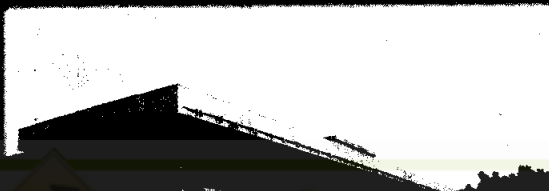
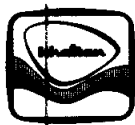


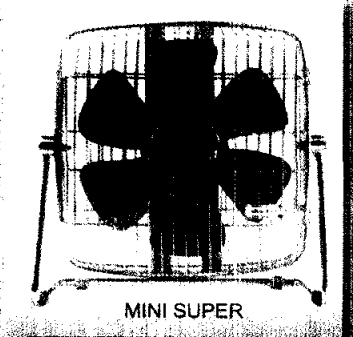
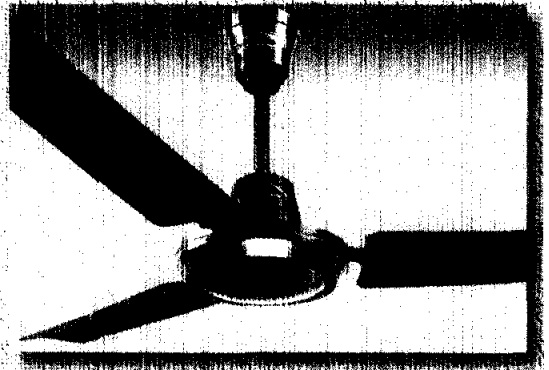
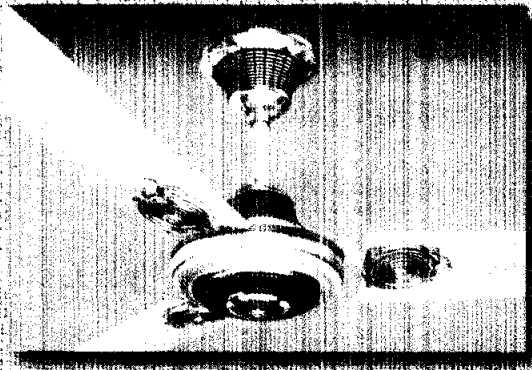
## 25th Annual Report and Accounts:2000-2001



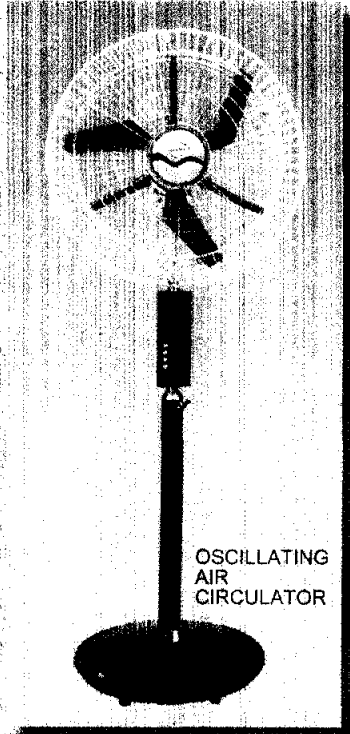
Report  [reportjunction.com](http://www.reportjunction.com)



**khaitan** electricals limited



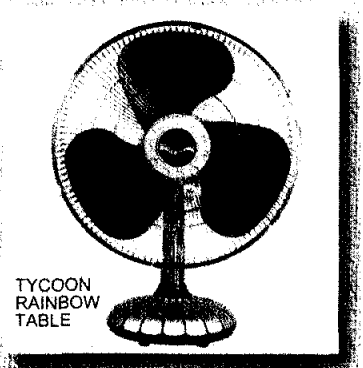
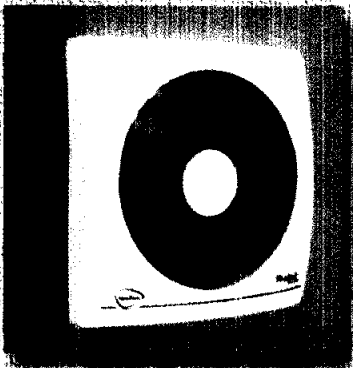
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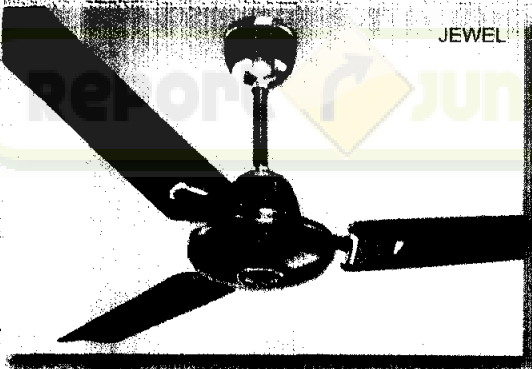
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CIRCULATOR



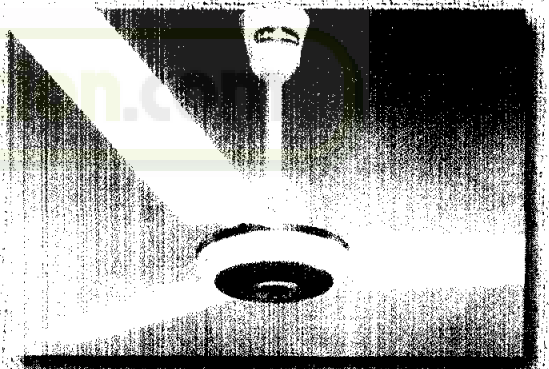
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## **khaitan** electricals limited

### **BOARD OF DIRECTORS**

S. K. KHAITAN – *Chairman*  
SUNIL K. KHAITAN – *Vice Chairman & Mg. Director*  
SAJJAN DABRIWAL – *Dy. Managing Director*  
JYOTI P. TIBREWALA  
O. SWAMINATHA REDDY  
P. R. NEELAKANTAN  
M. G. TODI  
A. K. KAJARIA  
R. A. LOHARIWALA – *Executive Director*  
P. S. PRABHAKAR – *Executive Director*  
G. R. CHOUDHARY – *Finance Director & Secretary*

### **CORPORATE OFFICE**

'Everest' 20th Floor  
46C, J. L. Nehru Road  
Kolkata-700 071  
☎ (033) 288 8391  
Fax:(033) 288 4143

### **REGISTERED OFFICE**

A-13, Co-operative Industrial Estate  
Balanagar, Hyderabad-500 037  
☎ (040) 377 0640  
Fax:(040) 377 0646

### **KOLKATA WORKS**

P-10, Transport Depot Road  
Kolkata-700 088

### **HYDERABAD WORKS**

129, Sri Venkateswara Co-op. Industrial Estate  
IDA Bollaram-502 320 Medak Dist. (A.P.)

### **FARIDABAD WORKS**

Plot No. 14, Sector – 6  
Faridabad-121 006 (Haryana)

### **BRANCHES**

Ahmedabad, Bangalore, Chennai, Cuttack, Faridabad,  
Guwahati, Hyderabad, Indore, Jaipur, Kanpur, Kochi,  
Kolkata, Mumbai, New Delhi and Patna.

### **AUDITORS**

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

### **BANKERS**

State Bank of Travancore  
State Bank of Patiala

### **REGISTRAR & SHARE TRANSFER AGENT**

M/s. Shweta Computers Ltd.  
Devaki Chambers  
1-7-74/79, S.D. Road  
Secundrabad-500 003  
☎ (040) 784 2109  
Fax: (040) 754 1015

visit us at : [www.khaitan.com](http://www.khaitan.com)



## NOTICE

### TO THE MEMBERS

The 25th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Friday, the 21st September, 2001 at 11.00 A.M. at Taj Banjara ( Formerly Taj Residency ) Road No. 1, Banjara Hills, Hyderabad - 500 034 to transact the following business :

1. To receive and adopt the Audited Balance Sheet as on 31st March, 2001 and Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Jyoti P. Tibrewala who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.K. Kajaria who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. M.G. Todi who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s. V. S. Rao & Co., Chartered Accountants, Hyderabad and M/s. G. P. Agrawal & Co., Chartered Accountants, Kolkata as Joint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
  - i. **"RESOLVED** that consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgage, charges and hypothecation in addition to the existing mortgage, charges and hypothecation created by the Company as the Board may direct on all the assets of the Company, both present and future, in such manner as the Board may direct together with the power to take over the Management of the Company in certain events, to or in favour of and or any of the Financial Institutions/Banks, to secure Rupee/Foreign Currency loans, Debentures or other instruments of an equivalent aggregate value not exceeding Rs. 50 Crores together with interest thereon at the respective agreed rates, all other monies payable by the Company to the aforesaid parties or any of them under the Agreement(s) entered into/ to be entered in to by the Company in respect of the said Loans/Debentures or other instruments."
  - " RESOLVED FURTHER** that the Board be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creation of mortgage/ charges/ hypothecation and accept or making any alterations, changes, variation to or terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writing as it may consider necessary, for the purpose of giving effect to this Resolution."

- ii **"RESOLVED** that consent of the Company be and is hereby accorded in terms of Section 293 (l) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers/ Financial Institutions in the ordinary course of business) may exceed the aggregate of paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount borrowed by the Board shall not at any time exceed the limit of Rs. 50 crores."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
- i **"RESOLVED** that Mr. P.S. Prabhakar be and is hereby reappointed as Director of the Company liable to retire by rotation."
- ii **"RESOLVED** that pursuant to the provisions of Schedule XIII read with Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 Mr. P. S. Prabhakar be re-appointed as Executive Director of the Company and consent be and is hereby accorded to him for holding and continue to hold an office or place of profit in the Company for a period of 39 months commencing from 27th May, 2001 on the terms set out in the Explanatory Statement annexed hereto."
9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:
- "RESOLVED** that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby amended or altered or new articles be incorporated in the manner and to the extent as set out herein below :
- i The following interpretation be added at appropriate places in Article 1 :
- "Beneficial Owner" means beneficial owner as defined in clause (a) of sub-section 1 of Section 2 of the Depositories Act, 1996.
- "Depositories Act, 1996" includes any statutory modification or re-enactment thereof for the time being in force.
- "Member(s) or Shareholder(s)" — unless otherwise provided, means the duly registered holder from time to time, of the shares of the Company and also every person holding equity share(s) of the Company and shall also include the beneficial owner of shares as appearing in the records of the Depository.
- "Registered Owner" means a Depository whose name is entered as such in the register of members of the Company.
- ii The following Articles be inserted after Article 13:
- Article 13A
- Nothing contained in Articles 11,12,12A, & 13 shall apply to shares held in the Depository form.
- iii The following Title, Articles and Margin Notes be inserted after Article 57 and be numbered as Article 57(A) to 57(F).



## NOTICE (Contd.)

### DEMATERIALISATION OF SHARES

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| 57(A) | Notwithstanding anything contained in these Articles, the Company shall, in accordance with the provisions of the Depositories Act, be entitled to dematerialise any or all its shares or rematerialise any or all its shares for subscription in a dematerialised form pursuant to the Depositories Act.   | <b>Dematerialisation/<br/>Rematerialisation<br/>of Shares</b> |
| 57(B) | The Company shall be required to maintain a Register and Index of Members in accordance with Section 150 and 151 of the Act and the Depositories Act, with details of Shares held in material and dematerialised forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members holding shares in a dematerialised form for the purposes of the Act.  | <b>Register and<br/>Index of<br/>Members</b>                  |
| 57(C) | Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the Company shall not ( expect by an order of a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.<br><br>Provided further that the Depository as the registered owner shall not have any voting rights or any other rights in respect of the shares held by the Depository and the beneficial owner shall be entitled to all such voting rights and other rights and benefits in respect of its shares held with a Depository. | <b>Recognition of<br/>the rights of<br/>beneficial owners</b> |
| 57(D) | Notwithstanding anything provided hereinabove, in the case of transfer of shares, where the Company has not issued any certificates and where such shares, are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply and accordingly the Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares and, on behalf of the beneficial owner. Furthermore, nothing contained in Section 108 of the Act or in these Articles shall apply to a transfer of shares effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a Depository.  | <b>Applicability of<br/>Depositories Act</b>                  |

**khaitan** electricals limited

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| 57(E) | In respect of Shares, held by the Depository on behalf of a beneficial owner, the provisions of Section 153, 153A, 153B, 187B, 187C and 372A of the Act, shall not apply.            | <b>Non applicability of certain provisions of the Act.</b>  |
| 57(F) | Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for shares issued by the Company shall apply to shares held with a Depository." | <b>Distinctive Numbers of Shares held with a Depository</b> |

A-13, Co-operative Industrial Estate  
 Balanagar, Hyderabad - 500 037  
 31st July, 2001

By Order of the Board

G. R. CHOUDHARY  
 Finance Director & Secretary

**NOTES :**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item 7 to 9 set out above is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself/itself and the Proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, at least 48 hours before commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 2001 to 21st September, 2001 (both days inclusive).
4. Members are requested to bring along their copies of the Annual Report in the meeting.
5. Members, who have not encashed their dividend warrants for the financial years commencing from 1st April, 1995 are requested to approach the Company for obtaining duplicate Dividend Warrants.
6. Members, desiring to seek any information on the annual accounts at the meeting, are requested to write to the Company at least 10 days in advance of the meeting to facilitate compilation thereof.

**IMPORTANT**

AS INFORMED MEMBERS ARE ONCE AGAIN REQUESTED TO SURRENDER THEIR OLD SHARE CERTIFICATE/S FOR EXCHANGE WITH THE NEW SHARE CERTIFICATES.





## ANNEXURE TO NOTICE

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 31st July, 2001.

#### ITEM NO. 7

- i) The Shareholders' consent under terms of Section 293(1) (a) of the Companies Act is required for the creation of charges in respect of financial assistances obtained by the Company from Financial Institutions/Banks.

To secure such borrowings the Company would have to mortgage/charge/hypothecate the assets and properties of the Company, both present and future, as may be required by the lender. As the documents to be executed between the Company and the Lender may contain the power to take over the Management of the company in certain events, it is necessary for the Members to pass a resolution under section 293 (1) (a) of the Companies Act, before the creation of mortgage/charge/hypothecation.

None of the Directors of the Company is concerned or interested in this Resolution and the Board commends passing thereof.

- ii) Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the members in General Meeting, borrow monies apart from temporary loans obtained from the Company's Bankers/Financial Institutions in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company that is to say reserves not set apart for any specific purpose. Shareholders at the Annual General Meeting of the Company, held on 25th September, 1996 had accorded their consent to the Board of Directors of the Company for borrowing upto Rs. 25 crores.

Considering the requirement of additional funds to meet post merger scenario and to meet the Company's capital expenditure programmes, as also increased working capital requirements, the limit of Rs. 25 crores sanctioned by the Shareholders is considered to be inadequate. The consent of the Shareholders is therefore sought in accordance with the provisions of Section 293(1) (d) of the Act to enable the Directors to borrow monies to the extent of Rs.50 crores.

None of the Directors of the Company is concerned or interested in this Resolution and the Board commends passing thereof.

#### ITEM NO. 8

The Board of Directors at its meeting held on 22nd May, 2001 has reappointed Mr. P. S. Prabhakar as Executive Director for a period of 39 months effective from 27th May, 2001 on the terms, conditions and remuneration as already circulated, which are modified by the Board at its meeting held on 31st July, 2001 and are set out hereunder.

#### REMUNERATION

- a) Salary : Rs. 20,000/- (Rupees Twenty thousand only) per month. Annual increment, which will be effective from 1st April every year shall be decided by the Board on merit after taking into account the Company's performance.



## **khaitan electricals limited**

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- b) Commission : At the rate of 0.25% of the net profit of the Company for each financial year.
- c) Perquisites: In addition to the salary and commission, he will be entitled to the following perquisites which shall be restricted to an amount equal to his individual annual salary.

### **CATEGORY I**

- i) Rent-free residential accommodation, failing which House Rent Allowance @ 60% of the salary.
- ii) The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per Income Tax Rules, 1962 and shall not exceed 10% of the salary.
- iii) The reimbursement of medical expenses actually incurred for self and family, which shall not exceed one month's salary in a year or three months' salary over a period of three years.
- iv) Leave Travel Assistance for self and family once a year, incurred in accordance with the Rules of the Company.
- v) Fee of Club subject to a maximum of two Clubs. This will not include the Admission and/or Life Membership Fee.

### **CATEGORY II**

- i) The Company's contribution to Provident, Superannuation and other funds as per the rules. Such contribution will not be included in computation of the ceiling on perquisites to the extent, not taxable under the Income Tax Act, 1961.
- ii) Gratuity at the rate of half months salary for every completed year of service as per Rules of the Company, subject to the limits prescribed by the Central Government, which will not be included in the computation of ceiling on perquisites.
- iii) Earned Leave as per Rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

### **CATEGORY III (Not to be considered as Perquisites)**

- i) Provision of car with driver for use on Company's business, alternatively car/conveyance expenses incurred on Company's business will be reimbursed at actuals.
- ii) Free telephone facility at residence, provided that charges for all personal long distance calls shall not be borne by the Company.

In the event of loss or inadequacy of profit, he will be entitled to the above salary and perquisites as minimum remuneration.

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

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

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



## ANNEXURE TO NOTICE (Contd.)

Mr. P. S. Prabhakar is concerned and interested in the above resolution to the extent of remuneration and perquisites payable to him. Save and except the aforesaid, no other Director of the Company is concerned or interested in the resolution.

The Board of Directors recommend the resolution for your approval.

### ITEM NO. 9

Consequent to the passing of the Depositories Act, 1996 and with the introduction of the Depositories Act, 1996 and with the introduction of the Depository system (the System), certain provisions of the Companies Act, 1956 (the Act) and the Securities Contracts (Regulation) Act have been amended to facilitate the implementation of the System. Suitable modifications, accordingly are required to be made in the Articles of Association of the Company pertaining to the issue, holding, transfer and transmission of Shares and other related matters. It is, therefore, proposed to pass a Special Resolution to give effect to the changes in Articles of Association as referred in Item No. 9.

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

The Board of Directors recommend the resolution for your approval.

A-13, Co-operative Industrial Estate  
Balanagar, Hyderabad - 500 037  
31st July, 2001

By Order of the Board

G. R. CHOUDHARY  
Finance Director & Secretary

### FOR INFORMATION OF SHAREHOLDERS

The Company's Equity Shares are listed at the following Stock Exchanges in India:

1. The Hyderabad Stock Exchange Limited (Regional Stock Exchange) Himayatnagar, Hyderabad-500 029.
2. The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata-700 001.
3. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.
4. National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.

**NOTE :** The Company has paid annual listing fees to all the above Stock Exchanges for the Financial Year 2000-01.