

**khaitan** electricals limited  
Annual Report 2015-16



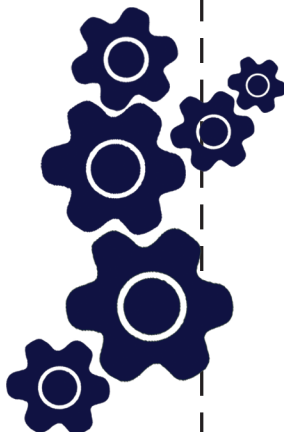
# Unity in Diversity

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

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## Board of Directors

Sunil K. Khaitan, *Chairman & Managing Director*  
Sajjan Dabriwal, *Dy. Managing Director (up to 31.03.2016)*  
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) 2320 2465/2320 3155  
Fax: (040) 6666 1267  
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 Seemandhra

## Corporate Office

'Everest House' 20th Floor  
46C, J.L. Nehru Road  
Kolkata – 700 071  
Telephone: (033) 4050 5000  
Fax: (033) 2288 4143

## Registered Office

A-13, Co-operative Industrial Estate  
Balanagar, Hyderabad – 500 037  
Telephone: (040) 3299 0642  
Fax: (08458) 279469

## Hyderabad Works

129, Sri Venkateswara Co-op. Industrial Estate  
IDA, Bollaram – 502 320 (Medak Dist.)

## Faridabad Works

Plot No. 14, Sector – 6  
Faridabad – 121 006 (Haryana)

# Notice

## TO THE MEMBERS

Notice is hereby given that the 40th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Wednesday, the 28th day of September, 2016 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, consider and adopt the audited Financial Statements for the year ended on 31st March, 2016 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sajjan Dabrial (DIN No. 00215294) 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 a Special Resolution:

**"RESOLVED THAT** subject to the provisions of Sections 196, 197, 203 and Schedule V and other applicable provisions of the Companies Act, 2013 read with applicable Rules (hereinafter referred to as the Act), as amended up to date, the Articles of Association of the Company and such other consents as may be required, Mr. Sunil K. Khaitan (DIN:

00127698) be and is hereby reappointed as Chairman and Managing Director of the Company for a period of 3 (three) years with effect from November 1, 2016 on the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Sunil K. Khaitan."

**"FURTHER RESOLVED THAT** the remuneration payable to Mr. Sunil K. Khaitan, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time."

**"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 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 2016 - 2017, 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."

**"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.

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

**Sunil K. Khaitan**  
Chairman and Managing Director

46C, J.L.Nehru Road  
Kolkata - 700 071  
CIN: L31909AP1975PLC001949  
12th August, 2016

## 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.

As per section 105 of the Companies Act, 2013 and Rules thereunder, 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.

Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified true copy of the board

## Notice (contd.)

resolution authorising their representative to attend and vote on their behalf at the Meeting.

2. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, Members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days' written notice is given to the Company.
3. 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.
4. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books shall remain closed from Wednesday, 21st September, 2016 to Wednesday, 28th September, 2016 (both days inclusive).
5. In terms of the provisions of Section 124 of the Companies Act, 2013, corresponding to Section 205A and Section 205C of the Companies Act, 1956, dividends for financial years prior to 2008-09 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 Year 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.
6. Members are requested to send all communications relating to shares, and unclaimed dividends, change of address, etc. to the Registrar and transfer agents at the following address:

**M/s. CIL Securities Ltd.,**  
214 Raghava Ratna Towers, Chirag Ali Lane, Abids, HYDERABAD - 500 001

**Phone Nos. 040-23202465/23203155**  
**Fax No. 040-23203028, 040-66661267**  
**Email: rta@cilsecurities.com; cilsec@rediffmail.com**

7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Registrar and Transfer Agent.
8. In accordance with provision of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standard - 2, 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 in a separate sheet. However members can attend and cast their vote at AGM if they wish to do so.
9. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date i.e. 21st September, 2016, only shall be entitled to avail facility of remote e-voting and poll process at the venue of the meeting. A person who is not a member as on the cut-off date should treat this notice for information purpose only.
10. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date, may cast vote after following the instructions for e-voting as provided in the Notice convening the meeting, which is available on the website of the Company and CDSL.

However, if you are already registered with CDSL for remote e-voting, then you can use your existing User ID and password for casting your vote.

11. The resolutions listed in the Notice of the AGM shall be deemed to be passed on the date of the AGM, subject to the receipt of the requisite number of votes in favour of the respective resolutions.
12. Electronic copies of the Annual Report are being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
13. Electronic copy of the Notice of this Meeting of the Company inter alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice of the 40th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that Notice of this Meeting and the Annual Report will also be available on the Company's website [www.khaitan.com](http://www.khaitan.com) for their download.
14. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies at the meeting.
15. Members/proxies should bring their attendance slips sent herewith, duly filled in, for attending the Meeting. Members/proxies attending the AGM are requested to carry their identity proof.

## Notice (contd.)

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| <p>16. A statement containing details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting as required under Regulation 36 of the SEBI (LODR) Regulations, 2015 is annexed.</p> <p>17. Brief resume of Directors proposed to be appointed / re-appointed nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board / Committees, shareholding and relationships between directors inter-se are provided in the Corporate Governance Report forming part of the Annual Report.</p> <p>18. Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in prescribed form SH-13 with the RTA. In respect of shares held in Electronic/ Demat form, members may please contact their respective Depository Participants.</p> <p>19. SEBI and Ministry of Corporate Affairs encourages paperless communication as a contribution to Green environment. Members holding shares in physical mode are requested to register their e-mail address to the RTA for receiving all communications including annual reports, notices, circulars etc. from the company electronically.</p> <p>20. 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>21. 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 business hours up to the date of the Meeting.</p> <p>22. A route map showing direction to reach the venue of 40th Annual General Meeting is provided in the Annual Report as per the requirement of the Secretarial Standard-2 on General Meetings</p> <p>23. 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>24. 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>25. 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, 26th August, 2016.</p> <p><b>26. Other Instructions</b></p> <p>a. A member can opt for only one mode of voting i.e. either in person or through proxy at the meeting or through e-voting. If a</p> | <p>member casts votes by both the modes, then voting done through e-voting shall prevail and voting through other means shall be treated as invalid.</p> <p>b. The Company has appointed Mr. Ashish Gaggar, Practicing Company Secretary (Membership No. 7321), to act as the Scrutinizer. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in presence of at least two witnesses (not in the employment of the Company) and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to any of the Directors of the Company.</p> <p>c. The Results shall be declared at or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website <a href="http://www.khaitan.com">www.khaitan.com</a> and on the website of CDSL <a href="http://www.evotingindia.com">www.evotingindia.com</a> within three (3) days of passing of the resolution at the Annual General Meeting of the Company and the same shall also be communicated to BSE Limited (Bombay Stock Exchange) and National Stock Exchange of India Limited, where the shares of the Company are listed.</p> <p>27. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.</p> |
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### IMPORTANT

1. 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.
2. 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.
3. 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 Nomination and Remuneration Committee and Board of Directors at their meeting dated 28.05.2016 has approved to reappoint Mr. Sunil K. Khaitan as Chairman and Managing Director with effect from 01.11.2016, subject to approval of Share Holders, on such terms and conditions and remuneration as set out here under:

#### A. Term and Termination

- a. Subject as hereinafter provided, the Appointment shall remain in force up to 31st October, 2019 i.e. for a period of 3 years from the Date of reappointment unless terminated earlier.
- b. This appointment can be terminated by either party by giving three months notice in writing to other.

#### B. Duties & Powers

- a. The Chairman and Managing Director shall devote his whole time and attention to the business of the Company and perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company.
- b. The Chairman and Managing Director undertakes to employ the best of his skill and ability and to make his utmost endeavors to promote the interests and welfare of the Company and to conform to and comply with the policies and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

#### C. Remuneration

Remuneration proposed: Remuneration as approved by the Remuneration Committee and the Board of Directors (for the period from 1st November, 2016 to 31st October, 2019)

I. Salary :Rs.4,00,000/-per month

II. 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 196, 197, 203 and Schedule V and other applicable provisions of the Companies Act, 2013 read with applicable Rules (hereinafter referred to as the Act), as amended up to date. The specific amount payable to Chairman and Managing Director 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.

III. Perquisites:

In addition to the salary, he 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 actual.

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.10,000/- p.a.

He will not be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

The remuneration, designation, terms and conditions of his reappointment can be altered and varied from time to time by the Board as it may, in his discretion, deem fit within the provisions of Sections 196, 197, 203 and Schedule V and other applicable provisions of the Companies Act, 2013 read with applicable Rules.

In the event of absence or inadequacy of profits of the Company in any financial year during the period of the Chairman and Managing Director's reappointment, the Company shall pay to the Chairman and Managing Director remuneration by

way of salary, benefits, perquisites and allowances, performance linked bonus/ commission, as specified above, subject to provisions of the Act and Schedule V of the Act.

D. Information relevant to the reappointment of Mr. Sunil K. Khaitan as the Chairman and Managing Director as required under Section II of Part II of Schedule V of the Companies Act, 2013:

## I. GENERAL INFORMATION

1. Nature of Industry - Manufacturing and Trading of electric fans, Lighting Products, Appliances, Wires and Cables & Pumps etc.
2. Date or expected date - The Companies Electric fans business commenced commercial production since 1976
3. In case of new Companies expected date of commencement and activities as per project financial institutions appearing in the prospects - Not Applicable
4. Financial Performance based on given indicators Rs. in lakhs

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2015	Year ended 31st March, 2016
Turnover (Sales)	52535.65	44180.63	29341.05
Net Profit/(Loss) before Tax	(1721.25)	(4825.92)	(9461.19)
Net Profit/(Loss) after Tax as per Statement of Profit and Loss	(1661.91)	(4891.73)	(9461.19)
Amount of dividend	NIL	NIL	NIL
Rate of dividend declared (%)	NIL	NIL	NIL

5. Export performance and net foreign Exchange Collaborations Rs. in lakhs

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2015	Year ended 31st March, 2016
Foreign Exchange earnings	722.54	480.45	417.76
Outgo	1.52	2.91	0.41

6. Foreign Investment or collaborations, if any - NIL

## II. INFORMATION ABOUT THE APPOINTEE:

1. Background details – Mr. Sunil K. Khaitan took over the reins of Khaitan Electricals Ltd as Vice-Chairman and Managing Director in November 1998. Since then he has steered the destiny of Khaitan Electricals Ltd with a single minded focus of making Khaitan Electricals Ltd. an electric conglomerate. He was responsible for the strategic decision of including emerging products into product mix of the Company which resulted into phenomenal growth in the turn-over of the Company from Rs.100 Crores to Rs.500 Crores. He was appointed as Vice-Chairman on the Board of erstwhile Khaitan Electricals Ltd, Kolkata and was elevated to the position of Vice Chairman and Managing Director in November, 1999. He was appointed as Chairman and Managing Director of the Board on 10th November 2012 in place of Late Mr. S.K. Khaitan.

With a drive for creating new brands, Mr. Sunil K. Khaitan has taken active interest in the launch of new products. He was instrumental in successful launching of Zolta brand in 2000. His personal vision for the group is to take the company from being amongst the electrical conglomerates in India.

Mr. Sunil K. Khaitan aged 55 Years, is Master in Business Administration and has four decades of experience in the field of Industry, business and corporate Management.

Mr. Sunil K. Khaitan is member in Share Transfer and Transmission Committee and Shareholders' Relationship Committee.

The other Directorship of Mr. Sunil K. Khaitan are as follows:

Name of the Company	Board position held	Committee Membership
Khaitan (India) Ltd	Director	Share Transfer and Transmission Committee
Khaitan Lefin Ltd	Director	--
Khaitan Hotels Pvt. Ltd.	Director	--
Khaitan Lamps Limited	Director	--
EEPC India	Director	--

2. Past remuneration (including contribution to PF, Superannuation fund, gratuity fund & Commission) for last 3 years:

Financial year	Remuneration (Rs. in lakh)
2015-2016	48.63
2014-2015	50.08
2013-2014	45.56

3. Recognition and awards: Nil

4. Job profile and his suitability: Mr. Sunil K. Khaitan, Chairman and Managing Director is vested with substantial powers of management under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long term development activities of the Company. As explained, Mr. Sunil K. Khaitan as Chairman and Managing Director has steered the Company to its present position and his vision is to take the Company from being amongst the electrical conglomerates in India. Mr. Sunil K. Khaitan devotes his full time in managing business of the Company.

5. Remuneration proposed: As mentioned above.

6. Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person:

The remuneration proposed is commensurate with respect to the industry, size of the Company & profile of the person.

7. Pecuniary Relationship directly or indirectly with the Company or relationship with managerial presence if any:

Besides the remuneration Mr. Sunil K. Khaitan does not have any pecuniary relationship with the Company. He is the son of Late Mr. S.K. Khaitan, former Chairman. Further he is father of Mr. Sunay Khaitan and Ms. Vageesha Khaitan who are in employment of the company.

### III. Other Information:

1. Reasons for Loss:

- 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 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.

2. Steps taken or proposed to be taken for improvement:

- 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.

The Board recommend the Resolution at Item No. 4 of the 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.

<p><b>ITEM NO. 5</b></p> <p>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.</p> <p>On the recommendation of the Audit Committee at its meeting held on May 28, 2016, the Board has, considered and approved the appointment of Messrs.</p>	<p>Prasad and Company, Cost Accountants as the Cost Auditor of the Company, for the financial year 2016-17 at a remuneration of Rs.40,000/- per annum plus service tax, if any and inclusive of reimbursement of out of pocket expenses.</p> <p>The Board recommend the Resolution at Item No. 5 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.</p>	<p>By order of the Board of Directors For <b>Khaitan Electricals Limited</b></p> <p><b>Sunil K. Khaitan</b> <i>Chairman and Managing Director</i></p> <p>46C, J.L.Nehru Road Kolkata – 700 071 CIN: L31909AP1975PLC001949 12th August, 2016</p>
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Additional Information on appointment or re-appointment and/or fixation of remuneration of Directors including Managing Director or Executive Director or Whole - time Director or of Manager or variation of the terms of remuneration in the Annual General Meeting under sub regulation 3 of Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and para 1.2.5 of Secretarial Standard -2:

Name of Director	Mr. Sunil K. Khaitan	Mr. Sajjan Dabrial
Date of Birth	14.12.1960	15.05.1968
Age	55 Years	48 Years
DIN	00127698	00215294
Date of Appointment for the last term as Whole Time Directors	01.11.2013	20.09.2013 (Resigned with effect from 01.04.2016)
Terms & Conditions of Re-appointment alongwith Remuneration sought to be paid	As provided in the Explanatory Statement	Not Applicable
Remuneration last drawn	As provided in the Explanatory Statement	Rs.3471311.00 (Resigned with effect from 01.04.2016)
Expertise in specific functional areas	Experience in manufacturing and trading in relation to Fan and appliances business.	Experience in manufacturing and trading in relation to Fan and appliances business.
Qualifications	Master in Business Administration	Graduate in Commerce
Number of Meetings of the Board attended during the year	4	2
Directorship held in other public companies (excluding foreign companies) as on 31.03.2016	3	1
Membership/Chairmanship of Committees of other public companies (includes only Audit Committee and Stakeholders Relationship Committee) as on 31.03.2016	1	0
Shareholding in Khaitan Electricals Limited	269164	6660
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Related to Mr. A. K. Kajaria and Mr. Sajjan Dabrial	Related to Mr. Sunil K. Khaitan