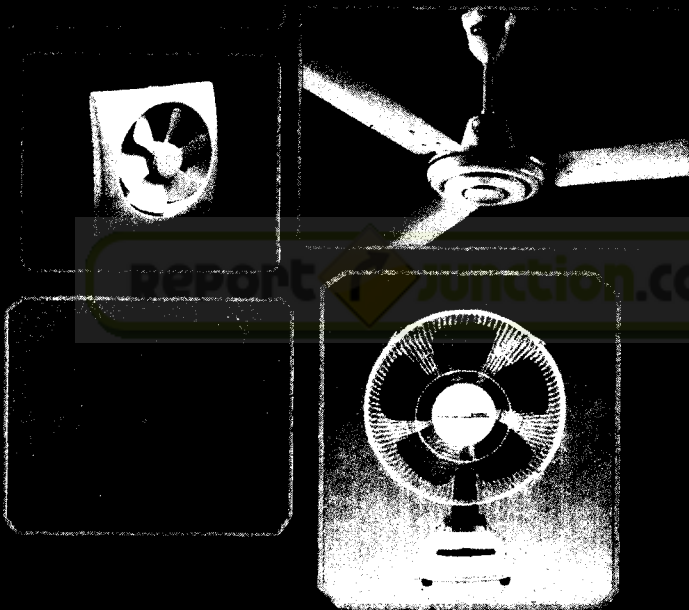


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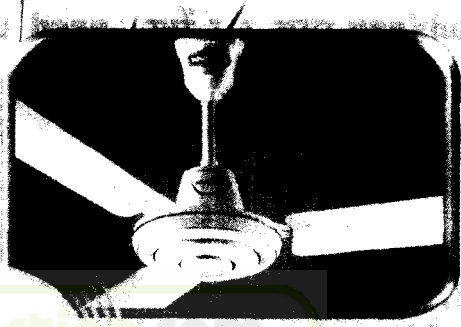
28TH ANNUAL REPORT & ACCOUNTS 2003-04



khaitan electricals limited

khaitan

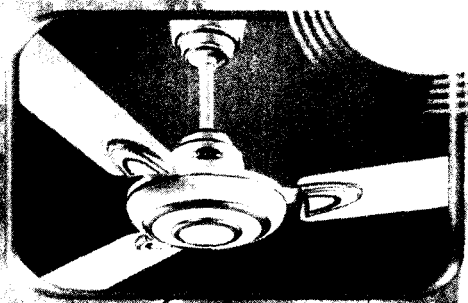
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with

EPRO

features





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*

AUDITORS CORPORATE OFFICE

M/s. V. S. Rao & Co. 'Everest' 20th Floor

Chartered Accountants 46C, J. L. Nehru Road

M/s. G. P. Agrawal & Co. Kolkata-700 071

Chartered Accountants ☎ : (033) 2288 8391

BANKERS REGISTERED OFFICE

State Bank of Travancore A-13, Co-operative Industrial Estate

State Bank of Patiala Balanagar, Hyderabad-500 037

☎ : (040) 2377 0640 Fax : (040) 2377 0646

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) 25561267/3203155

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)

PAONTA SAHIB WORKS

Unit: Shree Shyam Industries

1, Gondpur Industrial Area

Dist.: Sirmor, Paonta Sahib (H.P.)

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

visit us at : www.khaitan.com



NOTICE

TO THE MEMBERS

The 28th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Saturday, the 6th November, 2004 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, 2004 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 M. G. Todi who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri A. K. Kajaria 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 a Director in place of Sri P. S. Prabhakar who retires by rotation and, being eligible, offers himself for re-appointment.
7. 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:

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 Sajjan Dabriwal, be re-appointed as Deputy 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 38 months, commencing from 20th July, 2004 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 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 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 37 months, commencing from 27th August, 2004 on the terms 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 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 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 26 months, commencing from 1st August, 2005 on the terms 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 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 26 months, commencing from 1st August, 2005 on the terms 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 pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 (hereinafter referred to as the "delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreement, and all other applicable rules, regulations and guidelines and subject to the approval of stock exchanges where the shares of the Company are listed and any other appropriate authority, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be is hereby accorded to the Board to delist the equity share of the Company from The Hyderabad Stock Exchange (HSE) and The Calcutta Stock Exchange Association Ltd., (CSE) at such time as the Board may decide."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board or any Committee thereof be authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

By Order of the Board

46C, J. L. Nehru Road
Kolkata 700 071
27th September, 2004

G. R. CHOUDHARY
Finance Director & Secretary



NOTICE (Contd.)

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item 8 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 1st November, 2004 to 6th November, 2004 (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, 1997 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 atleast 10 days in advance of the meeting to facilitate compilation thereof.
7. (a) In order to provide protection against fraudulent encashment of the warrant, shareholders 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/or 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.

IMPORTANT

AS INFORMED, MEMBERS ARE ONCE AGAIN REQUESTED TO SURRENDER THEIR OLD SHARE CERTIFICATE/S I.E. KEL/KOLKATA AND KTEL/HYDERABAD FOR EXCHANGE WITH THE NEW SHARE CERTIFICATES I.E. KEL/HYDERABAD.

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 27th September, 2004.

ITEM NO. 8, 9, 10, 11 :

The Board of Directors of the Company, at its meeting held on 17th July, 2004 had re-appointed Sri Sajjan Dabriwal, Dy. Managing Director, Sri P. S. Prabhakar, Executive Director, Sri G. R. Choudhary, Finance Director & Secretary, Sri R. A. Lohariwala, Executive Director on the terms and conditions and remuneration as set out hereunder :

Name and Designation	Date of appointment From To	Period	Basic Salary per Month Rs.	Scale Rs.	Annual Increment Per Month Rs.
Mr. Sajjan Dabriwal Dy. Managing Director	20.07.2004 19.09.2007	38 Months	31,000	31,000-2,000-45,000	2,000/- effective from 1st April every year.
Mr. P. S. Prabhakar Executive Director	27.08.2004 26.09.2007	37 Months	26,000	26,000-2,000-40,000	2,000/- effective from 1st April every year.
Mr. G. R. Choudhary Finance Director & Secretary	01.08.2005 30.09.2007	26 Months	28,000	28,000-2,000-40,000	2,000/- effective from 1st April every year.
Mr. R. A. Lohariwala Executive Director	01.08.2005 30.09.2007	26 Months	28,000	28,000-2,000-40,000	2,000/- effective from 1st April every year.

COMMISSION AND PERQUISITES TO ALL THE ABOVE DIRECTORS**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.

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.



ANNEXURE TO NOTICE (Contd.)

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)

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.

Free telephone facility at residence, provided that charges for all personal long distance calls shall not be borne by the Company.

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 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.

MEMORANDUM OF CONCERN OR INTEREST

Sri Sajjan Dabriwal is concerned and interested in the above resolution to the extent of resolution and perquisites payable to him. Sri S. K. Khaitan and Sri Sunil K. Khaitan directors are related to Sri Sajjan Dabriwal and therefore interested in the resolution to the extent of remuneration payable to him.

Sri P. S. Prabhakar, Sri G. R. Choudhary and Sri R. A. Lohariwala are concerned and interested in the above resolution to the extent of resolution 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 recommended the resolutions 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. 12

The Shares of the Company are presently listed on the National Stock Exchange of India Ltd. (NSE), The Hyderabad Stock Exchange Ltd., (HSE), The Stock Exchange, Mumbai (BSE), The Calcutta Stock Exchange Association Ltd., (CSE).

The shares of the Company are not presently traded on the Hyderabad Stock Exchange Ltd. (HSE), The Calcutta Stock Exchange Association Ltd., (CSE) and the entire trading of the Company's shares is done only at NSE and BSE. These exchanges have nation-wide trading terminals and therefore provide full liquidity to the investors. In view of this, the Delisting of Company's shares from The Hyderabad Stock Exchange Ltd., (HSE) and The Calcutta Stock Exchange Association Ltd., (CSE) will not have any adverse impact on the investors.

The data on shares traded in each of these exchanges in the last three years is given below :

Year	HSE		CSE	
	Volumes	% of volume traded to average outstanding shares	Volume	% of volume traded to average outstanding shares
2003-04	NT	NT	2,986	0.04
2002-03	NT	NT	1,41,930	1.46
2001-02	NT	NT	1,20,426	1.24

NT - NOT TRADED

Recently, SEBI has issued a circular doing away with the concept of a regional stock exchange. Also SEBI has permitted companies to delist their shares from any stock exchange in accordance with the SEBI Delisting of Securities Guidelines 2003. In accordance with these guidelines, the Board of directors of the Company have proposed to delist the shares of the Company from The Hyderabad Stock Exchange Ltd., and The Calcutta Stock Exchange Association Ltd., The shares of the Company would continue to be listed on the National Stock Exchange of India Ltd. (NSE), and The Stock Exchange, Mumbai (BSE).

In line with SEBI Regulations, the approval of the members by way of a special resolution is required for enabling voluntary delisting of its securities from a stock exchange. Accordingly, the approval of the shareholders is solicited.

None of the directors of the Company is in anyway concerned or interested in the resolution. The Board recommends the resolution set forth in Item 12 for approval of shareholders.

By Order of the Board

46C, J. L. Nehru Road
Kolkata 700 071
27th September, 2004

G. R. CHOUDHARY
Finance Director & Secretary



DIRECTORS' REPORT INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 28th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

	2003-04 Rs.	2002-03 Rs.
Sales	1,18,03,78,172	1,09,94,75,411
Gross Profit for the year was	6,62,73,688	5,90,58,720
From which is deducted		
a) Depreciation (*)	70,67,372	1,54,93,958
b) Provision for Income-tax		
Current Tax	1,30,00,000	2,02,00,000
Deferred Tax	(1,03,765)	(17,97,387)
	1,99,63,607	3,38,96,571
Leaving a balance of	4,63,10,081	2,51,62,149
Income-tax for earlier years	3,41,343	(4,42,701)
To Which is added profit brought forward from previous year	1,88,42,261	1,57,05,030
Making an available surplus of	6,54,93,685	4,04,24,478
Which is appropriated as under		
a) Transfer to General Reserve	3,00,00,000	1,06,39,407
b) Proposed Dividend	86,40,000	97,00,000
c) Dividend Tax	11,29,140	12,42,813
Leaving a balance to be carried forward	2,57,24,545	1,88,42,258
Earnings Per Share (in Rs.)	5.10	2.59
Cash Earnings Per Share (in Rs.)	5.88	4.34

* Net off excess depreciation written back Rs. 73,73,567.

DIVIDEND

The Directors have recommended a dividend of 12% (Previous year 10%) for the year 2003-04. The Dividend if approved by you, will absorb a sum of Rs. 97.69 lacs including dividend tax against the amount of Rs. 109.43 lacs in the previous year.

FINANCIAL REVIEW

Sales

Sale for the year ended 31st March, 2004 increased to Rs.118.04 crores, compared to Rs. 109.95 crores registering an impressive growth of 6%.

Operating Profit (PBDIT) increased 5% to Rs. 7.63 crores during the year, up from Rs. 7.30 crores in the previous year.

The Company's EPRO range fans have been well received in the market.