

26th Annual Report and Accounts : 2001-2002



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Ikhaitan electricals limited



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

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.
"SOHAM MANSION"
5-4-187/3 & 4, II Floor
Above Bank of Baroda
M. G. Road, Ranigunj
Secundrabad-500 003
☎ (040) 7542635, 7711507
Fax: (040) 754 1015

visit us at : www.khaitan.com



NOTICE

TO THE MEMBERS

The 26th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Monday, the 23rd September, 2002 at 11.00 A.M. at ITC Hotel, Kakatiya Sheraton and Towers, Begumpet, Hyderabad - 500 016 to transact the following business :

1. To receive and adopt the Audited Balance Sheet as on 31st March, 2002 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 Sri G.R. Choudhary who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri R. A. Lohariwala who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri Sajjan Dabriwal 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:
"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 Sri. G. R. Choudhary be re-appointed as Finance Director & Secretary 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 42 months commencing from 1st February, 2002 on the terms set out in the Explanatory Statement annexed hereto."
8. 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 Schedule XIII read with Section 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 Sri. R. A. Lohariwala 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 42 months commencing from 1st February, 2002 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 an Ordinary Resolution:
"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 and any amendment or modification thereof, consent be and is hereby accorded to modification in terms of remuneration paid or payable to Sri Sunil K. Khaitan, Vice-Chairman & Managing Director of the Company effective from 1st April, 2002 as set out in the Explanatory Statement annexed hereto."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 and any amendment or modification thereof, consent be and is hereby accorded to modification in terms of remuneration paid or payable to Sri Sajjan Dabriwal, Dy. Managing Director, of the Company effective from 1st April, 2002 as set out in the Explanatory Statement annexed hereto."
11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 and any amendment or modification thereof, consent be and is hereby accorded to modification in terms of remuneration paid or payable to Sri P. S. Prabhakar, Executive Director, of the Company effective from 1st April, 2002 as set out in the Explanatory Statement annexed hereto."
12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED that the Register of Members, Index of Members, the Registers of Share Transfers and copies of all Annual returns prescribed under Section 159 and 160 of the Companies Act, 1956 together with copies of certificates and documents, required to be annexed thereto under Section 160 and 161 of the Companies Act, 1956, be kept at the premises of the Company's Registrars and Share Transfer Agents M/s. Shweta Computers Ltd., "Soham Mansion" 5-4-187/3 & 4, 2nd floor above Bank of Baroda, M. G. Road, Ranigunj, Secunderabad - 500 003 on and from 1st October, 2002."

By Order of the Board

A-13, Co-operative Industrial Estate
 Balanagar, Hyderabad - 500 037
 29th June, 2002

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 12 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 16th September, 2002 to 23rd September, 2002 (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 29th June, 2002.

ITEM NO. 7 & 8

The Board of Directors at its meeting held on 31st January, 2002 had accorded its consent for extension of period of appointment of Sri G. R. Choudhary, Finance Director & Secretary and Sri R. A. Lohariwala, Executive Director for 42 months effective from 1st February, 2002 on the existing terms, conditions and remuneration. On 29th June, 2002 the Board reviewed/decided the remuneration, terms and conditions of Sri G. R. Choudhary and Sri R. A. Lohariwala which are set out hereunder:

REMUNERATION

a) Salary :

Rs. 22,000/- (Rupees Twenty two thousand only) per month in the scale of Rs. 20,000/- – 2,000/- – 30,000/- . Annual increment of Rs. 2,000/- per month will be effective from 1st April every year.

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, they will be entitled to the following perquisites which shall be restricted to an amount equal to their 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 Furnishings 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 in 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.
- iii) Group Personal Accident Insurance, premium of which not to exceed Rs. 5,000/- p.a.

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

They 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.

Sri G. R. Choudhary is a qualified Chartered Accountant and Company Secretary. He is associated with the Group for about 15 years. He has got 20 years post qualification experience in the field of Finance, Secretarial, Accounts and Taxation matters. He holds Directorships in other Public Companies namely Khaitan Lefin Ltd., and NatureWealth Development Corpn. Ltd.,

Sri R. A. Lohariwala is a B. Com (Hons.) and LL.B. Graduate. He had been associated with the Group for the last 19 years and has got wide experience in Fan Industry, particularly in production, marketing and commercial areas. He holds Directorship in other Public Company namely The Oriental Mercantile Co. Ltd.,

Sri G. R. Choudhary & Sri R. A. Lohariwala are concerned and interested in the above resolution to the extent of remuneration and perquisites payable to them. 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, 10 & 11

The Board of Directors at its meeting held on 29th June, 2002 approved, subject to the approval of the Members, revision in the remuneration, terms and conditions of Sri Sunil K. Khaitan, Sri Sajjan Dabrial and Sri P. S. Prabhakar with effect from 1st April, 2002 for the residual period as under:



ANNEXURE TO NOTICE (Contd.)

REMUNERATION

a) Salary :

Sri Sunil K. Khaitan, Vice-Chairman & Managing Director,

Rs. 52,500/- (Rupees Fifty two thousand five hundred only) per month in the scale of Rs. 50,000/- – 2,500/- – 60,000/-. Annual increment of Rs. 2,500/- per month will be effective from 1st April every year.

Sri Sajjan Dabriwal, Dy. Managing Director,

Rs. 27,500/- (Rupees Twenty seven thousand five hundred only) per month in the scale of Rs. 25,000/- – 2,000/- – 35,000/-. Annual increment of Rs. 2,000/- per month will be effective from 1st April every year.

Sri P. S. Prabhakar, Executive Director,

Rs. 22,000/- (Rupees Twenty two thousand only) per month in the scale of Rs. 20,000/- – 2,000/- – 30,000/-. Annual increment of Rs. 2,000/- per month will be effective from 1st April every year.

b) Commission :

Sri Sunil K. Khaitan, Vice-Chairman & Managing Director – At the rate of 5% of the net profit of the Company less Fixed Monthly remuneration, Perquisites and Provident Fund for each financial year.

Sri Sajjan Dabriwal, Dy. Managing Director – At the rate of 0.50% of the net profit of the Company for each financial year.

Sri P. S. Prabhakar, Executive Director – 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, they will be entitled to the following perquisites which shall be restricted to an amount equal to their individual annual salary.

CATEGORY 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 Furnishings 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 in 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.
- iii) Group Personal Accident Insurance, premium of which not to exceed Rs. 5,000/- p.a. for Dy. Managing Director and Executive Director and Rs. 10,000/- p.a. for Vice-Chairman & Managing Director.

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

They 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 their 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.

Sri Sunil K. Khaitan, Sri Sajjan Dabriwal & Sri P. S. Prabhakar are concerned and interested in the above resolution to the extent of remuneration and perquisites payable to them. Sri S. K. Khaitan is Father of Sri Sunil K. Khaitan and Father-in-law of Sri Sajjan Dabriwal and therefore interested in the resolution to the extent of remuneration payable to them. 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.



ANNEXURE TO NOTICE (Contd.)

ITEM NO. 12

In view of the proposed shift of the premises of the Company's Registrars and Share Transfer Agents M/s. Shweta Computers Ltd., "Soham Mansion" 5-4-187/3 & 4, 2nd floor above Bank of Baroda, M. G. Road, Ranigunj, Secunderabad - 500 003 the Company is required to seek permission of the Shareholders to keep the relevant registers viz., Register of Members, Index of Members and the Register of Transfers etc., at the new premises of the Company's Registrars and Share Transfer Agents.

An advance copy of this Special Resolution in terms of Section 163 of the Companies Act, 1956 will be forwarded to the Registrar of Companies, Andhra Pradesh, Hyderabad.

None of the Directors are concerned or interested in the said resolution.

A-13, Co-operative Industrial Estate
Balanagar, Hyderabad - 500 037
29th June, 2002

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 Kolkata 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 2001-02.

DIRECTORS' REPORT INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT**TO THE MEMBERS**

Your Directors have pleasure in presenting their 26th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

	2001-2002 Rs.	2000-2001 Rs.
Sales & Other Income was	96,39,48,297	91,82,73,098
Gross Profit for the year was	3,37,42,476	2,73,45,987
From which is deducted		
a) Depreciation	1,32,68,619	1,31,34,552
b) Provision for Income-tax		
Current Tax	72,00,000	50,00,000
Deferred Tax	(4,99,836)	—
	1,99,68,783	1,81,34,552
Leaving a balance of	1,37,73,693	92,11,435
Income-tax for earlier years	(4,15,119)	—
To Which is added profit brought forward from previous year	2,01,06,455	3,14,26,794
Making an available surplus of	3,34,65,029	4,06,38,229
Which is appropriated as under		
a) Transfer to General Reserve	1,00,00,000	1,51,87,074
b) Proposed Dividend	77,60,000	48,50,000
c) Dividend Tax	—	4,94,700
Leaving a balance to be carried forward	1,57,05,029	2,01,06,455
Earnings Per Share (in Rs.)	1.42	0.95
Cash Earnings Per Share (in Rs.)	2.79	2.30

DIVIDEND

Considering the available surplus, your Directors recommend a dividend of 8% (Previous year 5%) for the year 2001-02. The dividend if approved by you, will absorb a sum of Rs. 77.60 lacs against the amount of Rs. 53.45 lacs in the previous year which include dividend tax.

OPERATIONS**Sales**

The Sales & Other Income was 5% higher at Rs. 96.40 crores against Rs. 91.83 crores in the previous year. Profit before depreciation and tax increase to Rs. 3.37 crores. After providing Rs. 1.33 crores for depreciation and Rs. 0.67 crores for income-tax, the net profit stood at Rs.1.34 crores. The year witnessed mixed trend with steep fall in sale for the first nine months period till December, 2001 but swiftly recovered in the last quarter of the year at phenomenal growth rate. The new economy range fans introduced by the Company under the brand name "ZOLTA" has received very good response.