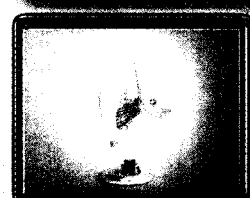
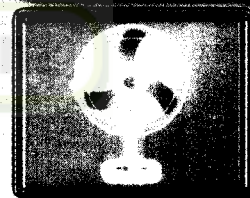
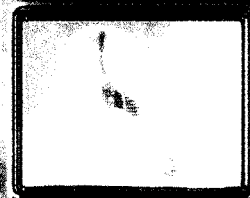
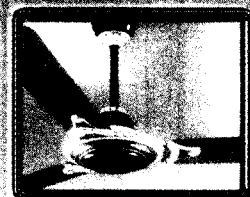
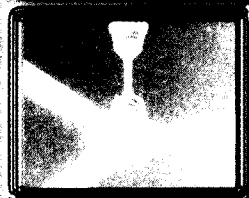
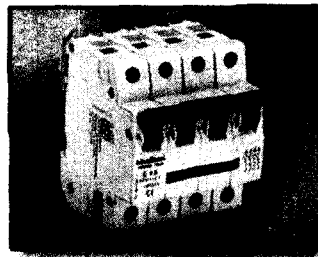
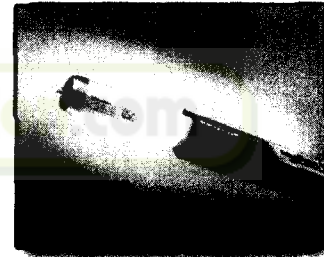
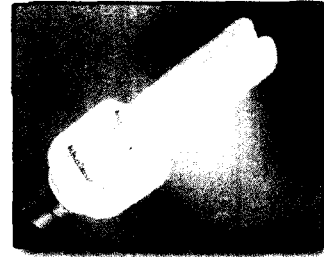
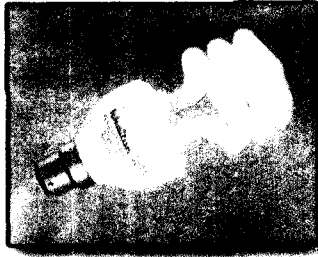
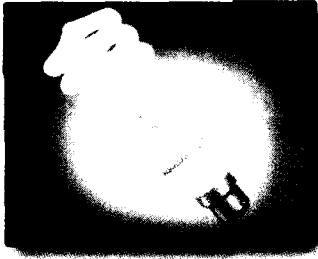


# 29th Annual Report & Accounts 2004-05



**khaitan** electricals limited



**khaitan**  
The name is enough



## **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

**DEPOSITORY REGISTRAR & SHARE TRANSFER AGENT** ☎ : (040) 2377 0640 Fax : (040) 2377 0646

**KOLKATA WORKS**

M/s. CIL Securities Ltd. P-10, Transport Depot Road

214, Raghava Ratna Towers Kolkata-700 088

Chirag Ali Lane **HYDERABAD WORKS**

Hyderabad-500 001 129, Sri Venkateswara Co-op. Industrial Estate

☎ : 040-2320 2465/2320 3155 IDA, Bollaram-502 320 Medak Dist. (A.P.)

Fax:(040) 25561267/3203155

### **FARIDABAD WORKS**

Plot No. 14, Sector-6

Faridabad-121 006 (Haryana)

### **PAONTA SAHIB WORKS**

Unit: Shree Shyam Industries

1, Gondpur Industrial Area

Delhi and Patna. 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](http://www.khaitan.com)



## NOTICE

### TO THE MEMBERS

The 29th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Thursday the 15th September, 2005 at The Federation of A. P. Chambers of Commerce and Industry (FAPCCI) premises-Surana Udyog Auditorium A/c, Federation House, 11-6-841, Red Hills, P.B. No. 14, Hyderabad-500 004 to transact the following business :

1. To receive and adopt the audited Balance Sheet as at 31st March, 2005 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 G. R. Choudhary who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri R. A. Lohariwala 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 in accordance with the applicable provisions of the Companies Act, 1956 and any amendment or revision thereof, consent be and is hereby accorded to revision of remuneration paid and payable to Sri Sunil K. Khaitan, Vice Chairman and Managing Director, Sri Sajjan Dabriwal, Dy. 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, 2005 as 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 revision thereof, consent be and is hereby accorded to revision of remuneration paid and payable to Smt. Sarita Dabriwal, Dy. General Manager, Commercial of the Company effective from 1st October, 2005 as set out in the Explanatory Statement annexed hereto."

46C, J. L. Nehru Road  
Kolkata 700 071  
28th June, 2005

By Order of the Board

G. R. CHOUDHARY  
Finance Director & Secretary

**NOTICE (Contd.)****NOTES :**

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2005 to 15th September, 2005 (both days inclusive).
3. Members are requested to bring along their copies of the Annual Report in the meeting.
4. Members, who have not encashed their dividend warrants for the financial years commencing from 1st April, 1998 are requested to approach the Company for obtaining duplicate Dividend Warrants.
5. 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.
6. (a) In order to provide protection against fraudulent encashment of the warrants, 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 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.**

**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'S 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.

DELISTING OF SHARES FROM THE HYDERABAD STOCK EXCHANGE LIMITED WITH EFFECT FROM 19.01.2005.

DELISTING APPLICATION STILL PENDING WITH THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED FROM DECEMBER, 2004.



## 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 28th June, 2005.

#### ITEM NO. 7 :

The Board of Directors of the Company, at its meeting held on 28th June, 2005 have recommended the revision of remuneration payable to the Whole time Directors with effect from 1st April, 2005 as set out hereunder :

Name and Designation	Basic Salary per Month	Scale	Annual Increment Per Month
	Rs.	Rs.	Rs.
Mr. Sunil K. Khaitan Vice Chairman & MD	75,000	75,000-2,500-87,500	2,500/- effective from 1st April every year.
Mr. Sajjan Dabriwal Dy. Managing Director	37,000	37,000-2,000-47,000	2,000/- effective from 1st April every year.
Mr. R. A. Lohariwala Executive Director	30,000	30,000-2,000-40,000	2,000/- effective from 1st April every year.
Mr. G. R. Choudhary Finance Director & Secretary	30,000	30,000-2,000-40,000	2,000/- effective from 1st April every year.
Mr. P. S. Prabhakar Executive Director	30,000	30,000-2,000-40,000	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 Wholetime 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.



**khaitan electricals limited****ANNEXURE TO NOTICE (Contd.)****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) City Compensatory Allowance @ 10% of the Salary.
- iv) The reimbursement of medical expenses actually incurred for self and family, in accordance with the Rules of the Company.
- v) Leave Travel Assistance for self and family once in a year, incurred in accordance with the Rules of the Company.
- vi) 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 Sunil K. Khaitan, Sri Sajjan Dabriwal, Sri R. A. Lohariwala, Sri G. R. Choudhary and Sri P. S. Prabhakar are concerned and interested in the above resolution to the extent of revision of remuneration 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 the later. Save and except the aforesaid no other Director of the Company is concerned or interested in the Resolution.

The Board of Directors recommended 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.

### ITEM NO. 8

The Board of Directors of the Company, at its meeting held on 28th June, 2005 have recommend revision of remuneration paid or payable to Smt. Sarita Dabriwal, Dy. General Manager (Comm.) with effect from 1st October, 2005 on the terms and conditions as set out hereunder:

a. Basic Salary	:	Rs. 15,000/- p.m.
b. House Rent Allowance	:	60% of the Basic Salary
c. Conveyance Allowance	:	Rs. 2,000/- p.m.
d. City Compensatory Allowance	:	15% of the Basic Salary
e. Children Education Allowance	:	Rs. 300/- p.m.
f. Newspaper Allowance	:	Rs. 150/- p.m.
g. Contribution to Provident Fund	:	as per Rules of the Company

Sri S. K. Khaitan, Sri Sunil K. Khaitan and Sri Sajjan Dabriwal being related to Smt. Sarita Dabriwal, may be deemed as concerned and interested in the Resolution. Save and expect the aforesaid none of the other Directors of the Company are concerned or interested in the Resolution.

Your Directors considered the revision of Remuneration of Smt. Sarita Dabriwal as Dy. General Manager (Comm.) in the interest of the Company and, therefore, commend 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.

46C, J. L. Nehru Road  
Kolkata 700 071  
28th June, 2005

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 29th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005.

### **FINANCIAL RESULTS**

	<b>2004-05 Rs.</b>	<b>2003-04 Rs.</b>
Sales	<b>1,21,23,46,710</b>	1,18,03,78,172
Gross Profit for the year was	<b>4,10,08,579</b>	6,62,73,691
From which is deducted		
a) Depreciation *	<b>1,24,00,998</b>	70,67,372
b) Provision for Income-tax		
Current Tax	<b>30,00,000</b>	1,30,00,000
Deferred Tax	<b>4,39,180</b>	(1,03,765)
	<b>1,58,40,178</b>	1,99,63,607
Leaving a balance of	<b>2,51,68,401</b>	4,63,10,084
Income-tax for earlier years	<b>(6,86,868)</b>	3,41,343
To Which is added profit brought forward		
from previous year	<b>2,57,24,545</b>	1,88,42,258
Making an available surplus of	<b>5,02,06,078</b>	6,54,93,685
Which is appropriated as under		
a) Transfer to General Reserve	<b>1,16,48,287</b>	3,00,00,000
b) Proposed Dividend	<b>86,40,000</b>	86,40,000
c) Dividend Tax	<b>12,11,760</b>	11,29,140
Leaving a balance to be carried forward	<b>2,87,06,031</b>	2,57,24,545
Earnings Per Share (in Rs.)	<b>3.40</b>	5.14
Cash Earnings Per Share (in Rs.)	<b>5.12</b>	5.92

\* Net off excess depreciation written back Rs. 4,76,136 (Previous Year Rs. 73,73,567).

### **DIVIDEND**

The Directors have recommended a dividend of 12% (Previous year 10%) for the year 2004-05. The Dividend if approved by you, will absorb a sum of Rs. 98.52 lacs including dividend tax against the amount of Rs. 97.69 lacs in the previous year.

### **FINANCIAL REVIEW**

#### **Sales**

Sale for the year ended 31st March, 2005 increased to Rs.121.13 crores, compared to Rs. 118.04 crores registering a growth of 3%. The sales for the year was adversely affected due to introduction of VAT w.e.f. 1st April. 2005.



## DIRECTORS' REPORT (Contd.)

Operating Profit for the year decreased by 27% to Rs. 5.60 crores against Rs. 7.63 crores in the previous year, due to steep escalation in major input costs.

The Company launched compact fluorescent lamps, tube lights etc. during the year which are well received at market place.

### Other Income

Other income consists of, export incentives, cash discount, claims received etc.

### Financial Expenses

Net Financial expenses increased to Rs. 1.50 crores from Rs. 1.00 crores largely on account of steep hike in LIBOR.

### Depreciation

Depreciation was at Rs. 1.24 crores compared to Rs. 1.44 crores in the previous year (including excess depreciation written back.)

### Profit

Net profit for the year recorded a decline at Rs. 2.52 crores compared to Rs. 4.63 crores for the previous year.

### Earning per Share

Earnings Per Share (EPS) stood at Rs. 3.40 compared to EPS of Rs. 5.14 in the previous year. Similarly Cash Earning Per Share stood at Rs. 5.12 as against Rs. 5.92 in the previous year.

## CASH FLOW ANALYSIS

Rs. in lacs

Source of Cash	2004-05	2003-04
Cash from operations	562.77	644.92
Sale/(Purchase) of Investments(Net)	—	162.68
Income from Investing Activities	—	5.72
Increase in Borrowings	227.65	40.50
Total	790.42	853.82
Use of Cash	2004-05	2003-04
Net capital expenditure	75.32	264.68
Inter Corporate Deposits	12.49	2.26
Interest paid	75.68	36.66
Dividend paid	86.40	97.00
Tax paid	95.44	254.56
Increase/(Decrease) in Cash & Cash Equivalents	7.49	117.51
Increase in Working Capital	437.60	81.15
Total	790.42	853.82