

THE AMALGAMATED ELECTRICITY COMPANY LIMITED

2000-2001

66th Annual Report

2000-2001

THE AMALGAMATED ELECTRICITY COMPANY LIMITED

DIRECTORS

Shri MILAN B. DALAL

Shri S.R. MISHRA

Shri CHAMPAK KANABAR

Shri SATYEN B. DALAL

From 8th August, 2001

Shri B.P. SINHA

Till 6th August, 2001

BANKERS

ANDHRA BANK

MUMBAI

THE SOUTH INDIAN BANK LTD.

MUMBAI

AUDITORS

Messrs. GANESH & RAJENDRA ASSOCIATES

REGISTERED OFFICE

17-B, HORNIMAN CIRCLE, FORT

MUMBAI 400 023

A REQUEST

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. You are, therefore, requested to bring your copy of the Annual Report at the Meeting. Please bring with you the Entrance Pass duly completed.

SIXTY SIXTH ANNUAL REPORT 2000-2001

NOTICE

NOTICE is hereby given that the SIXTY SIXTH ANNUAL GENERAL MEETING of the Members of THE AMALGAMATED ELECTRICITY COMPANY LIMITED will be held on Wednesday, 26th September, 2001 at 3.30 p.m. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/30, Kaikhushru Dubash Marg, Fort, Mumbai 400 001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit & Loss Account of the Company for the year ended on that date alongwith the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Milan B. Dalal who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Champak N. Kanabar, who was appointed Director pursuant to Section 262 of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company in the casual vacancy caused by the resignation of Mr. C.C. Gandhi, due to retire by rotation at this Annual General Meeting, in respect of which vacancy the Company has received a notice in writing proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed Director liable to retire by rotation."
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Satyen B. Dalal who was appointed Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company and holds Office upto this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Act from a member proposing his candidature, be and is hereby appointed Director liable to retire by rotation."
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 31 and other applicable provisions, if any, of the Companies Act, 1956, the regulations contained in the draft Articles of Association submitted to this Meeting, and initialled by the Chairman for purposes of identification, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to exclusion of all the existing Articles thereof."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.
"RESOLVED THAT pursuant to Section 100 of the Companies Act, 1956, and subject to the confirmation by the Hon'ble High Court of Judicature at Bombay, the Capital of the Company be reduced from Rs.1,38,82,560/- (Rupees One Crore Thirty Eight Lacs Eighty Two Thousand Five Hundred Sixty only) divided into 13,88,256 (Thirteen Lacs Eighty Eight Thousand Two Hundred Fifty Six) equity shares of Rs.10/- (Rupees Ten only) each to Rs.69,41,280/- (Rupees Sixty Nine Lacs Forty One Thousand Two Hundred Eighty only) divided into 13,88,256 (Thirteen Lacs Eighty Eight Thousand Two Hundred Fifty Six) equity shares of Rs.5/- (Rupees Five only) each and that such reduction being effected by cancelling the equity capital which has been lost or is unrepresented by available assets to the extent of Rs.5/- (Rupees Five only) per equity share upon each of the 13,88,256 (Thirteen Lacs Eighty Eight Thousand Two Hundred Fifty Six) equity shares which have been issued and by reducing the nominal amount of all the equity shares in the Company's capital from Rs.10/- (Rupees Ten only) to Rs.5/- (Rupees Five only) per equity share."

LASTLY RESOLVED THAT consequential amendments be made in the Capital Clause of the Memorandum of Association of the Company after the said reduction becomes operative and effective."

BY ORDER OF THE BOARD

MILAN B. DALAL

Director

Dated: 8th August, 2001

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Instrument appointing the Proxy should be deposited not later than 48 hours before the commencement of the Meeting.

3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2001 to September 26, 2001, both days inclusive.
5. Members are requested to intimate change of address, if any, to the Company.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following explanatory statement sets out in detail all material facts relating to the item of Special Business as mentioned in the accompanying Notice convening the forthcoming Sixty Sixth Annual General Meeting of the Company.

Item No.4

Mr. Champak N. Kanabar was appointed Director pursuant to Section 262 of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company in the casual vacancy caused by the resignation of Mr. C.C. Gandhi who was due to retire at the forthcoming Sixty Sixth Annual General Meeting of the Company.

In terms of the above-referred Section and the Article, a Director appointed to fill a casual vacancy shall hold office up to the date on which the Director in whose place he is appointed would have held office, if it had not been vacated. Accordingly, Mr. Champak N. Kanabar holds office upto this Annual General Meeting.

A notice under Section 257 of the Companies Act, 1956 has been received from a member together with a deposit of Rs.500/-, proposing the candidature of Mr. Champak N. Kanabar as Director liable to retire by rotation.

Hence the Ordinary Resolution.

Mr. Champak N. Kanabar is deemed to be interested or concerned in the above resolution.

Item No.5

Mr. Satyen B. Dalal was appointed Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company and holds office till the forthcoming Sixty Sixth Annual General Meeting of the Company.

A notice proposing his candidature for appointment as Director liable to retire by rotation has been received from a member alongwith deposit of Rs.500/-

Hence the Ordinary Resolution.

Mr. Satyen B. Dalal and Mr. Milan B. Dalal are deemed to be interested or concerned in the above resolution.

Item No.6

With the enactment of the Companies (Amendment) Act, 2000, alterations in the Articles of Association of the Company are warranted to give effect to various provisions of the said Act. Many of the provisions contained in the Articles are not in conformity with the provisions of the Companies Act, 1956 and your Board considers it desirable to take this opportunity of adopting new Articles of Association which will not only be in conformity with the provisions of the Act and the various rules made thereunder but also with the requirements of The Stock Exchange, Mumbai where the Company's shares are listed.

A copy of the Memorandum and Articles of Association of the Company with the proposed alterations incorporated therein will be available for inspection by the shareholders at the Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on any day from Monday to Friday, except on public holidays, upto the date of the forthcoming Sixty Sixth Annual General Meeting.

None of the Directors are deemed to be interested or concerned in the resolution.

Item No.7

The Company has an accumulated loss of Rs.58,09,601/- (Rupees Fifty Eight Lacs Nine Thousand Six Hundred One only) as on March 31, 2001. Since there are no reserves, the paid-up capital of the Company is unrepresented by available assets to the extent of the accumulated losses. Since it is difficult to visualize any substantial generation of profits in the near future which will totally wipe off the said losses, it is proposed to reduce the paid-up capital thereby wiping off the accumulated losses totally and leaving a small surplus of Rs.11,31,679/- (Rupees Eleven lacs Thirty One Thousand six hundred Seventy Nine Only.) which will help the Company start anew.

Consequent to the proposed reduction in capital, the shareholders will get 13,88,256 (Thirteen Lacs Eighty Eight Thousand Two Hundred Fifty Six) equity shares of Rs.5/- (Rupees Five only) per equity share against as many shares of Rs.10/- (Rupees Ten only) per equity share paid-up.

The Company will make necessary application to the Hon'ble High Court of Judicature at Bombay after the shareholders pass the relevant resolution in the accompanying Notice. Pursuant to Section 100 of the Act, the resolution will become effective on confirmation by the said Hon'ble High Court.

The Directors are deemed to be interested or concerned in the resolution to the extent of their shareholding, if any.

BY ORDER OF THE BOARD

MILAN B. DALAL

Director

Dated: 8th August, 2001

THE AMALGAMATED ELECTRICITY COMPANY LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors present the SIXTY SIXTH ANNUAL REPORT of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Year ended 31 st March, 2001 (Rupees)	Year ended 31 st March, 2000 (Rupees)
Profit/(Loss) for the year	11,23,612	10,46,926
Less: Provision for taxation	3,43,000	4,05,000
	7,80,612	6,41,926
Less: Prior year tax adjustment	34,019	87,013
	7,46,593	5,54,913
Add/Less: Balance of profit/ (loss) brought forward	(65,56,194)	(71,11,107)
Balance profit/ (loss) available for appropriation	(58,09,601)	(65,56,194)

PENDING LEGAL DISPUTES

1. The Appeal filed in the Hon'ble Rajasthan High Court by a consumer of the Company's erstwhile Ajmer undertaking involving a claim of Rs.78,600/- is still pending.
2. The Appeal filed by The Karnataka Electricity Board before the Hon'ble Supreme Court against the Order of the Hon'ble Karnataka High Court dealing with the absorption of 29 workmen of the Company's erstwhile Belgaum undertaking, by the said Board, has been disposed off during the year without involving any liability to the Company.

DIVIDEND

In view of the accumulated losses, your Directors are constrained not to recommend any dividend for the year under report.

FIXED DEPOSITS

An amount of Rs.11,400/- relating to 7 depositors has not been claimed nor any disposal instruction has been received since long and as such the same stands transferred to Unclaimed Deposits Account.

As on 31st March, 2001, there were no other outstanding deposits as the Company has stopped accepting any deposit.

DIRECTORS

Mr.Milan B.Dalal retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr.Champak N.Kanabar, who was appointed Director pursuant to Section 262 of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company in the casual vacancy caused by the resignation of Mr.C.C.Gandhi, holds office upto the forthcoming Sixty Sixth Annual General Meeting of the Company, the date upto which Mr.C.C.Gandhi would have held office if he had not vacated the same.

A resolution for the appointment of Mr.Champak N.Kanabar as Director liable to retire by rotation forms part of the accompanying Notice.

Your Directors recommend the appointment of Mr.Champak N.Kanabar as Director liable to retire by rotation.

During the year under report, Mr.Kamlesh Gandhi resigned as Director from the Board of Directors of the Company and consequently as its Chairman. Your Directors place on record their deep sense of appreciation of the valued advice and guidance rendered by Mr.Kamlesh Gandhi during his tenure as Director on the Board of Directors of the Company as also as the Chairman.

Subsequent to the year under report Mr.B.P.Sinha resigned as Director from the Board of Directors of the Company. Your Directors place on record their deep sense of appreciation of the valued advice and guidance rendered by Mr.B.P.Sinha during his tenure as Director on the Board of Directors of the Company.

Subsequent to the year under report, Mr.Satyen B.Dalal was appointed Additional Director. A resolution for the appointment of Mr.Satyen B.Dalal as Director liable to retire by rotation forms part of the accompanying Notice.

Your Directors recommend the appointment of Mr.Satyen B.Dalal as Director liable to retire by rotation.

ALTERATION TO THE ARTICLES OF ASSOCIATION

The Company's Articles of Association in the present form are not in conformity with several amendments enacted in the Companies Act, 1956. In order to make the Articles of Association in conformity with the amendments of the Act as also several other legislations introduced, your Directors propose to adopt new Articles of Association.

The accompanying Notice seeks the approval of the shareholders to the proposed alteration to the Articles of Association.

Your Directors recommend the resolution for approval by the shareholders.

DEMATERIALISATION OF SECURITIES

As directed by The Stock Exchange, Mumbai, the equity shares are to be dematerialised and agreements need to be entered into with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL), Depositories, for the purpose. The process of dematerialisation also involves necessary alteration in the Articles.

The proposed adoption of new Articles of Association of the Company, mentioned in the accompanying Notice, inter alia, includes a provision for dematerialisation of the Company's Securities.

PARTICULARS OF EMPLOYEES

During the year under report, there was no employee of the category mentioned in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and hence information in this regard is not required to be furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year covered under this Report and of the profit of the company for the year;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The Annual Accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company is not engaged in any manufacturing activity, providing information with regard to conservation of energy and technology absorption as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report does not arise for your Company.

Further, the Company neither used nor earned any foreign exchange during the year under report.

SUBSIDIARY COMPANIES

Statement pursuant to Section 212 of the Companies Act, 1956 in respect of your Company's Subsidiaries is annexed and forms part of this Report.

AUDITORS

M/s.Ganesh Rajendra & Associates, Chartered Accountants, Mumbai, hold office as Auditors of the Company upto the conclusion of the forthcoming Annual General Meeting. A certificate has been obtained from them pursuant to Section 224(1-B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the limits prescribed thereunder.

Members are requested to appoint Auditors and fix their remuneration.

FOR AND ON BEHALF OF THE BOARD

CHAMPAK N.KANABAR
Director

MILAN B.DALAL
Director

Dated: 8th August, 2001

AUDITORS' REPORT

To

The Members of

AMALGAMATED ELECTRICITY COMPANY LIMITED

We have audited the attached Balance Sheet of AMALGAMATED ELECTRICITY COMPANY LIMITED, as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that :-

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a Statement on the matters specified in the said order.
2. Further to our comments in the Annexure referred to in Paragraph (1) above ;
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books ;
 - c) the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, in so far as they apply to Company.
 - e) in our opinion and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2001 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of Companies Act, 1956.
 - f) in our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001.
 - and
 - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For GANESH & RAJENDRA ASSOCIATES
CHARTERED ACCOUNTANTS

GANESH MEHTA
PARTNER

MUMBAI, DATED : 8th August, 2001

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our Report of even date.

1. The provisions of Paragraphs 4(c) and 4(d) of the Manufacturing and Other Companies (Auditor's Report) Order, 1988, are not applicable.
2. The Company has maintained generally proper records showing full particulars, including quantitative details and situation of the fixed assets. These fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies between the book records and physical inventory have been noticed in respect of the assets physically verified.
3. The Company has not revalued any of its fixed assets during the year.
4. The Company has not obtained any loans from the Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or the Companies under the same Management.

5. The Company has given interest free loan of Rs. 2,08,633/- to its subsidiary viz. Future Electronics Limited There are no stipulations as regards its repayment. The said loan is doubtful of recovery. Necessary provision has been made in this respect in the accounts.

The Company has given interest free loans from time to time to its wholly owned Subsidiary viz. Khandesh Investments Limited without any stipulations for repayment of the principal amount and the balance due from the said Company at the close of the year is Rs. 37,650/-.

The Company has not given any loans to and/or deposits with the Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.

6. The parties to whom loans or advances in the nature of loans have been given by the Company, are generally repaying the principal amounts as stipulated and are also regular in payment of interest where applicable.
7. There are no purchases of plant and machinery, equipments and other assets and also stores and raw materials including components during the year.
8. In our opinion and according to information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the sale of shares.
9. The Company has not made any transaction of purchase of goods and materials and sale of goods, materials and services with any party in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more in respect of each party.
10. The Company is neither accepting deposits from the public nor renewing the same. In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the unclaimed deposits.
11. As informed to us, the Company is not required to deduct Provident Fund and Employees' State Insurance dues have generally been deposited regularly with the appropriate authorities.
12. According to the information and explanations given to us there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable except income tax of Rs. 1,01,836/- for Assessment Year 1997-98 and Rs. 2,71,511/- for Assessment Year 2000-2001.
13. The Computer Division of the Company is being operated by its wholly owned Subsidiary - Amalgamated Investments Limited on an appropriate charge. Consequently the provisions of Clauses (ii), (iii), and (iv) of paragraph 4(B) of the Manufacturing and Other Companies (Auditor's Report) Order, 1988, are not applicable.
14. To the best of our knowledge, and on the basis of our examination of the books of accounts and the information and explanations given to us, no personal expenses have been charged to the revenue account.
15. As the Company is not engaged in any manufacturing activity, the provisions of Section 209(1)(d) of the Companies Act, 1956 in respect of maintenance of Cost Records are not applicable.
16. The company is not a sick industrial company within the meaning of section 3(1)(0) of the Sick Industrial Companies (Special provisions) Act, 1985.

For GANESH & RAJENDRA ASSOCIATES
CHARTERED ACCOUNTANTS

GANESH MEHTA
PARTNER

MUMBAI, DATED : 8th August, 2001

THE AMALGAMATED ELECTRICITY COMPANY LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2001.**

	Schedule	Rupees	31st March 2001 Rupees	31st March 2000 Rupees
I SOURCES OF FUNDS :				
(1) Shareholders' funds :				
(a) Capital	(1)		13,882,560	13,882,560
TOTAL			<u>13,882,560</u>	<u>13,882,560</u>
II. APPLICATION OF FUNDS :				
(1) Fixed assets :	(2)			
(a) Gross block		792,579		792,579
(b) Less : Depreciation		663,636		643,071
(c) Net block			128,943	149,508
(2) Investments	(3)		314,041	1,750,441
(3) Current assets, loans & advances :				
(a) Sundry debtors	(4)	858,926		1,182,351
(b) Cash and bank balance	(5)	5,611		5,768
(c) Loans and advances	(6)	8,582,910		5,675,976
		9,447,447		6,864,095
Less : Current liabilities & provisions :				
(a) Liabilities	(7)	928,448		827,576
(b) Provisions	(8)	889,024		610,102
		1,817,472		1,437,678
Net current assets			7,629,975	5,426,417
(4) Profit and loss account			5,809,601	6,556,194
TOTAL			<u>13,882,560</u>	<u>13,882,560</u>
Notes to the accounts	(11)			

Per our report attached

For GANESH & RAJENDRA ASSOCIATES
Chartered Accountants

GANESH MEHTA
Partner

MUMBAI, DATED : 8th August, 2001.

For and on behalf of the Board

M. B. DALAL Director

C. N. KANABAR Director

SIXTY SIXTH ANNUAL REPORT 2000-2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001.

	Schedule	31st March 2001 Rupees	31st March 2000 Rupees
INCOME :			
Commission received		350,000	675,000
Interest	(9)	751,506	686,687
Computer usage charges		24,000	24,000
Miscellaneous receipts		12,407	12,000
Profit on sale of shares		366,660	—
		<u>1,504,573</u>	<u>1,397,687</u>
EXPENDITURE :			
Administrative and other expenses	(10)	359,766	331,971
Depreciation		20,565	18,790
		<u>380,331</u>	<u>350,761</u>
Profit before taxes		1,124,242	1,046,926
Provision for taxation		343,000	405,000
		781,242	641,926
Less : Adjustment for Prior year tax		34,019	87,013
Prior year expenses		630	—
Profit after taxes		746,593	554,913
Deficit brought forward from last year		(6,556,194)	(7,111,107)
Deficit carried to balance sheet		<u>5,809,601</u>	<u>(6,556,194)</u>

Notes to the accounts

(11)

Per our report attached

For GANESH & RAJENDRA ASSOCIATES
Chartered Accountants

GANESH MEHTA
Partner

MUMBAI, DATED : 8th August, 2001.

For and on behalf of the Board

M. B. DALAL Director

C. N. KANABAR Director