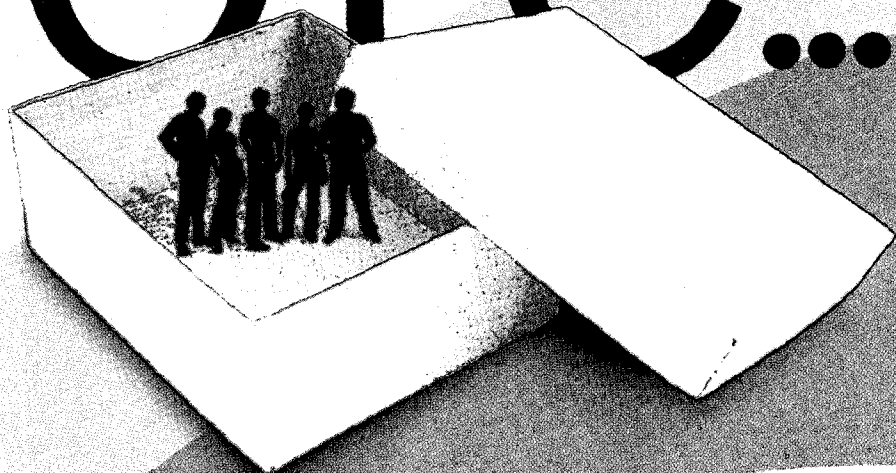


khaitan electricals limited > Annual report 2006-07

What's in store...



Corporate Information

Board of Directors

S.K. Khaitan, *Chairman*
 Sunil K. Khaitan, *Vice-Chairman & Managing Director*
 Sajjan Dabrial, *Dy. Managing Director*
 Jyoti P. Tibrewala
 O. Swaminatha Reddy
 M.G. Todi
 A.K. Kalaria
 R.A. Lohariwala, *Executive Director*
 P.S. Prabhakar, *Executive Director*
 G.R. Choudhary, *Finance Director & Secretary*

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
 State Bank of India
 Industrial Development Bank of India Ltd.

Depository Registrar & Share transfer agent

M/s. CIL Securities Ltd.
 214, Raghava Ratna Towers
 Chirag Ali Lane
 Hyderabad – 500 001
 Telephone: (040) 23202465/ 23203155
 Fax: (040) 66661267

Branches

Ahmedabad, Bangalore, Chandigarh, Chennai, Cuttack,
 Faridabad, Ghaziabad, Guwahati, Hyderabad, Indore,
 Jaipur, Kanpur, Kochi, Kolkata, Mumbai, New Delhi,
 Patna, Raipur, Ranchi and Rishikesh

Corporate Office

'Everest' 20th Floor
 46C, J.L. Nehru Road
 Kolkata – 700 071
 Telephone: (033) 22888391

Registered Office

A-13, Co-operative Industrial Estate
 Balanagar, Hyderabad – 500 037
 Telephone: (040) 23770640
 Fax: (040) 23770646

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.)

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khaitan electricals limited

Registered office: A-13, Co-operative Industrial Estate

Balanagar, Hyderabad – 500 037

Notice

The 31st Annual General Meeting of **KHAITAN ELECTRICALS LIMITED** will be held on Tuesday the 25th September, 2007 at 11.00 A.M. at The Federation of A.P.Chambers of Commerce and Industries (FAPCCI) Premises – Surana Udyog Hall, Federation House, 11-6-841, Red Hills, Hyderabad-500004 to transact the following business:

- | | | |
|--|--|--|
| <p>1. To receive and adopt the audited Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.</p> <p>2. To declare dividend.</p> <p>3. To appoint a Director in place of Sri A.K.Kajaria who retires by rotation and, being eligible, offers himself for re-appointment.</p> <p>4. To appoint a Director in place of Sri M.G.Todi who retires by rotation and, being eligible, offers himself for re-appointment.</p> <p>5. To appoint a Director in place of Sri Sajjan Dabriwal who retires by rotation and, being eligible, offers himself for re-appointment.</p> <p>6. To appoint a Director in place of Sri P.S.Prabhakar who retires by rotation and, being eligible, offers himself for re-appointment.</p> | <p>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 next Annual General Meeting and fix their remuneration.</p> <p>SPECIAL BUSINESS</p> <p>8. To consider and, if thought fit. To pass with or without modification(s) the following resolution as an Ordinary Resolution.</p> <p>"RESOLVED that pursuant to Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, Sri Sajjan Dabriwal be reappointed 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</p> | <p>profit in the Company for a period of three years, commencing from 20.09.2007 to 19.09.2010 on the terms set out in the explanatory statement annexed hereto".</p> <p>9. To consider and, if thought fit. To pass with or without modification(s) the following resolution as an Ordinary Resolution.</p> <p>"RESOLVED that pursuant to Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, Sri G.R.Choudhary be reappointed 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 three years, commencing from 01.10.2007 to 30.09.2010 on the terms set out in the explanatory statement annexed hereto".</p> |
|--|--|--|

- "RESOLVED THAT the consent of the Company be and is hereby granted in accordance with Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors to mortgage and/or charge, in addition to the mortgages and/or charges created/ to be created by the Company, in such form and manner and with such ranking as to priority and for such time and on such terms as the Board may determine, all or any of the movable and/or immovable, tangible and/or intangible properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of

the lender(s), agents, trustee(s) for securing the borrowings of the company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest and the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on pre-payment, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the company in terms of loan agreement(s), or any

other document entered into/to be entered into between the Company and the lender(s)/, in respect of the said loans/borrowings/ and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s)/.

"RESOLVED FURTHER THAT Shri Sunil K. Khaitan, Vice-Chairman and Managing Director, Shri Sajjan Dabriwal, Dy. Managing Director, Shri G.R.Choudhary, Finance Director & Secy. Shri R.A.Lohariwal, Executive Director, Shri P.S.Prabhakar, Executive Director of the Company be and are hereby

severally authorized to do all such acts, deeds, matters, and things and execute documents or writings, papers, agreements as may be necessary, proper or, expedient and make all necessary regulatory filing and intimations for the purpose of giving effect to this resolution and for matter connected and incidental thereto."

By Order of the Board

G. R. Choudhary
Finance Director & Secretary

46 C J.L.Nehru Road,
Kolkata – 700 071.
31st July, 2007

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.8 to 13 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, atleast 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, 2007 to 25th September, 2007 (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, 2000 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 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 Branch
 - (c) Complete address of the Bank with Pin Code Number
 - (d) Account type, whether Savings (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 of 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. |
|--|--|---|

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 31st July, 2007.

ITEM NO. 8 ,9,10 11

The Board of Directors of the Company, at its meeting held on 29th June, 2007 had re-appointed Shri Sajjan Dabriwal, Dy. Managing Director, Shri G.R.Choudhary, Finance Director, Shri R.A.Lohariwala, Executive Director and Shri P.S.Prabhakar, Executive Director on the terms and conditions and remuneration a set out hereunder:

| Name and Designation | Date of appointment From To | Period | Basic Salary Per Month (Rs.) | Scale (Rs.) |
|---|--------------------------------|---------|---------------------------------|-------------------|
| Shri Sajjan Dabriwal Dy.Managing Director | 20.09.2007 to 19.09.2010 | 3 Years | 50,000 | 50,000 - 1,00,000 |
| Shri G.R.Choudhary, Finance Director & Secretary | 01.10.2007 to 30.09.2010 | 3 Years | 40,000 | 40,000 - 80,000 |
| Shri R.A.Lohariwala, Executive Director | 01.10.2007 to 30.09.2010 | 3 Years | 40,000 | 40,000 - 80,000 |
| Shri P.S.Prabhakar, Executive Director | 27.09.2007 to 26.09.2010 | 3 Years | 40,000 | 40,000 - 80,000 |

The basic salary shall be enhanced every year subject to maximum as provided in the Scale, at the discretion of the Board, provided however the aggregate remuneration to all Whole-time Directors does not exceed the ceiling of 10% of the net profit of the Company.

Commission and Perquisites

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.

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 salary.

CATEGORY I

- i Rent-free residential accommodation, failing which House Rent Allowance @ 60% of the salary.
- ii The expenditure allowance 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 Sajjan Dabriwal is concerned and interested in the above appointment and remuneration payable to him. Sri S.K.Khaitan and Sri Sunil K.Khaitan Directors are related to Sri Sajjan Dabriwal and therefore interested in the above appointment and remuneration payable to him.

Sri G.R.Choudhary, Sri R.A.Lohariwala, Sri P.S.Prabhakar are concerned and interested in the above resolution to the extent of appointment and remuneration payable to them.

Save and except the aforesaid no other Director of the Company is concerned or

| <p>interested in the resolution.</p> <p>The Board of Directors recommend the resolution for your approval.</p> <p>The Explanatory Statement together with accompanying Notice is and may be treated as an abstract Under section 302 of the Companies Act 1956.</p> <p>ITEM NO. 12</p> <p>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 Kolkata, Cuttack, Guwahati, Patna, Mumbai, Ahmedabad, Indore, Delhi, Faridabad, Jaipur, Chandigarh, Chennai, Bangalore, Hyderabad, Kochi and it being considered desirable, it is proposed, in accordance with the provisions of the said Section, to authorize 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.</p> <p>ITEM NO.13.</p> <p>The Shareholders consent under terms of Section 293(1)(d) of the Companies Act is required for the Borrowing Powers in respect of Financial Assistances obtained by the Company from Banks/Financial Institutions.</p> <p>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</p> | <p>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 21st September, 2001 had accorded their consent to the Board of Directors of the Company for borrowing upto Rs.50 Crores.</p> <p>Considering the requirement of additional funds to meet the Company's capital expenditure programmes, as also increased working capital requirements, the limit of Rs.50 Crores sanctioned by the Shareholders in 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. 300 Crores.</p> <p>None of the Directors of the Company is concerned or interested in this Resolution and the Board commends passing thereof.</p> <p>ITEM NO.14</p> <p>The Transaction at Sl.No. 14 required consent of the Share Holders through Postal Ballot for Which The Postal Ballot is sent Separately.</p> <p>The borrowing of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and/or immovable properties of the company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in</p> | <p>consultation with the lender(s).</p> <p>The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the lenders, with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of section 293(1)(a) of the Companies Act, 1956. Hence it is necessary to obtain approval for the same from the Shareholders by voting by postal ballot.</p> <p>Your approval is sought by voting by postal ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.</p> <p>Your Directors commend the resolution for your approval. None of the Directors of the Company except as a shareholder is, in any way, concerned or interested in the said resolution.</p> <p>By Order of the Board</p> <p>G. R. Choudhary Finance Director & Secretary</p> <p>46 C J.L.Nehru Road, Kolkata – 700 071. 31st July, 2007</p> |
|--|---|---|

khaitan electricals limited

Registered office: A-13, Co-operative Industrial Estate, Balanagar, Hyderabad - 500 037

PROXY

I/We.....of.....
being a member(s) of KHAITAN ELECTRICALS LIMITED hereby appoint
of.....or failing him/ her.....
 on my/ our behalf at the 31st Annual General Meeting of the Company to be held on Tuesday, the 25th September, 2007 at 11.00
 a.m. and at any adjournment thereof.

As witness my/ our hand(s) this.....day of.....2007.

Signed by the said

Affix
Revenue
Stamp of
Re 1/-

Folio/Client ID No.....No. of shares held.....

Note: The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding of
 the aforesaid meeting.

**khaitan electricals limited**

Registered office: A-13, Co-operative Industrial Estate, Balanagar, Hyderabad - 500 037

ATTENDANCE SLIP

I hereby record my presence at the 31st Annual General Meeting of the Company to be held 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,
 Hyderabad - 500 004 on Tuesday, the 25th September, 2007 at 11.00 a.m.

Name of the Shareholder.....
 (in block letters)

Folio/Client ID No.....

No. of Shares held.....

This attendance slip filled in accordance with the specimen signature registered with the Company to be handed over before the meeting.

