

27th Annual Report and Accounts : 2002-03



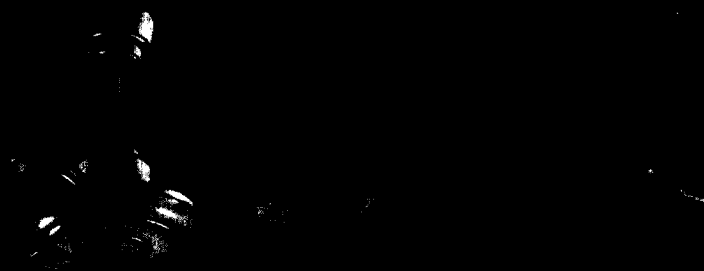
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BOARD OF DIRECTORS

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) 2288 8391
Fax : (033) 2288 4143

REGISTERED OFFICE

A-13, Co-operative Industrial Estate
Balanagar, Hyderabad-500 037
☎ : (040) 2377 0640
Fax : (040) 2377 0646

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

DEPOSITORY REGISTRAR & SHARE TRANSFER AGENT

M/s. CIL Securities Ltd.
214, Raghava Ratna Towers
Chirag Ali Lane
Hyderabad-500 001
☎ 040-2320 2465/2320 3155
Fax : (040) 6661267/23203155

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.

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NOTICE

TO THE MEMBERS

The 27th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Monday, the 22nd September, 2003 at 11.00 A.M. at the Registered Office of the Company at A-13, Co-operative Industrial Estate, Balanagar, Hyderabad-500 037 to transact the following business:

1. To receive and adopt the Audited Balance Sheet as on 31st March, 2003 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 S. K. Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri O. Swaminatha Reddy who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri Jyoti P. Tibrewala 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 Sunil K. Khaitan be re-appointed as Vice-Chairman & Managing 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 5 years commencing from 1st November, 2003 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 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 commission paid and payable to Sri Sunil K. Khaitan, Vice-Chairman & Managing Director, Sri Sajjan Dabrial, Deputy Managing Director, Sri R. A. Lohariwala, Executive Director, Sri G. R. Choudhary, Finance Director & Secretary and Sri P. S. Prabhakar, Executive Director of the Company effective from 1st April, 2002 as 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 the accounts for the year ending 31st March, 2004 of the Branches of the Company at Hyderabad, Chennai, Bangalore, Indore, Patna, Guwahati and Faridabad be audited otherwise than by the Company's Auditors and that for the audit of the accounts of those Branches, the Company hereby authorises its Board of Directors to appoint, in consultation with the Company's Auditors, a person or firms of persons qualified for the appointment as Auditors of the Company under Section 226 of the Companies Act, 1956 and to fix the terms and conditions of appointment and remuneration of such Branch Auditors"

10. 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 Register 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 Depository Registrars and Share Transfer Agent M/s. CIL Securities Ltd., 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500 001 on and from 1st April, 2003."

By Order of the Board

46C, J. L. Nehru Road
Kolkata 700 071
21st June, 2003

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, 8, 9 & 10 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 15th September, 2003 to 22nd September, 2003 (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, 1996 are requested to approach the Company for obtaining duplicate Dividend Warrants.

**NOTICE (Contd.)**

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.
7. (a) In order to provide protection against fraudulent encashment of the warrant, share holders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information to be incorporated on the Dividend Warrants.
 - (i) Name of the Sole/First joint holder and the Folio Number:
 - (ii) Particulars of Bank Account, viz.,
 - (a) Name of the Bank.
 - (b) Name of the Branch.
 - (c) Complete address of the Bank with Pin Code Number.
 - (d) Account type, whether Savings Bank (SB) or Current Account (CA).
- (b) Shareholders holding shares in electronic form may kindly note that their Bank Account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/ change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode.

Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.

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IMPORTANT

AS INFORMED, MEMBERS ARE ONCE AGAIN REQUESTED TO SURRENDER THEIR OLD SHARE CERTIFICATE/S FOR EXCHANGE WITH THE NEW SHARE CERTIFICATES. FURTHER, AS THE COMPANY SHARES ARE UNDER COMPULSORY DEMAT (ISIN "INE 761A01019") SHAREHOLDERS ARE ONCE AGAIN REQUESTED IN THEIR OWN INTEREST TO CONVERT THEIR SHARES FROM PHYSICAL FORM TO DEMAT.

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 21st June, 2003.

ITEM NO. 7

The Board of Directors at its meeting held on 21st June, 2003 had re-appointed Sri Sunil K. Khaitan as Wholetime Vice-Chairman & Managing Director for a further period of five years with effect from 1st November, 2003 on the terms and conditions and remuneration as set out hereunder:

REMUNERATION

- a) **Salary** : Rs. 55,000/- (Rupees Fifty five thousand only) per month in the scale of Rs. 55,000/- – 2,500/- – 67,500/- . Annual increment of Rs. 2,500/- per month will be effective from 1st April every year.
- b) **Commission** : At the rate of 5% of the net profit of the Company less Fixed Monthly remuneration, Perquisites and Provident Fund 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 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, in accordance with the rules of the Company.
- 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 month's 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.



ANNEXURE TO NOTICE (Contd.)

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.10,000/- p.a.

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.

Sri Sunil K. Khaitan is a B.Com. (Hons.) and M.B.A. having 25 years' experience in the Fan Industry. He is associated with the Company for over two decades.

Keeping in view the vast experience and leadership capability, the Directors feel that his re-appointment as proposed is in the interest of the Company and, therefore, commend the Resolution for your approval.

Sri Sunil K. Khaitan is concerned or interested in the above resolution to the extent of remuneration and perquisites payable to him. Sri S. K. Khaitan, being related to Sri Sunil K. Khaitan, is also deemed interested or concerned in the Resolution.

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.

The Explanatory Statement together with accompanying Notice is and may be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 8

The Board of Directors at its meeting held on 21st June, 2003 decided to modify the existing terms of payment of commission to Sri Sunil K. Khaitan, Vice-Chairman & Managing Director, Sri Sajjan Dabrial, Deputy Managing Director, Sri R. A. Lohariwala, Executive Director, Sri G. R. Choudhary, Finance Director & Secretary and Sri P. S. Prabhakar, Executive Director as follow:

COMMISSION

Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular year, as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceiling stipulated in Sections 198 and 309 of the Act. The specific

amount payable to all Wholtime Directors will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors.

Sri Sunil K. Khaitan, Sri Sajjan Dabriwal, Sri R. A. Lohariwala, Sri G. R. Choudhary & Sri P. S. Prabhakar are concerned and interested in the above Resolution to the extent of commission payable to them.

Sri S. K. Khaitan being related to Sri Sunil K. Khaitan and Sri Sajjan Dabriwal is deemed interested in the Resolution to the extent of remuneration payable to them.

Sri Sunil K. Khaitan being related to Sri Sajjan Dabriwal, is deemed interested in the Resolution to the extent of remuneration payable to the later. 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.

The Explanatory Statement together with accompanying Notice is and may be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 9

The Resolution is proposed in order to comply with the Provisions of Section 228 (3) of the Companies Act, 1956. The Company has Branches, interalia, at Hyderabad, Chennai, Bangalore, Indore, Patna, Guwahati and Faridabad and it being considered desirable, it is proposed, in accordance with the Provisions of the said Section, to authorise the Board of Directors to appoint, in consultation with the Company's Auditors, a person or persons qualified for appointment as Auditor or Auditors under Section 226 of the Companies Act, 1956 to audit the accounts of the Branches of the Company.

ITEM NO. 10

In view of the Securities and Exchange Board of India (SEBI) regulations with regard to having Share Registry in terms of both physical and electronic at a single point, the Company appointed M/s. CIL Securities Ltd., 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500 001 as its Depository Registrar and Share Transfer Agent and accordingly Register of Members, Index of Members and the Register of Transfer etc., are kept at their premises.

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 is concerned or interested in the said resolution.

The Board of Directors recommend the Resoution for your appraoval.

46C, J. L. Nehru Road
Kolkata 700 071
21st June, 2003

By Order of the Board

G. R. CHOUDHARY
Finance Director & Secretary



DIRECTORS' REPORT INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 27th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

	2002-03 Rs.	2001-02 Rs.
Sales	1,11,96,72,610	95,32,87,564
Gross Profit for the year was	5,90,58,721	3,37,42,476
From which is deducted		
a) Depreciation	1,54,93,958	1,32,68,619
b) Provision for Income-tax		
Current Tax	2,02,00,000	72,00,000
Deferred Tax	(17,97,387)	(4,99,836)
	3,38,96,571	1,99,68,783
Leaving a balance of	2,51,62,150	1,37,73,693
Income-tax for earlier years	(4,42,701)	(4,15,119)
To Which is added profit brought forward from previous year	1,57,05,029	2,01,06,455
Making an available surplus of	4,04,24,478	3,34,65,029
Which is appropriated as under		
a) Transfer to General Reserve	1,06,39,407	1,00,00,000
b) Proposed Dividend	97,00,000	77,60,000
c) Dividend Tax	12,42,813	—
Leaving a balance to be carried forward	1,88,42,258	1,57,05,029
Earnings Per Share (in Rs.)	2.59	1.42
Cash Earnings Per Share (in Rs.)	4.34	2.79

DIVIDEND

The Directors have recommended a dividend of 10% (Previous year 8%) for the year 2002-03. The Dividend if approved by you, will absorb a sum of Rs. 109.43 lacs including dividend tax against the amount of Rs. 77.60 lacs in the previous year which do not include dividend tax.

FINANCIAL REVIEW

Sales

Sale for the year ended 31st March, 2003 increased to Rs.111.97 crores, compared to Rs. 95.33 crores registering an impressive growth of 17%.

Operating Profit (PBDIT) increased 34% to Rs. 7.30 crores during the year, up from Rs. 5.45 crores in the previous year.

The Company's 'ZOLTA' brand of economy range fans has set a trend in the fan industry.