

# 34th ANNUAL REPORT 1998-99



## Aplaab

Commemorates Post-Independence Technological Achievements of India at City Entrance Thane

<b>Aplab Limited</b> 34th Annual General Meeting	
Day & Date	: Tuesday 28th September, 1999.
Time	: 4.00 p.m.
Venue	: Woodland Retreat, Plot No. 2, L.B.S. Marg, Thane - 400 604.
Please bring this copy to the Annual General Meeting	

<b>Contents</b>	<b>Page No.</b>
Notice	2
Annexure to Notice	2
Directors' Report	3
Annexure to Directors' Report	6
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules to Balance Sheet	12
Schedules to Profit & Loss Account	18
Cash Flow Statement	24
Statement on Subsidiaries	26
Intel Instruments - Annual Report	27
Aplab Display - Annual Report	39

# **Aplab Limited**

## **34th Annual Report 1998-99**

### **Board of Directors**

P. S. Deodhar

S. V. Joshi

U. S. Potnis

O. P. Puri

K. R. Phadke

R. N. Doss

V. B. Shejwalkar

B. N. Bhagwat

S. K. Hajela

*Chairman & President*

*Jt. CEO & Sr. Vice President*

*Sr. Vice President (Marketing)*

*Whole-time Director*

*Whole-time Director*

### **Company Secretary**

V. J. Jadhav

### **Registered Office & Works**

Aplab House,

A-5, Wagle Industrial Estate,

Thane - 400 604.

### **Works**

A-1, A-3, A-5 & A-6 Wagle Industrial Estate,

Thane 400 604.

6 & 18 Electronic Sadan II, Bhosari,

Pune 411 026.

### **Sales & Service Centres**

Mumbai

New Delhi

Calcutta

Bangalore

Secunderabad

Lucknow

Chandigarh

Chennai

Coimbatore

### **Auditors**

M. P. Chitale & Co.

Chartered Accountants

Mumbai

### **Bankers**

Bank of Maharashtra, Thane

The Sakura Bank Ltd., Mumbai

Corporation Bank, Thane

**APLAB LIMITED****Aplab****NOTICE**

NOTICE is hereby given that the THIRTY FOURTH ANNUAL GENERAL MEETING of APLAB LIMITED will be held at the Woodland Retreat, Plot No. 2, L.B.S. Marg, Thane 400 604 on Tuesday, 28th September, 1999 at 4.00 p.m. to transact the following business :

**Ordinary Business :-**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. K.R. Phadke who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri B.N. Bhagwat who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**Special Business :-**

5. To appoint Dr. S.K. Hajela as a Director who holds office upto the date of this meeting but is eligible for appointment under section 257 of the Companies Act, 1956.

By order of the Board

**V. B. Shejwalkar***Whole-time Director*

Thane

Dated 19th August, 1999

**Registered Office :**

Aplab House,  
A-5, Wagle Industrial Estate  
Thane 400 604.

**NOTES :**

1. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of Special Business under item 5 as set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
4. The Register of Members and the Share Transfer Books of the company will remain closed from Wednesday, the 15th September, 1999 to Tuesday, the 28th September, 1999 (both days inclusive).
5. Members are requested to notify the Company immediately on any change in their addresses.
6. Pursuant to section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1994 has been transferred to the General Revenue account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Compound, Dattaram Lad Marg, Kala Chowkie, Mumbai- 400 033.
7. All documents referred to in the Notice and Explanatory statement are open for inspection at the Registered office of the company during office hours on all days except Saturdays, Sundays and public holidays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
8. Members who would like to ask any questions on the accounts are requested to send their questions to the registered office of the company atleast 10 days before the Annual General Meeting to enable the company to answer the questions satisfactorily.
9. The members/proxies should bring the attendance slip duly filled in and signed and the balance sheet copy for attending the meeting.

By order of the Board

**V. B. Shejwalkar***Whole-time Director*

Thane

Dated 19th August, 1999

**Registered Office :**

Aplab House,  
A-5, Wagle Industrial Estate  
Thane 400 604.

**EXPLANATORY STATEMENT :**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**Item No. 5**

Dr. S.K. Hajela has been appointed as an additional Director of the company by the Board of Directors with effect from 29th April, 1999. In terms of section 260 of the Companies Act, 1956, Dr. S.K. Hajela holds office as Director only upto the date of the ensuing Annual General Meeting. However, he is eligible for appointment under section 257 of the Act. A notice proposing his candidature for the office of Director has been received by the company.

By order of the Board

**V. B. Shejwalkar***Whole-time Director*

Thane

Dated 19th August, 1999

**Registered Office :**

Aplab House,  
A-5, Wagle Industrial Estate  
Thane 400 604.

**34TH ANNUAL REPORT 1998-99****DIRECTORS' REPORT TO THE MEMBERS**

Gentlemen,

Your Directors present their 34th Annual Report of working of the Company together with the audited statement of accounts for the year ended 31st March, 1999.

**FINANCIAL RESULTS**

	Year ended 31-3-99 (Rs. in lacs)	Year ended 31-3-98 (Rs. in lacs)
Profit before interest, depreciation and tax	508.29	431.89
Interest	382.73	372.04
Depreciation	105.41	109.87
Profit/(Loss) before tax	20.15	(50.02)
Provision for taxation	-	-
Net Profit/(Loss)	20.15	(50.02)
Provision for Taxation written back	1.07	-
Amount available for appropriations	21.22	-
Out of which the following appropriations are made :-		
General Reserve ( - )	21.22	(50.02)
Proposed Dividend	-	-
Corporate Dividend Tax	-	-

**DIVIDENDS**

Though the Company has improved its performance over previous year it is still facing liquidity crunch. Your Directors, therefore, feel it prudent to skip the dividend for the current year also.

**REVIEW OF OPERATIONS**

Operations of Company throughout the year were adversely affected due to :

1. Liquidity crunch, caused mainly by delays in receiving dues from customers, inspite of concerted efforts.
2. Adverse market conditions have affected the operations of Industrial Product Division.
3. Dumping by multinational companies has caused a tremendous pressure on our realisable prices; especially in ATM Market.

Inspite of all this the Company's Operations during the year have resulted in profit of Rs.20.15 lacs against loss of Rs. 50.02 lacs during the previous year. This was possible mainly due to re-engineering of the products and various economy measures taken by the Company.

**FINANCE**

During the year Corporation Bank has sanctioned and disbursed the term loan of Rs. 1.5 crore. Corporation Bank has joined the consortium with Bank of Maharashtra by taking the share of present consortium member, The Sakura Bank Ltd. Disbursement of Cash Credit Limit is pending for completion of certain formalities. Debentures of Rs. 1.5 crore placed by Bank of Maharashtra have been redeemed during the year.

**PROSPECTS FOR THE CURRENT YEAR**

Company's Fuel Dispensing Pumps have gone through all the tests and field trials; and we expect to do a business of around Rs. 3.0 crore of this product alone. However, since not much change in industrial scenario is seen in the immediate future, your Company has kept a modest target of Rs. 42.00 crore for the current year. We are confident of achieving the same. The economy measures will continue as ongoing process and we hope to show better results during the current year.

**RESEARCH AND DEVELOPMENT**

During the current year R & D focus was on improving the existing products by incorporating current techniques to match the imported products. The new products developed during the year are :-

1. Digital Transmission Analyser with Jitter and without Jitter facility
2. Function Generator
3. PC Interphase Software for UPS
4. Battery Capacity Analyser
5. Multi-function Test System
6. 90KVA 50/400 Hz Frequency converter IGBT based PWM Technology
7. High Current Programmable DC Power Supply.

**SUBSIDIARY COMPANIES**

Intel Instruments & Systems Ltd., the export subsidiary at SEEPZ recorded exports of Rs.4.06 crore during the year 1998-99 as against Rs.2.97 crore during the previous year and the profit of Rs.7.68 lacs as against Rs.0.64 lacs previous year. The current year's target is to achieve export of Rs.4.5 crore and write off accumulated losses by atleast Rs.30 lacs.

Aplab Display Devices & Systems Ltd., subsidiary located at Lonavala, during the year got approval from State Bank of India for its revival/rehabilitation plan. Accordingly, the new manufacturing activities have started and as on date Rs. 4.0 lacs have been paid back to State Bank of India through funds generated.

**AUDITORS REPORT**

Your Directors would like to invite your attention to paragraph 4 and 5 of the Auditors Report and clarify as under :-

- 1) The Company had taken a cover under L.I.C. Group Gratuity Scheme and continued to be under scheme till 1997, when the maximum gratuity payable to employee under the Payment of Gratuity Act was Rs.1.0 lac. This limit was enhanced to Rs.2.5 lacs by ordinance dated 24th September, 1997 by the Government of India. As a result of these the Company was called upon to pay Rs.1.2 crore by L.I.C. in March, 1998.

Considering the pros & cons of huge financial outgo on one hand and the Company's moral and contractual obligations towards retiring employees on the other, the management came to the conclusion that it would not be possible to continue with the Scheme. It has been decided that gratuity be paid directly to employees as and when it becomes payable. The gratuity provision appearing in the Balance Sheet is adequate to pay the gratuity to the employees who are due for retirement till March 2004.

- 2) Aplab Display Devices & Systems Ltd.'s plans for revival have been approved by the State Bank of India. The beginning has been made by starting trading activities and within a short time will start to undertake manufacturing activities/job works with our active support. We are confident the Aplab Display Devices & Systems Ltd will turn the tide within a couple of years.

**FIXED DEPOSITS**

During the year, the deposits from public/members increased by 42% over last year. Fixed Deposits amounting to Rs. 1.73 lacs remained unclaimed as on 31st March, 1999 out of which deposits aggregating to Rs. 1.00 lac have since been renewed and Rs.0.12 lacs have been repaid, leaving a balance of Rs. 0.61 lacs as unclaimed.

**DEMATERIALISATION OF SHARES**

Your company has signed an agreement with National Securities Depository Limited (NSDL) and Intime Spectrum Services Pvt. Ltd. for joining the Depository System, which facilitates scripless trading. Dealing in shares in electronic form eliminates loss, theft, mutilation, bad deliveries, forgeries, fake certificates besides reducing transactional cost to the investors. Presently, around 10% of the Company's share capital has been dematerialised. The adoption of this modern automated system necessitates certain alterations to the provisions of the Articles of Association of the Company. An appropriate Special Resolution for effecting these alterations is already passed by the shareholders at the Annual General Meeting held on 29th September, 1997.

**Y2K COMPLIANCE**

The Company has taken necessary steps to ensure that all hardware, software and network systems are made Y2K Compliant by October, 1999. The Company has clearly identified the impact of Year 2000 problems on the systems and does not expect any adverse effect other than those identified. The risk to the Company due to Y2K issues mainly concern two aspects of our business. First relates to the application programs. All such application programs will be modified and will be thoroughly tested for Y2K compliance. Secondly, IT based products sold by our Company like the Bank Terminals, etc need to be Y2K compliant. This also has been carried out.

**ERP FOR EFFICIENCY**

The Company has engaged services of M/s ISC Consultancy Services P. Ltd. to implement BAAN ERP Software for more efficient management of our operations. Towards this end, Company is investing in computer hardware, operating systems and the embedded systems. Identification of the problem areas have been completed and the issue will be fully taken care of by the end of October, 1999. The Company has to make a provision of Rs. 45 lacs for this activity which is considered adequate to address and fix all the issues.

**MILLENNIUM**

As we stand on the threshold of a new millennium, our tireless efforts in the last 36 years to consolidate in Term of Technology, Process and skills come to fore.

**34TH ANNUAL REPORT 1998-99****Aplab**

Your Company's millennium programme has been designed and developed from the business perspective, integrating progressively the internal and external risk factors in the integral business chain which operate in all business and it has taken what it believes to be reasonable and prudent measures to mitigate these risks through implementation of the Year 2000 Programme.

**DIRECTORS**

In accordance with the Articles of Association of the Company, Dr. K.R. Phadke and Shri B.N. Bhagwat retire at the forthcoming Annual General Meeting and both being eligible, offer themselves for reappointment.

**PERSONNEL**

The relations with employees continued to be cordial through the year. The Board appreciates the willing co-operation and team spirit among the Management Cadre and other employees of the Company.

A statement showing particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 is annexed hereto.

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

A statement furnishing the information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

**AUDITORS**

The Auditors, M/s M.P.Chitale & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting. They have furnished a certificate confirming their eligibility for reappointment under Section 224 of the Companies Act, 1956 and have expressed their willingness to be reappointed. You are requested to appoint the Auditors for the current year.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the valuable co-operation and support extended during the year by the Company's Bankers, Financial Institutions and various Government bodies.

For and on behalf of the Board of Directors

Thane  
August 19, 1999

**P. S. Deodhar**  
*Chairman & President*





**ANNEXURE TO DIRECTORS' REPORT****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**  
(Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988)**A) CONSERVATION OF ENERGY**

- a) Energy conservation measures taken :  
The Company's production process does not involve any continuous process machinery. As the production involves electronic assembly, power requirements are very minimal. However, required conservation measures were already taken to ensure power consumption to the minimum extent necessary.
- b) Additional Investments and Proposals if any being implemented for reduction in consumption of energy :  
Since the power requirements are minimal, there is no proposal for any additional investment for conservation of energy.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :  
Not applicable
- d) Total energy consumption and energy consumption per unit of production :  
Not applicable as it is electronics industry.

**B) TECHNOLOGY ABSORPTION****1) Research & Development**

- a) **Specific areas in which R & D is carried out by the Company**
  - i. Development of new products especially hi-tech intelligent products and electronic transaction control systems.
  - ii. Improvements in the existing products and production processes, import substitution.
  - iii. Development of products to suit export markets.
  - iv. Customizing the products to the customers' specifications and absorption and adaptation of imported technology.
- b) **Benefits derived as a result of the above R & D :**  
The Company has achieved its position of leadership in the Indian Instrumentation Industry and continues to maintain it through its strong grip of technology. Almost all the products manufactured by the company are import substitution items which are fully developed in-house. It has resulted in considerable saving of foreign exchange. With the company, R & D is an on-going process. The company's R & D is recognised by the Ministry of Science & Technology, Government of India.  
Through a continuous interaction with production and Quality Assurance department, the R & D takes up redesign of the existing products. This is done to achieve state-of-the-art in our designs and to bring about improvement to get maximum performance/cost ratio.
- c) **Future plan of action :**  
Major R & D activity is concentrated around upgradation of product designs and realignment of production processes to bring about improved quality at lower cost. This will greatly help the company in facing competition in local markets from foreign companies.
- d) **Expenditure on R & D**

	(Rs. in lacs)	
	<u>1998-99</u>	<u>1997-98</u>
Capital expenditure	NIL	0.09
Revenue expenditure	<u>59.54</u>	<u>77.83</u>
	<u>59.54</u>	<u>77.92</u>
Total R & D expenses as a percentage to turnover	1.58%	2.09%

**2) Technology Absorption, Adaptation and Innovation :**

- a) **Efforts in brief made towards technology absorption, adaptation and innovation**  
The technologies for manufacture of 6.5 Digit Digital Multimeter and 1.1 GHz Signal Generator were imported during the year 1989 and the same were fully absorbed and adapted. During the year 1991, the imported technology was improved upon and upgraded in 1.1 GHz Signal Generator model. U.P.S have now been provided with software for monitoring systems.



**34TH ANNUAL REPORT 1998-99****Aplab****b) Benefits derived as a result of the above efforts :**

In the process of absorption of imported technologies and subsequent adaptation at R & D, the company could further improve quality of hi-tech instruments and make qualitative changes in the manufacturing process. It has also helped in introducing new features in the products for export. In the indigenisation process, the material cost could be brought down considerably.

**c) In case of imported technology :**

i) Technology imported	:	Digital Multi-meter & Signal Generator	PCM Channel Analyser
ii) Year of import	:	1989	1992
iii) Has the technology been fully absorbed	:	Yes	Partially
iv) If not fully absorbed, areas where this has not taken place	:		In developing P C M Channel Analyzer.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The earnings and outgo in foreign exchange are as follows :

Foreign Exchange earnings (FOB value) (Export subsidiary Rs. 373.05 Lacs)	Rs. 61.42 Lacs
Foreign Exchange Outgo (CIF Value of imports plus expenses in foreign currency) (Export subsidiary Rs.116.33 Lacs)	Rs.438.72 Lacs

For and on behalf of the Board of Directors

Thane  
August 19, 1999

**P. S. Deodhar**  
Chairman & President

**ANNEXURE TO THE DIRECTORS' REPORT****INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1976 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999**

Sr. No.	Name of the Employee	Age	Designation / Nature of duties	Remuneration	Qualifications	Experience	Date of Commencement of employment	Last Employment held
1.	Deodhar P. S.	64	Chairman & President	984980	B.E.(Telecom.) Hons., F.I.E.E.E. (U.S.A.), Distinguished F.I.E.T.E., F.I.E.	44	01.02.95	Advisor (Electronics) to the Prime Minister of India

**Notes :**

1. Remuneration includes Gross Salary, Company's contribution to PF,LTA,Reimbursement of Medical/other expenses.
2. None of the above employees is a relative of any Director of the Company.
3. All employments are contractual and are governed by service rules of the Company.

Thane  
Dated : August 19, 1999

**P. S. Deodhar**  
Chairman & President

**AUDITORS' REPORT**

To,

The Members of Aplab Limited

We have audited the attached Balance Sheet of Aplab Limited as at 31st March, 1999 and the Profit and Loss Account for the financial year ended on that date annexed thereto. We report that :

1. 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 except, (a) confirmation of balances of Debtors, Creditors and other parties under Loans and Advances including Earnest Money Deposits and (b) complete particulars of old outstanding debtors to ascertain adequacy of provision for doubtful debts.
2. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. We understand that the Company has withdrawn from LIC's Group Gratuity Scheme and that the Company intends to settle dues towards gratuity directly. The actuarial valuation of liability as at the year end is not obtained and no provision is made for gratuity in the year under audit.
5. We invite reference to the annual report of the wholly owned subsidiary, Aplab Display Devices and Systems Ltd. (ADDS) which is appended to the Company's annual report. It may be noted that ADDS has accumulated losses and its operations have been recently revived after a prolonged suspension. Reference is also invited to note no. 9 in Schedule 9 regarding initiation of rehabilitation programme for reviving ADDS. The recoverability of the Company's investment and advances in ADDS depends on the successful implementation of the rehabilitation programme on which we are unable to comment at this juncture.
6. In our opinion, the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable, except non-compliance with AS-15 which requires provisioning for accrued liability on account of gratuity, as stated in Paragraph 4 hereinabove.
7. Subject to our observations in Paragraphs 4 and 5 above in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and

In the case of the Profit and Loss Account, of the profit for the year ended on 31st March, 1999

8. Our further report on matters specified in 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 is given as an Annexure hereto.

For M. P. CHITALE & CO  
Chartered Accountants,

Thane  
August 19, 1999

**Uday M. Chitale**  
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

(Annexure referred to in paragraph 8 of our report of even date on the accounts for the year ended 31st March, 1999 of Aplab Limited)

1. The Company has maintained proper records showing full particulars including quantitative details of all fixed assets and situation of items other than furniture and dead stock. Physical verification of major items of fixed assets was conducted by the management at the year-end and we are informed that no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. Physical verification of finished goods, stores, spare parts, raw materials and components was conducted by the management at reasonable intervals during the year.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.