electricity, Water, and Furnishings shall be valued as per the Income Tax Rules, 1962 and shall not exceed 10% of his salary.
- c) The re-imburement of medical expenses actually incurred for self and family, the total cost of which shall not exceed one months' salary or three months' salary over a period of three years.
- d) Leave Travel Assistance for self and family, once in a year incurred in accordance with the rules of the Company.
- e) Fees of Clubs, subject to a maximum of two Clubs. This will not include the Admission and Life Membership Fees.

CATEGORY II

- a) Company's contribution to Provident, Superannuation and other funds as per the rules of the Company. Such contributions will not be included in computation of the ceiling on perquisites to the extent not taxable under the Income Tax Act, 1961.

ANNEXTURE TO THE NOTICE (Contd.)

- b) Gratuity will be payable as per the rules of the Company, but not exceeding half-month's salary for each completed year of service with the Company.
- c) Earned leave on full payment and allowances as per the rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling of perquisites.

CATEGORY III

- a) Provision of car with driver for use on Company's business failing which car/conveyance expenses incurred on Company's business will be reimbursed at actuals.
- b) Free telephone facility at residence, provided that charges for all personal long distance calls shall be borne by him.

These will not be considered as perquisites.

- 5. In the event of loss or inadequacy of profit of the Company during the tenure of his appointment, Mr. Khaitan will be entitled to the above remuneration as *minimum remuneration*.
- 6. He shall not be entitled to receive any fees for attending any meeting of the Board or a Committee thereof so long as he functions as Managing Director of the Company.
- 7. This appointment may be terminated by either party by giving three months' notice in writing to the other.

Mr. Sunil K. Khaitan is a B. Com. (Hons.) and M.B.A.. He has got about 18 years experience of the Fan Industry and under his leadership the Company has grown year after year.

The re-appointment of Mr. Sunil K. Khaitan as Managing Director and the remuneration payable to him, as proposed, have been fixed within the provisions of Schedule XIII of the Companies Act, 1956 (as amended). As required vide part III of said Schedule, member's approval is now sought for his re-appointment and the remuneration payable to him. Keeping in view the vast experience of Mr. Sunil K. Khaitan, the Directors feel that his re-appointment, as proposed, is in the interest of the Company and, therefore, commend the resolution for your approval.

Apart from Mr. Sunil K. Khaitan, Mr. S. K. Khaitan, being father and Mr. A. K. Kajaria, being Brother-in-Law of Mr. Sunil K. Khaitan are interested in the resolution. No other Director is concerned or interested in the above resolution.

ITEM 7, 8 & 9

The present term of office of Mr. N.C. Saha, Deputy Managing Director, Mr. R.A. Lohariwala, Executive Director and Mr. G.R. Choudhary, Finance Director will be expiring on 30th November, 1997. The Board of Directors at its meeting held on 18th June, 1997 has re-appointed Mr. N.C. Saha, as Deputy Managing Director, Mr. R.A. Lohariwala, as Executive Director and Mr. G.R. Choudhary, as Finance Director of the Company for a period of three years with effect from 1st December, 1997. The remuneration, terms and conditions of their re-appointment are set out hereunder :

- 1. Appointments as above will be for a period of three years and are subject to the approval of the Shareholders at the General Meeting.
- 2. They will devote their maximum time to look after the business of the Company and shall make best endeavour to promote the interest of the Company.
- 3. Subject to the overall superintendence, control and direction of the Board of Directors, they will carry out such duties as may be entrusted to them from time to time by the Managing Director.
- 4. In consideration of their services as above, they will be paid the following remuneration and perquisites :



I. Remuneration

a) Salary

Mr. N. C. Saha
Dy. Managing Director

Rs. 12,500/- per month in the scale of Rs. 10,000/- — 20,000/-.
Annual increment which will be effective from April every year, will be decided by Board on merit and after taking into account the Company's performance.

Mr. R. A. Lohariwala
Executive Director

Rs. 11,500/- per month in the scale of Rs. 10,000/- — 20,000/-.
Annual increment which will be effective from April every year, will be decided by of Board on merit and after taking into account the Company's performance.

Mr. G. R. Choudhary
Finance Director

Rs. 11,500/- per month in the scale of Rs. 10,000/- — 20,000/-.
Annual increment which will be effective from April every year, will be decided by the Board on merit and after taking into account the Company's performance.

b) Commission

: @ 0.50% of the net profit of the Company for each financial year, subject to a ceiling of 25% of their respective annual salary.

II. Perquisites

In addition to salary and commission, they shall be entitled to the following perquisites which shall be restricted to an amount equal to their individual annual salary :

CATEGORY I

- Rent for residential accommodation will be re-imbursed at actuals but shall not exceed 60% of the salary. If the Company does not provide accommodation, he/they will be entitled to House Rent Allowance @ 60% of the salary.
- The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962, and shall not exceed 10% of the salary.
- The re-imburement of medical expenses actually incurred for self and family, the total cost of which shall not exceed one month's salary or three months' salary over a period of three years.
- Leave Travel Assistance for self and family, once in a year incurred in accordance with the rules of the Company.
- Fees of Clubs, subject to a maximum of two Clubs. This will not include the Admission and Life Membership Fees.

CATEGORY II

- Company's contribution to Provident, Superannuation and other funds as per the rules of the Company. Such contributions will not be included in the computation of the ceiling on perquisites to the extent not taxable under the Income Tax Act, 1961.
- Gratuity will be payable as per the rules of the Company, but not exceeding half month's salary for each completed year of service with the Company.
- Earned Leave on full payment and allowance as per the rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling of perquisites.

CATEGORY III

- Provision of car with driver for use on Company's business failing which car/conveyance

ANNEXTURE TO THE NOTICE (Contd.)

expenses incurred on Company's business will be re-imbursed at actuals.

- b) Free telephone facility at residence, provided that charges for all personal long distance calls shall be borne by them.

These will not be considered as perquisites.

5. In the event of loss or inadequacy of profit of the Company during the term of their appointment, they will be entitled to the above remuneration as minimum remuneration.
6. They will not be entitled to receive any fees for attending any meeting of the Board or a Committee thereof.
7. The appointment may be terminated by either party by giving three months' notice in writing to the other.

Mr. N. C. Saha, is a B.Sc. from the Calcutta University and also a Graduate in Electrical Engineering from Glasgow University and has got wide experience in the Fan Industry.

Mr. R. A. Lohariwala is a B.A, B.Sc, and L.L.B. and has been associated with the Khaitan Group for the last fifteen years holding various positions. Mr. Lohariwala has got wide experience of Fan Industry, particularly in production, marketing and commercial areas.

Mr. G. R. Choudhary, is a qualified Chartered Accountant and Company Secretary and is associated with the Company for about 10 years. He has got about fifteen years' post qualification experience in the field of finance, secretarial and accounts.

The re-appointments of Mr. N. C. Saha, as Deputy Managing Director. Mr. R. A. Lohariwala as Executive Director and Mr. G. R. Choudhary as Finance Director and the remuneration payable to them, as proposed have been fixed within the provision of Schedule XIII of the Companies Act, 1956 (as amended). As required vide part III of the said Schedule, members' approval is now sought for their re-appointments and the remuneration payable to them.

Keeping in view the vast experience of Mr. N. C. Saha, Mr. R. A. Lohariwala and Mr. G. R. Choudhary the Directors feel that their re-appointment as proposed are in the interest of the Company and, therefore, commend the resolutions for your approval.

Except Mr. N. C. Saha, Mr. R. A. Lohariwala and Mr. G. R. Choudhary no other Director is concerned or interested in the above resolutions.

ITEM 10

The Company's land and building situated at Industrial Plot No. 107, Block 'D', Sector-II at New Okhla Industrial Development Area (Noida) is lying vacant since February, 1995 as the entire plant and machinery pertaining to the stamping unit were transferred to Faridabad Works for better utilisation of the existing infrastructural facilities available there. As the land and building at Noida is lying idle, your Directors are of the opinion that the same be disposed of to mobilise the long term funds. The Directors, therefore, commend the resolution for your approval.

No Director of the Company is concerned or interested in the above resolution.

ITEM 11

Looking into the operational convenience, your Directors are of the opinion that the Tarapur Unit be transferred, subject to such other approvals as may be necessary, as a going concern to the Company's wholly owned subsidiary, M/s. Boiser Electricals & Appliances Ltd. at such consideration as may be reasonable looking into the present market value of the Unit's fixed assets. The Directors, therefore, commend the resolution for your approval.

No Director of the Company is concerned or interested in the above resolution.