

Unity in Diversity



Unity in Diversity

Pioneer and Leader. Forerunner and Trendsetter. Trailblazer and Innovator. Only one enterprise can rightfully lay claim to all these epithets and more. A corporation whose name is enough. A company called Khaitan.

Our range of electrical solutions address diverse consumer needs but are bound together by the Khaitan name - a name that spells trust and quality, design and performance, innovation and enterprise.

Often, it so happens that the whole is greater than the sum of its parts. Nowhere is it truer than at Khaitan. We have synergised the myriad capabilities of our businesses in order to deliver growth beyond expectations.

Our businesses have one common goal and are driven by a single-minded focus on customer needs. They work in tandem with each other, creating value for our customers and the company.



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Corporate Information

Board of Directors

Sunil K. Khaitan, *Chairman & Managing Director*
Sajjan Dabriwal, *Dy. Managing Director*
Biswajit Choudhuri
M.G. Todi
A.K. Kajaria
V.K. Rungta
Shiv Kumar Bajaj
Anjana Sharma

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
IDBI Bank Ltd.
Allahabad Bank
Indian Bank

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
Email: rta@cilsecurities.com

Branches

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

Corporate Office

'Everest House' 20th Floor
46C, J.L. Nehru Road
Kolkata – 700 071
Telephone: (033) 40505000
Fax: (033) 22884143

Registered Office

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

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)

Notice

TO THE MEMBERS

Notice is hereby given that the 39th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Wednesday, the 16th day of September, 2015 at 10.30 A.M. at Federation of Telangana and A.P. Chamber of Commerce & Industry (FTAPCCI) Premises - Surana Udyog Hall, Federation House, FAPCCI Marg, 11-6-841, Red Hills, Hyderabad -500004, Telangana to transact the following business:

1. To receive and adopt the audited Financial Statements for the year ended on 31st March, 2015 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sunil K. Khaitan (DIN No. 00127698) who retires by rotation and, being eligible, offers himself for re-appointment.
3. 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 till the conclusion of next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provision of Sections 149, 150, 152 rules made there under, Schedule IV and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs. Anjana Sharma (DIN No. 07128630) in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for office of Director, be and is hereby appointed as an Independent Director of the Company, to hold office for a period of Five Consecutive Years, for a term ending at the conclusion of Annual General Meeting to be held during the financial year 2020.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to section 188 and other applicable provisions of the Companies Act, 2013 if any, consent of the Company be and is hereby accorded, for appointment of Mr. Sunay K. Khaitan, a relative of Mr. Sunil K. Khaitan, Chairman and Managing Director of the Company, to hold office or place of profit in the Company as ‘Management Trainee’ w.e.f. 1st October, 2015 on a remuneration of Rs.50,000/- per month and on such other terms and conditions as may be decided by the Board.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. 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 provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to

this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to section 148 of The Companies Act, 2013, the remuneration of M/s. Prasad & Company, Cost Accountants appointed by Board of Directors, as Cost Auditors to conduct audit of Cost Accounting records maintained by the Company for Product(s) / Services covered under Companies (cost records and audit) Rules, 2014, for the financial year ending 2015 - 2016, at a remuneration of Rs.40,000/- plus applicable service tax, if any and inclusive of reimbursement of out of pocket expenses, be and is hereby ratified.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

8. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolutions:

“RESOLVED THAT pursuant to Sections

Notice (contd.)

13, 61, 64, and any other applicable provisions, if any, of the Companies Act, 2013 or any other law for the time being in force read with Companies (Share Capital and Debentures) Rules, 2014 (including any amendment thereto or re-enactment thereof) the authorised share capital of the company be and is hereby increased and reclassified from Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lacs only) divided into 1,67,50,000 (One Crore Sixty Seven Lacs Fifty Thousand only) equity shares of Rs. 10/- (Rupees Ten only) each and 75,000 (Seventy Five Thousand only) Preference Shares of Rs.100/- (Rupees Hundred only) each to Rs.27,50,00,000/- (Rupees Twenty Seven Crores Fifty Lacs only) divided into 1,57,50,000 (One Crore Fifty Seven Lacs Fifty Thousand only) Equity shares of Rs.10/- (Rupees Ten only) each and 11,75,000 (Eleven Lacs Seventy Five Thousand only) Preference Shares of Rs.100/- (Rupees Hundred only) each and consequently the existing Clause V of the Memorandum of Association of the Company be and is hereby altered.”.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 13, 61 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) read with Companies (Share Capital and Debentures) Rules, 2014 (including any amendment thereto or re-enactment thereof), the consent of the Members be and is hereby accorded for deleting the existing Clause V of the Memorandum of Association of the Company and substituting in its place, the following clause: -

Clause - V. “The Authorized Share Capital of the Company is Rs.27,50,00,000/- (Rupees Twenty Seven Crores Fifty Lacs only) divided into 1,57,50,000 (One Crore Fifty Seven Lacs Fifty Thousand only) Equity shares of Rs.10/- (Rupees Ten only) each and 11,75,000 (Eleven

Lacs Seventy Five Thousand) Preference Shares of Rs.100/- (Rupees Hundred only) each with the power to increase and reduce the capital of the company and to alter, convert, classify, into several classes of shares and to divide or sub-divide and consolidate the same with the power to attach thereto respectively such preferential, deferred, or special rights, privileges, or conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company from time to time.”

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as “Board” which term shall include a Committee thereof authorized for the purpose) be and is hereby authorized to take all such steps and actions and give such directions as may be in absolute discretion deemed necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the Shareholders or otherwise and that the shareholders shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

9. To consider, and if thought fit, to pass with or without modification, the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 43, 55 and 62 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment(s) thereof), for the time being in force (the “Companies Act”) read with Companies (Share Capital and Debentures) Rules, 2014, the regulations/guidelines, if any, issued/prescribed by the Government of India, the Securities and Exchange Board of India (“SEBI”) and the Reserve Bank of India, the Foreign Exchange Management Act, 2000, the Foreign Exchange Management (Transfer or Issue of

Securities by a Person Resident Outside India) Regulations, 2000, the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, including any amendment, modification, variation or re-enactment thereof, the Master Circular on External Commercial Borrowings and Trade Credits, as applicable, (updated as on date) and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, as applicable, subject to such terms and condition, alteration and modifications as may be considered appropriate and agreed to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include a duly authorised committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to create, offer, issue, invite to subscribe and allot, in one or more tranches, on private placement basis, such number of Preference Shares of Face Value of Rs.100/- (Rupees one hundred only) each, at par, for an aggregate value not exceeding Rs. 11,50,00,000/- (Rupees Eleven Crores Fifty Lacs only), as Non - Convertible Redeemable Preference Shares [“NCRPS”], for cash or in lieu of extinguishment of amount due on account of principal debt amount to the Promoter(s)/ Promoter Group Companies, with such rights and privileges and on such terms and conditions as detailed in the explanatory statement annexed to the Notice convening this meeting including but not limited as to the rate of dividend, redemption period, manner of redemption, if any, by the Company in this regard and to modify, alter and re-set all or any of the said terms from time to time, as the Board at its absolute discretion deem fit and appropriate.”

“RESOLVED FURTHER THAT in accordance with the provisions of section 43 of the Companies Act, 2013, the Preference

Notice (contd.)

<p>Shares shall be non-participating, non-convertible, non-cumulative, redeemable, carry a preferential right vis-à-vis ordinary share of the Company, with respect to payment of dividend and repayment in case of a winding up only.”</p> <p>“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all such steps and action and give such directions as may be in absolute discretion deemed necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the members or otherwise and that the shareholder shall be deemed to have given their approval thereto expressly by the authority of this resolution.”</p> <p>10. To consider, and if thought fit, to pass with or without modification, the following</p>	<p>resolution as an Ordinary Resolution:</p> <p>“RESOLVED THAT pursuant to the provisions of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) and other applicable Acts, the Company hereby considers and takes note of the erosion of more than 50% of the net worth of the Company as at the end of the financial year ended on 31st March, 2015 in relation to its peak net worth during the immediately preceding four financial years.”</p> <p>“RESOLVED FURTHER THAT in accordance with the requirement of section 23 of the SICA, the Company do report to the Board for Industrial and Financial Reconstruction (“BIFR”) of the fact that the accumulated losses of the Company as on 31st March, 2015 have resulted in an erosion of more than fifty percent</p>	<p>of its peak net worth during immediately preceding four financial years.”</p> <p>“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”</p> <p>By order of the Board of Directors For Khaitan Electricals Limited</p> <p>Amit Choraria Company Secretary</p> <p>46C, J.L.Nehru Road Kolkata – 700 071 CIN: L31909AP1975PLC001949 13th August, 2015</p>
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NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight (48) hours before commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any person or shareholder.

2. A Statement pursuant to section 102(1) of the Companies Act, 2013 relating to the

special Business to be transacted at the meeting is annexed hereto.

3. The Register of Members and Share Transfer Books shall remain closed from 9th September, 2015 to 16th September, 2015 (both days inclusive).
4. In terms of the provisions of Section 205A and Section 205C of the Companies Act, 1956 dividends for financial years prior to 2007-08 which have remained unclaimed, have been transferred to the Investor Education and Protection Fund and General Reserve Account of the Central Government, as applicable. Dividends pertaining to the Financial Years 2007-08 and 2010-11 which remain unclaimed for a period of seven years, will be transferred to the investor education protection fund. Members who have, till date, not encashed their dividend warrants for these years should approach the Company for obtaining duplicate Dividend Warrants.

5. In accordance with provision of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is providing a facility for voting by electronic means (“e-voting”) to its members. The Company has engaged the services of Central Depository Services Limited (“CDSL”) to provide e-voting facilities. Instructions for e-voting are indicated at the end of the Notice. However members can attend and cast their vote at AGM if they wish to do so.
6. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
7. Brief resume of Directors proposed to be appointed / reappointed nature of their expertise in specific functional areas, names of companies in which they

<p>hold directorships and memberships/ chairmanships of Board / Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.</p>	<p>business hours up to the date of the Meeting.</p>	<p>12. The notice of Annual General Meeting is being sent to the members, whose names appear in the register of members / depositories as at closing hours of business on Friday, 7th August, 2015.</p>
<p>8. In case of joint holders attending the meeting, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.</p>	<p>10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members, holding shares in physical form Should submit their PAN to the Company/Ms CIL Securities Limited.</p>	<p>13. The Company is providing the facility of ballot form in terms of Clause 35B of the Listing Agreement, to those shareholders, who do not have access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice.</p>
<p>9. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, during</p>	<p>11. 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.</p>	<p>14. The members who have not casted their votes either electronically or through Ballot Form, can exercise their voting rights at the AGM through ballot form.</p>

IMPORTANT

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

FURTHER, AS THE COMPANY'S SHARE ARE UNDER COMPULSORY DEMAT (ISIN"INE 761A01019") SHAREHOLDERS ARE ONCE AGAIN REQUESTED IN THEIR OWN INTEREST TO CONVERT THEIR SHARES FROM PHYSICAL TO DEMAT.

TO PROVIDE BETTER SERVICES, THE MEMBERS ARE REQUESTED TO PROVIDE THEIR E-MAIL ID, IF NOT ALREADY PROVIDED TO THEIR DEPOSITORISES AND ALSO TO THE REGISTRAR AND SHARE TRANSFER AGENT OF THE COMPANY.

ANNEXURE TO NOTICE:

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

ITEM NO.4

The Board (upon recommendations of Nomination and Remuneration committee) at their meeting held on 27.03.2015 appointed Mrs. Anjana Sharma as an Additional Director to hold office upto the date of ensuing Annual General Meeting.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with requisite deposit proposing the candidature of Mrs. Anjana Sharma for the office of director. Accordingly, it is proposed to appoint Mrs. Anjana Sharma, as Independent Director in terms of the provisions of the Companies Act, 2013 for five consecutive years, for a term ending at the conclusion of Annual General Meeting to be held during the financial year 2020.

Mrs. Anjana Sharma is a qualified Company Secretary and Chartered Accountant with over 15 years of professional experience. The Board considers that her association would be of immense benefit to the Company.

Copy of the draft letter of appointment of the Independent Director setting out the terms and conditions of appointment would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, except Saturday upto the Annual General Meeting.

Mrs. Anjana Sharma does not hold any shares in the Company either in her individual capacity or beneficially for others and is not related to any Director of the Company.

The Board recommend the Resolution at Item No. 4 of the accompanying Notice for approval by the Members of the Company. Except for Mrs. Anjana Sharma, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

ITEM NO.5

Mr. Sunay K. Khaitan is a graduate (BSC in Economics and Finance) from Purdue University, Indiana, USA and Green belt in Lean 6 Sigma. Considering his qualification, the Board of Directors has approved appointment of Mr. Sunay K. Khaitan as 'Management Trainee' at a remuneration of Rs.50,000/- per month subject to approval of

members in Annual General Meeting.

The Board of directors believes that the remuneration proposed to be paid to Mr. Sunay K. Khaitan is commensurate with his qualification & knowledge and is in line with industry standards prevalent in the current scenario.

The particulars of the transaction pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 of the Companies Act, 2013 are as under:-

- 1) Name of the Related Party:- Mr. Sunay K. Khaitan
- 2) Name of the Director or Key Managerial Personnel who is related:- Mr. Sunil K. Khaitan, Chairman and Managing Director
- 3) Nature of relationship:- Son of Mr. Sunil K. Khaitan, Chairman and Managing Director
- 4) Nature, Material Terms, Monetary Value and particulars of the contract or arrangement:- As mentioned above.
- 5) Any other information relevant or important for the members to take a decision on the proposed resolution :- None

The Board recommend the Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company. None of the Directors, Key managerial personnel or their relatives, except Mr. Sunil K. Khaitan, Chairman and Managing Director of the Company, are concerned or interested in the resolution.

ITEM NO.6

The existing Articles of Association (AoA) are based on the provisions of erstwhile Companies Act, 1956, and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (the Act).

The Act is now largely in force. With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions. Given this position, it is considered expedient to replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are largely based on Table 'F' of

the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA will be made available for inspection by the members at the Registered Office of the Company during the office hours on all working days, except Saturdays up to the date of Annual General Meeting.

The Board recommend the Resolution at Item No. 6 of the Notice for approval by the members of the Company. None of the Directors, Key Managerial Personnel or their relatives are, concerned or interested, in this Resolution.

ITEM NO.7

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company.

On the recommendation of the Audit Committee at its meeting held on May 29, 2015, the Board has, considered and approved the appointment of Messrs. Prasad and Company, Cost Accountants as the Cost Auditor of the Company, for the financial year 2015-16 at a remuneration of Rs.40,000/- per annum plus service tax, if any and inclusive of reimbursement of out of pocket expenses.

The Board recommend the Resolution at Item No. 7 of the Notice for approval by the members of the Company. None of the Directors, Key Managerial Personnel of the Company and their relatives are, concerned or interested, in the resolution.

ITEM NO.8

The present Authorize Share Capital of the Company is Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lacs only) divided into 1,67,50,000 (One Crore Sixty Seven Lacs Fifty Thousand only) equity shares of Rs. 10/- (Rupees Ten only) each and 75,000 (Seventy Five Thousand only) Preference Shares of Rs.100/- (Rupees Hundred only) each. In order to meet the financial requirements of the Company, the Board of Directors has proposed, subject to share holders approval, an increase in the Authorized Share Capital to Rs. 27,50,00,000/- (Rupees Twenty

Seven Crores Fifty Lacs only) divided into 1,57,50,000 (One Crore Fifty Seven Lacs Fifty Thousand only) Equity shares of Rs.10/- (Rupees Ten only) each and 11,75,000 (Eleven Lacs Seventy Five Thousand only) Preference Shares of Rs.100/- (Rupees Hundred only) each by virtue of reclassification of the existing 10,00,000 equity shares of Rs.10/- (Rupees Ten only) each into 1,00,000 Preference Shares of Rs.100/- (Rupees Hundred only) each and creation of further 10,00,000 Preference Shares of Rs.100/- (Rupees Hundred only) each.

Pursuant to the provisions of Sections 64 of the Companies Act, 2013, an increase in the authorized share capital of the company and consequent amendments in the capital clause of the Memorandum of the company requires approval of the members. Approval of the members is, therefore, sought in terms of the said sections.

A copy of Memorandum of Association of the Company along with proposed changes will be made available for inspection by the members at the Registered Office of the Company during the office hours on all working days, except Saturdays up to the date of Annual General Meeting.

The Board recommend the Resolution at Item No. 8 of the Notice for approval by the members of the Company. None of the Directors, Key Managerial Personnel of the Company and their relatives is, concerned or interested, in the resolution.

ITEM NO.9

Your Company is facing many business challenges and the Board considers it necessary to strengthen the capital of the Company in order to successfully get over these challenges. The reason for the passing of this special resolution is to provide the Company with a mechanism to raise cost-effective capital to pare debt as part of a general capital management programme which, in the opinion of the Directors, is deemed appropriate for the activities of the Company, without diluting the Ordinary Share Capital of the Company.

The Company's working capital bankers have approved Debt Restructuring w.e.f. 1st August, 2014, under Joint Lenders Forum Arrangement. One of the conditions of Debt Restructuring is that the Promoters contribution to the extent of Rs.494 Lacs is to be brought up-front, which should be increased to Rs.1150 Lacs in the Financial Year 2015-2016. Accordingly, so far the Promoters have infused more than Rs.600

Lacs, by way of Inter Corporate Loan, which needs to be capitalized.

To meet the above mentioned requirements and also to meet the working capital requirement for turnaround of the Company, the Board thought it prudent to raise funds through preferential allotment of Redeemable Preference Shares to the Promoter(s) of the Company, in cash or in extinguishment of the amount due to them or by way of any other mode, in one or more tranches, as may be decided by the Board or Committee thereof.

The approval of the Members is accordingly being sought by way of a Special Resolution under Sections 42, 55 and 62 of the Act read with the Rules made there under, for the issue of Non Convertible Redeemable Preference Shares ["NCRPS"] of face value of Rs. 100/- at par, aggregating to an amount not exceeding Rs. 1150 Lacs, on cash or in lieu of the extinguishment of the amount due on account of the principal debt amount at par, in one or more tranches to the Promoters/ Promoter Group Companies, on a private placement basis. The NCRPS shall carry a non - cumulative dividend rate of 9% and NCRPS shall not carry any voting rights except in accordance with the provisions of Section 47(2) of the Companies Act, 2013. The NCRPS shall be redeemed at par, in one or more tranches, and in accordance with the provisions of Companies Act, 2013, as may be applicable, within 20 years from the date of their allotment as may be decided by the Board. Any Part redemption of NCRPS will be permissible as may be approved by the Board of Directors of the Company. Any other condition to be added or modified, from time to time, as may be approved by the Board of Directors of the Company for compliance of all statutory guidelines and provisions or as may be deemed fit in the interest of the Company.

As the securities proposed to be issued by this resolution are "Non Convertible Redeemable Preference Shares", the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"), are not applicable. Presently, the Promoters and Non-Promoters of the Company are holding 6344208 (55.17 %) equity shares & 5155792 (44.83 %) equity shares respectively. Further, as a result of proposed allotment of Redeemable Non-convertible preference shares, there will not be any change in management control of the Company.

The Board recommend the Resolution at Item No. 9 of the Notice for approval by the members of the Company. None of the

Directors, Key Managerial Personnel of the Company and their relatives is, concerned or interested, in the resolution.

ITEM NO.10

As per Section 23 of The Sick Industrial Companies (Special Provisions) Act 1985, if the accumulated losses of an industrial undertaking as at the end of any financial year have resulted in erosion of 50% or more of its peak net worth during the immediately preceding four financial years, such company is required:

- To report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR)
- To hold a General Meeting of the shareholders of the company for considering such erosion.
- The Board of Directors shall forward to every member of the company a report (Enclosed with this Notice) as to such erosion and the causes for such erosion.

The peak net worth of Khaitan Electricals Limited (KEL) during the immediately preceding four years was Rs.11823.50 Lacs. If the net worth is reduced to less than 50% of such peak net worth, i.e. Rs.5911.75 Lacs, a report to BIFR on the fact of such erosion is required to be made. The loss of KEL for the Financial Year ending 31st March, 2015 was Rs.4891.73 Lacs and consequently the net worth was reduced to Rs. 4459.13 Lacs, which resulted in erosion of more than 50% of its peak net worth over the last four Financial Years. Considering the net worth of Rs.4459.13 Lacs as on 31.03.2015, the fact of such erosion is to be reported to the BIFR.

The Board recommend the Resolution at Item No. 10 of the accompanying Notice for approval by the Members of the Company. None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolution.

By order of the Board of Directors
For **Khaitan Electricals Limited**

Amit Choraria
Company Secretary

46C, J.L.Nehru Road
Kolkata - 700 071
CIN: L31909AP1975PLC001949
13th August, 2015

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF KHAITAN ELECTRICALS LIMITED UNDER SECTION 23(1)(b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

To the Members of **Khaitan Electricals Limited**

In terms of requirements of Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985, a report of the Board of Directors on erosion of more than 50% of the Company's peak net worth during the immediately preceding four financial years along with its causes and revival plan is being submitted herewith to the Members of the Company

The peak net worth of KEL during the immediately preceding four years was Rs.11823.50 Lacs. If the net worth is reduced to less than 50% of such peak net worth, i.e. Rs.5911.75 Lacs, a report to BIFR on the fact of such erosion is required to be made. The loss of KEL for the Financial Year ending 31st March, 2015 was Rs.4891.73 Lacs and consequently the net worth was reduced to Rs. 4459.13 Lacs, which resulted in erosion of more than 50% of its peak net worth over the last four Financial Years. Considering the net worth of Rs.4459.13 Lacs as on 31.03.2015, the fact of such erosion is to be reported to the BIFR, within a period of 60 days from the date of adoption of accounts by the shareholders of the company.

REASONS FOR LOSSES

The following major factors adversely impacted the financial performance of the company during the last few years

- Reduction in Turnover due to non encouraging market scenario.
- High Volatility in raw material and other input prices resulting in lower margins.
- High cost of per unit overheads due to escalation in cost and lower volumes.
- Unprecedented depreciation of the Indian Rupee against the US Dollar and volatility in foreign exchange market resulting in exchange fluctuation loss/increase in cost of prime raw materials.
- Higher interest expenditure due to increase in current assets and inadequate internal accruals.
- Entry in new segment (Appliances) resulting in high stock pile up compared to sales volumes.
- Tough competition, both domestic and international leading to pressure on margins.
- Due to sluggish economic conditions recovery from debtors remained poor.

MEASURES BEING TAKEN TO IMPROVE THE OPERATIONAL AND FINANCIAL PERFORMANCE

The Company has initiated following measures to achieve improvement in both Operational and Financial Performance:

- Requisite publicity which should lead to increase in demand and thus more sales in near future.
- Focus on research and development to build up substitute of high cost inputs and creation of attractive designs of products. This action is expected to show results in near future.
- The company has identified specific cost containment measures in the areas of after sale services cost, staff cost and also optimization of utilities cost. These initiatives would yield results in the coming years.
- At the request of the company, the bankers have approved the corporate debt restructuring (CDR) which will result not only in reduction of the cost of borrowings, but should also help the company to come out of the Financial Stress.
- The Company has shut down its Kolkata Factory and the production facilities therein were shifted to Hyderabad and Faridabad Factory. This will help reduce the overheads in the long run.
- Constant review of the Product mix and slow moving items in line with the demands will reduce stock pileup in future.
- To strengthen steady cash and fund flow, constant focus is put on timely recovery from the debtors. This strategy is expected to show results in near future.
- Various margin improvement measures initiated by the company in the areas of production, marketing and consequent reduction in overheads, value addition measures and optimization of product mix are expected to improve the profitability.
- The company is exploring various options of infusion of capital which will augment the net worth of the company and reduce the interest cost.
- The company has taken several steps for operational restructuring which are expected to lead to higher efficiency/cost savings in the times to come.

All the above measures should result in improved turnover and profitability and optimum utilization of available infrastructure, in the coming years.

Further the Company also has well laid strategy for future growth with clearly identified growth drivers to sustain and boost its revenues and profitability over the short, medium to long term.

The Board of Directors believes that the Company will be able to recover and recoup the above stated erosion in its net worth and gain newer heights in the years to come.