

Aplab

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37th Annual Report 2001-2002

Aplab Limited	
37th Annual General Meeting	
Day & Date	: Friday 6th September, 2002
Time	: 3.30 p.m.
Venue	: Woodland Retreat, Plot No. 2, L. B. S. Marg, Thane - 400 604.
Please bring this copy to the Annual General Meeting	

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Aplab Limited

37th Annual Report 2001-2002

Board of Directors

P. S. Deodhar
P. J. Rele
U. S. Potnis
R. N. Doss
S. V. Joshi
K. R. Phadke
V. B. Shejwalkar
D. P. Naganand
S. R. Khanna
Peter Vizenetz

Chairman
Director & CEO
Marketing Director
Whole time Director
Director
Director
Director
Director
Director
Director

Company Secretary

R. K. Deherkar

Registered Office & Works

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

Tel. : 5821861 Fax : 5823137
email : aplab@bom7.vsnl.net.in

Works

A-1, A-3, A-5, & A-6 Wagle Industrial Estate,
Thane 400 604.

6 & 18 Electronics Sadan II, Bhosari,
Pune 411 026.

Sales & Service Centres

Mumbai
New Delhi
Kolkata
Bangalore
Secunderabad

Lucknow
Chandigarh
Chennai
Coimbatore
Ahmedabad

Kochi
Trivandrum
Nagpur
Indore
Agra

Auditors

M. P. Chitale & Co.
Chartered Accountants
Mumbai

Bankers

Bank of Maharashtra, Thane
Corporation Bank, Thane

APLAB LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Thirty Seventh Annual General Meeting of Aplab Limited will be held at the Woodland Retreat, Plot No. 2, L.B.S. Marg, Thane – 400 604 on Friday, 6th September, 2002 at 3.30 p.m. to transact the following business:

Ordinary Business :-

1. To receive, consider and adopt the audited Annual Accounts for the year ended 31st March, 2002 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. V.B. Shejwalkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.R. Khanna, 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 consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED THAT Mr. Peter Vizenetz who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of section 260 of the Companies Act, 1956 ["the Act"] is eligible for appointment and the company has received notices in writing pursuant to the provisions of section 257 of the Act from some members of the company proposing his candidature for the office of Director of the company, and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and other applicable provisions, as amended if any, of the companies act, 1956, and subject to such permissions/consents/sanctions as may be necessary, the consent of the Shareholders be and is hereby accorded to the re-appointment of Mr. R.N. Doss as Whole-time Director of the Company for a further period of five years with effect from 1st August, 2002 upon such terms and conditions as are set out in the draft Agreement, submitted to this meeting and initialed by the Chairman for the purpose of identification, which agreement be and is hereby specifically approved with liberty and powers to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the agreement so long as such changes are in conformity with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto, and are acceptable to Mr. R.N. Doss.

RESOLVED FURTHER THAT pursuant to the provisions of Section 310, 311 and other applicable provisions of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to revise the remuneration and/or perquisites of Mr. R.N. Doss at its discretion at any time during the term of his office without further approval from Members provided that such revision will be in conformity with Part II of Schedule XIII to the Companies Act, 1956 and is in accordance with other stipulations contained in the Schedule as amended from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits of the company in any financial year during the term of office, the aforesaid remuneration and perquisites (except the commission on profits) or such remuneration as per Schedule XIII - Part II as applicable for the time being to the company, whichever is less shall be paid as the "Minimum Remuneration" to Mr. R.N. Doss.

RESOLVED FURTHER THAT Mr. R.N. Doss, Whole-time Director shall be liable to retire by rotation and shall perform such duties as entrusted to him from time to time, subject to the supervision and control of the Board of Directors.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary or desirable steps to give effect to this resolution."

By order of the Board

R.K. Deherkar
Company Secretary &
Finance Manager

Place : Thane
Dated : 29th June, 2002

Registered Office :
Aplab House
A-5, Wagle Industrial Estate
Thane – 400 604

37TH ANNUAL REPORT 2001-2002**Aplab****NOTES :**

1. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of Special Business under items 5 & 6 as set out above is annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing a proxy must be lodged at the registered office of the company at least 48 hours prior to the time fixed for the meeting.
4. The Register of Members and the Share Transfer Register of the company will remain closed from Thursday, the 29th August, 2002 to Friday, the 6th September, 2002 (both days inclusive).
5. Members are requested to notify immediately on any change in their address to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company's Share Department at Aplab House, A-5, Wagle Industrial Estate, Thane - 400 604 in respect of their physical share folios.
6. The Company has already transferred, all unclaimed dividend declared upto the financial year ended 31st March, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed their dividend upto the year ended 31st March, 1994 may submit their claim to the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, CBD, Belapur in the prescribed form.
7. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1995 or any subsequent financial year are requested to make their claim to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
8. Members who would like to ask any questions on the Accounts are requested to send their questions to Registered Office of the Company at least 10 days before the Annual General Meeting to enable the Company to answer the questions satisfactorily.
9. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies at the Annual General Meeting. Members/Proxies should bring the attendance slip duly filled in and signed for attending the meeting.
10. 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.
11. Members are requested to note that with effect from 24th July, 2000, the Company's shares are placed under Compulsory Electronic Trading List for all class of investors.

EXPLANATORY STATEMENT :**(Pursuant to Section 173(2) of the Companies Act, 1956)****Item No. 5**

Mr. Peter Vizenetz was appointed as an additional Director of the company by the Board of Directors with effect from 29th June, 2002. In terms of section 260 of the Companies Act, 1956, Mr. Peter Vizenetz 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 Companies Act, 1956. A notice has been received from one member signifying intention to propose his candidature for the office of Director. Accordingly the Board commends the resolution at item no. 5 of the notice for the approval of members.

Except Mr. Peter Vizenetz, none of the other Directors of the Company is in any way concerned or interested in the resolution.

APLAB LIMITED**Item No. 6**

The Board of Directors of the Company re-appointed Mr. R.N. Doss as Whole-time Director of the company for a period of 5 years with effect from 1st August, 2002 at its meeting held on 29th June, 2002 on such terms as contained in the Agreement, draft of which was approved by the Board subject to the approval of members at the Annual General meeting.

The draft agreement to be entered into with Mr. R.N. Doss contains inter-alia the following terms and conditions :-

I. PERIOD : Five years with effect from 1st August, 2002.

II. REMUNERATION :

1. Salary: Rs. 3,96,000/- per annum or Rs. 33,000/- per month.
2. Commission: 0.5% (half percent) of the net profits of the company (as computed in accordance with the Companies Act, 1956)
3. PF & FPF : Company's contribution to Provident Fund subject to a ceiling of 12% of the salary.
4. Gratuity : Payable as per the Company's rules and the same will not be considered for computation of the ceiling as per Gratuity Act.
5. Medical Benefits : Reimbursement of medical expenses actually incurred by him for self and family the total cost of which to the company shall not exceed one month salary in a year or three months salary in a block of three years.
6. Housing : The expenditure by the Company on hiring accommodation for the Whole-time Director shall be subject to 50% of the salary over and above 10% payable by the Whole-time Director himself. The expenditure incurred by the Company on gas, electricity, water and furnishing will be subject to a ceiling of 10% of the salary.
7. Leave Travel Assistance : For self and family subject to a ceiling of one month salary in a year or 3 months salary for a period of 3 years.
8. Company's Car : The Company will provide a car to the Whole-time Director with re-imbursement of driver's salary Use of company's car for private purposes shall be billed by the company.
9. Personal Accident Insurance : Premium not to exceed Rs. 1000/-per annum.
10. Club Fees : Fees of clubs subject to a maximum of two. This will not include admission and life membership fees.
11. Telephone : Telephone facility at residence for office use. Personal long distance calls shall be billed to the Whole-time Director by the Company.
12. Earned/Privilege Leave : As per rules of the company but not exceeding one month leave for every eleven months of service and leave accumulated but not availed of will be allowed to encash at the end of tenure.
13. The Whole-time Director shall be liable to retire by rotation as a Director in accordance with the Articles of Association of the company.

III DIRECTOR'S SITTING FEES :

The Whole-time Director shall not be eligible for any sitting fees for any Board or Committee Meeting attended by him.

IV MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits of the company in any financial year during the term of office, the aforesaid remuneration and perquisites (except the commission on profits) or such remuneration as per schedule XIII – part II as applicable for the time being to the company, whichever is less shall be paid as the "Minimum Remuneration" to the Whole-time Director.

Considering Mr. Doss's knowledge and experience in the Electronic Industry it would be in the interest of the company to avail his services. The Board accordingly commends the resolution at item no. 6 of the notice for the approval of members.

A copy of the draft agreement is open for inspection by Members at the registered office of the company between 11.00 a.m and 1.00 p.m on all days except Saturdays, Sundays and Public holidays upto the date of annual General Meeting.

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This Explanatory Statement is and should be treated as an abstract under section 302 of the companies act, 1956.

Except Mr. R.N. Doss, none of the other Directors of the company is in any way concerned or interested in the resolution.

INFORMATION AS REQUIRED UNDER CLAUSE 49 (VI) (A) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/ RE-APPOINTED

Mr. V.B. Shejwalkar

Mr. V.B. Shejwalkar is a Commerce Graduate. He was Finance Director on the Board of the Company for 15 years. He possesses expertise and indepth knowledge of Company's operations for past 30 years.

He is not a Director in any other company.

Mr. S.R. Khanna

Mr. S.R. Khanna is B-Tech (Mechanical) from IIT, Kharagpur and PGDBM from IIM, Bangalore. He has 11 years experience in the field of Electronic Companies. He is presently CEO of Zee Turner. He was nominated on the Board of Aplab by Siticable Network Limited a subsidiary of Zee Telefilms Limited.

He is not a Director in any other company.

Mr. Peter Vizenetz

Mr. Peter Vizenetz is a MBA from Munich University and holding degree in Electrical Engineering. He possesses vast experience in the field of import and export of Measuring Instruments, designing and marketing of precision electronic and electromechanical components.

Mr. R.N. Doss

Mr. R.N. Doss is a B.Sc. rank holder, B.Tech (Hons) from IIT, Kharagpur and done his M.Sc. (Engineering) in Control Systems from Delhi College of Engineering. He is specialised in High Power Systems. He was an Asst. Director, Telecom Research Centre (a part of the erstwhile Post & Telegraph Dept.). During his tenure there, he has invented and developed pulse width control modified parallel inverter, which has been presented in India, USA & UK. He is an award winner for the above patent. He is also the recipient of World Telecommunication Day award. He has more than 35 years experience in Electronic Industry in Designing, Developing, Manufacturing, Testing of Power Electronic Systems like UPS, Frequency Converters, Line Conditioners, Chargers and High Current DC Power Supplies.

He is not a Director in any other company.

By order of the Board

Place : Thane
Dated : 29th June, 2002

R.K. Deherkar
Company Secretary &
Finance Manager

Registered Office :
Aplab House
A-5, Wagie Industrial Estate
Thane – 400 604



APLAB LIMITED**Aplab****DIRECTORS' REPORT**

To the Members

Gentlemen,

Your Directors present their 37th Annual Report of working of the Company together with the audited statement of accounts for the year ended 31.03.2002.

	Year ended 31-03-2002 (Rs. in lacs)	Year ended 31-03-2001 (Rs. in lacs)
Profit before finance cost, depreciation and tax	413.56	537.20
Finance Cost	260.22	381.78
Depreciation	104.22	103.21
Profit/(Loss) before tax	49.12	52.21
Provision for taxation	28.44	7.75
Net Profit/(Loss)	20.68	44.46
Tax adjustment of earlier years	-	43.63
Amount available for appropriations	20.68	0.83
Out of which the following appropriations are made :-		
General Reserve	20.68	0.82
Proposed Dividend	-	-
Corporate Dividend Tax	-	-

DIVIDENDS

Though the performance of the current year shows improvement, the Directors have decided to skip paying dividend in order to conserve the liquidity keeping in mind the requirement of funds for a considerable business expansion expected during current year. We hope to be on the dividend-paying list in the coming year.

REVIEW OF OPERATIONS

During the year under review the Company reported a total turnover including manufacturing, trading and service operations of Rs. 5251.20 lacs which is higher by Rs. 538.08 lacs, of previous year recording a growth of 11.42%. Though the interest cost has gone down substantially due to reduction in borrowings and also due to overall reduction in rate of interest, this could not result in substantial profits mainly due to pressure on realisable sales prices and increase in the cost of freight, transport, electricity charges and other overheads.

FINANCE

The availability of cash flow was adequate to conduct the business during the year. We have also repaid Rs. 72 lacs towards various Term Loans.

PROSPECTS FOR THE CURRENT YEAR

During the year under review your company was able to expand the Smart Card based ATM network established in association with Banqit AB of Sweden. The scope of this network has been expanded by also supplying battery operated Smart Card based Point of Sales Terminals developed entirely by your company that permit transactions between Smart Cards at merchant locations as well as in remote locations. Prospects for further expansion of the ATM network and also the possibility of supplying several more POS Terminals look very promising.

The association with Banqit AB is in the process of being formalized towards forming a Joint Venture in India to manufacture and sell ATMs both for the rapidly expanding Indian market as also for the global market.

The business of Fuel Dispensing Pumps shows good signs of expanding. Your company has completed the successful delivery of 100 Pumps, which are working trouble free for the past several months. In addition another lot of 40 pumps with preset facilities

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have also been developed and delivered. An export order has been successfully executed and a repeat order has been received from the same overseas customer.

During the year under review your company entered a contract manufacturing agreement with Findel plc of the UK to produce their entire range of electronic equipment that they sell through catalogues to School and University Laboratories. The products sold under the Phillip Harris and Unilab labels have a history of over 100 years. Your company has set up a new facility that compares with the best in the industry to produce these products. This business is expected to bring substantial improvements in the working of your company.

Your company has developed a new range of Bank Automation products - Envelope Depositories and Cheque Depositories. Efforts are on to expand this range to offer a choice to the rapidly evolving banking industry. Your company has entered into an arrangement with NCR Corporation, a large, US based company in this field, to market these products.

Your company supplied several UPSs to Playwin Infravest Pvt. Ltd. to support the on-line lottery machines in the field. As the population of lottery machines increases this is expected to generate more UPS business for your company. The process of development of the lottery machines, to make them more economically in India, has been initiated. This is also expected to add substantially to the business of your company.

The order prospects are good for the traditional businesses and looks robust for the new businesses.

RESEARCH AND DEVELOPMENT

R & D in your Company is a continuous process since it requires to incorporate the latest state of the art technologies in the existing products. Secondly, your Company is well known for custom made products to suit the requirements of its customers. This results in lot of additions to the existing range. Some of the new products, which are developed during the year, are as follows:

1. 12KVA Frequency Converter 3Phase to suit Air Craft applications.
2. Special Power Supply Unit for Automatic Rescue Device
3. 120KVA 1Ph Parallel Redundant UPS
4. Selective Frequency Level Meter
5. Programmable Pulse Generator
6. 10MHz Pulse Generator
7. Current Generator

SUBSIDIARY COMPANIES

Intel Instruments & Systems Ltd., the export subsidiary at SEEPZ recorded exports of Rs.327.88 lacs during the year 2001-2002 as against Rs. 378.47 lacs during the previous year and a loss of Rs. 23.01 lacs as against the loss Rs. 5.21 lacs previous year. In view of the business to come, your Company has increased its share capital to Rs. 100 lacs by investing additional Rs. 40 lacs during the year.

Operations of Aplab Display Devices & Systems Ltd., subsidiary located at Lonavala, has resulted into a turnover of Rs. 66.00 lacs and a profit of Rs. 9.77 lacs. The operations during the current year and the years to come will wipe off the accumulated losses.

AUDITORS REPORT

Your Directors would like to invite your attention to paragraph 5 and 6 of the Auditors Report and clarify as under :-

1. Soon after approval of Revival Plan for Aplab Display Devices & Systems Ltd. by State Bank of India, last year, a beginning was made by starting Trading activity. During that year a profit of Rs. 2.31 lacs was made. Against this the Company has recorded profit of Rs..9.77 lacs this year. The increase in company's advances to ADDS as reported last year is due to one time settlement of loan to State Bank of India, which Aplab made as a guarantor to its subsidiary. The management is confident that the investment and advances to ADDS are good and fully recoverable.

Intel is a 100% subsidiary and Aplab derives tremendous indirect benefits by exposing its products to foreign stringent specifications and quality. It enables your Company to incorporate the same latest technology for our domestic market, which keep us ahead of our competitors. Secondly, there is a considerable large business in the offing during the year with which we hope to wipe out the accumulated losses considerably.

2. 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. 3.5 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 and similar large amounts every year.

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 LIC Scheme. It has been decided that gratuity be paid directly to employees as and when it becomes payable. During the current financial year Company has paid an amount of Rs. 10.38 lacs towards gratuity. The liability of Employees due for retirement in next 5 years in normal course, is Rs. 19.16 lacs.

3. As regards accounting policy for modvat, the method followed by the company is in accordance with the view taken by Tax Authority. It is not practical and convenient for the company to follow the method recommended by Institute in view of very large type and number of components we require to procure under single consignment.

FIXED DEPOSITS

During the year, the company mobilised fresh deposits of Rs. 98 lacs. The deposits have increased by 24% over the last year. Fixed Deposits amounting to Rs. 3.26 lacs remained unclaimed as on 31st March, 2002 out of which deposits aggregating to Rs. 1.31 lacs have since been renewed and Rs. 0.80 lacs have been repaid, leaving a balance of Rs. 1.15 lacs as unclaimed.

DIRECTORS

Mr. Rajesh C. Jain resigned as Director from the Board with effect from 7th May, 2002. The Board appreciated him for valuable guidance and co-operation received during his tenure as a Director.

Mr. R.N. Doss is re-appointed as Whole-time Director, of the Company at the Board Meeting held on: 29.06.2002 with effect from 1st August 2002 subject to approval of Members in the Annual General Meeting. Mr. Peter Vizenetz is appointed as additional director at the Board Meeting held on 29.06.2002.

In accordance with the Articles of Association of the Company, Mr. V.B. Shejwalkar and Mr. S. R. Khanna are liable to retire at the forthcoming Annual General Meeting, being eligible, have offered themselves for re-appointment.

CORPORATE GOVERNANCE

Adoption of principles of good corporate governance including transparency in dissemination of information to stakeholders has been the Company's policy all along. A separate report on Corporate Governance along with the Auditors Certificate on its compliance by the Company will be provided when the requirements of Clause 49 of the Stock Exchange Listing Agreement become applicable in the year ending March 31, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT

As per Companies amendment Act, 2000, under Section 217(2AA) of the Companies Act, 1956, your Directors' subscribe to the "Directors' Responsibility Statement" and confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 and of the profit of the company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

The Company's Internal Auditors have conducted periodic audits to ensure that established policies and procedures have been followed. The Audit Committee met Internal Auditors periodically to review Internal Controls and Financial Reporting System.

LISTING OF SECURITIES

The Securities are listed on the stock exchanges at Mumbai, Delhi, Chennai, Pune & Ahmedabad.

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.

There is no employee, whose details are required to be given under Section 217 (2A) of the Companies Act, 1956.