

Simplify

46th Annual Report 2010-2011



Aplab Limited 46 th Annual General Meeting	
Day & Date	: Thursday, 29 th September, 2011
Time	: 12.30 p.m.
Venue	: Hotel Tip Top Plaza, L.B.S.Marg, Near Check Naka, Thane (W) - 400 602.
Please bring this copy to the Annual General Meeting	

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Aplab Limited

46th Annual Report 2010-2011

Board of Directors

P. S. Deodhar
Nishith Deodhar
Neelam K. Kumar
Amit Goenka
A. G. Joshi
Jayant Deo
S. K. Hajela

Chairman
Managing Director
Executive Director
Director
Director
Director
Director

Company Secretary & Finance Controller

Rajesh K. Deherkar

Registered Office & Works

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

Tel. : 67395555 Fax : 25823137
email : response@aplab.com
web : www.aplab.com

Works

A-1, A-3, A-5, A-6 & B-92, Wagle Industrial Estate,
Thane 400 604.

Plot No. 12, TTC Indl. Area,
Village Digha, Thane Belapur Road
Navi Mumbai - 400 708.

EL-15, Pimpri Indl. Area,
MIDC, Bhosari,
Pune- 411 026

Sales & Service Centres

Agra	Chennai	Jaipur	Mumbai	New Delhi	Surat
Ahmedabad	Coimbatore	Kochi	Mysore	Patna	Trivandrum
Bangalore	Gauhati	Kolkatta	Madurai	Pune	Trichy
Bhopal	Goa	Kannur	Mangalore	Raipur	
Bhuvaneshwar	Hubli	Lucknow	Nagpur	Ranchi	
Chandigarh	Indore	Ludhiana	Nashik	Secunderabad	

Auditors

M. P. Chitale & Co.
Chartered Accountants
Mumbai

Bankers

Corporation Bank,
Thane

Bank of Maharashtra,
Thane

Registrar & Transfer Agents

M/s. Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road, Marol Naka,
Mumbai - 400 059.
Tel. 2859 40 60 / 2859 60 60 / 2859 44 42
Fax: 2850 37 48

NOTICE

NOTICE IS HEREBY GIVEN THAT the Fortysixth Annual General Meeting of Aplab Limited will be held at Hotel Tip Top Plaza, L B S Marg, Thane (West) – 400 602 on Thursday the 29th September, 2011 at 12.30 p.m. to transact the following business:

Ordinary :-

1. To receive, consider and adopt the audited Annual Accounts for the year ended 31st March, 2011 together with the Reports of the Directors and Auditors thereon;
2. To appoint a Director in place of Mr. A.G. Joshi who retires by rotation and being eligible offers himself for re-appointment;
3. To appoint a Director in place of Dr. S.K. Hajela 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 :-

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a special resolution

“RESOLVED THAT consent of the members be and is hereby accorded pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) to the re-appointment of Mrs. Neelam K. Kumar as Executive Director of the Company for a period of 2 (two) years with effect from 1st August, 2011 subject to the approval of Central Government on the terms and conditions, including expressly the proposed remuneration payable to her as Executive Director and the minimum remuneration payable to her in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Mrs. Neelam K. Kumar.

RESOLVED FURTHER THAT the Managing Director be and is hereby authorized to execute the Agreement with such alterations, changes, and/or variations in the remuneration payable to Mrs. Neelam K. Kumar as may be agreed between the Directors and Mrs. Neelam K. Kumar, provided that the said remuneration as altered, changed or varied shall be in accordance with the limits prescribed therefore under Schedule XIII of the Act for the time being and from time to time in force.

RESOLVED FURTHER THAT Mrs. Neelam K. Kumar, Executive Director shall perform such duties as entrusted to her from time to time, subject to the supervision and control of the Chairman, Managing Director and Board of Directors.

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

By Order of the Board

Thane
11th August, 2011
Registered Office :
Aplab House
A-5, Wagle Estate,
Thane – 400 604

Rajesh K. Deherkar
Company Secretary &
Finance Controller

NOTES:

1. 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.
2. 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.
3. The Register of Members and the Share Transfer Register of the company will remain closed from Thursday, the 22nd September, 2011 to Thursday, the 29th September, 2011 (both days inclusive).
4. Members are requested to contact the Registrar and Share Transfer Agents for all matters connected with the Company's shares at: M/s Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai – 400 059. Tel : 28594060 / 28594442 / 28594428 Fax : 28503748
5. Members are requested to notify immediately on any change, if any, in their address/mandate/bank details to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agents 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. 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. Accordingly Dividend for the year ended 31st March, 1995, 31st March, 1996, 31st March, 1997 and 31st March, 2003 have already been 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, 2004, 31st March, 2005, 31st March, 2006, 31st March, 2007, 31st March, 2008 and 31st March, 2009 are requested to make their claim to the Registered Office of the Company.

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. The Members are requested to provide their e-mail IDs to the Registrar or Registered Office for facilitating speedy communication.**
12. As required under Clause 49 VI(A) of the Listing Agreement, the relevant information in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting is given in the Explanatory Statement of the Annual Report.

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

Item No. 5

Mrs. Neelam K. Kumar was re-appointed as "Executive Director" with effect from 1st August, 2011 for a period of two years by the Board of Directors ["the Board"] at its meeting held on 11th August, 2011. The re-appointment of Mrs. Neelam K. Kumar and her remuneration were approved by the Remuneration Committee and Board of Directors at their meeting held on 11th August, 2011 to seek the Central Government permission subject to the approval by shareholders in the ensuing Annual General Meeting, for the remuneration payable to Mrs. Neelam K. Kumar, Executive Director in terms of Paragraph 1 (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956, in case of no profit or inadequate profit during any year of her tenure, upon terms and conditions which are set out in the draft Agreement.

Statement pursuant to Paragraph 1 (C) of Section II of Part II of Schedule XII

I. General Information:

PARTICULARS	INFORMATION
1. Nature of Industry	Electronic Industry. The Company is engaged in the business of manufacturing and marketing of Electronics Test & Measuring Instruments, Power Systems, Micro Processor based instruments and systems, Industrial control equipments, ATMs and other Banking Automation Products.
2. Date of commencement of commercial production.	30 th September, 1964
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable.
4. Financial performance based on given indicators	As per audited financial results for the year ended 31 st March, 2011 following is the financial performance

Particulars	Rupees in 000
Turnover & other income	1112983
Profit after tax	12298
Net Worth	259123
5. Export performance and net foreign exchange earnings	The company's export and net foreign exchange earnings for the financial period ended 31 st March, 2011 in Rupees thousands were Rs. 52869, Previous Year Rs. 69408
6. Foreign investments or collaborators, if any.	Nil
Non-resident Shareholding	64481 Equity Shares aggregating to 1.29% of the Paid-up Share Capital

II. Information about the appointee:

1) Background details

Mrs. Neelam K. Kumar is a Qualified Electronics Engineer, Member IEEE/USA, a Technical Board Topper and All Round Merit certificate holder in Academics, Music, and Sports & Dramatics. She has also attended Masters Degree Programme in Engineering Business Management

conducted by The University of Warwick, UK. Currently associated with the company since 1996 and presently occupying the position of Executive Director of Power Controls & Conversion Division & Export Production Centre for Philip Harris UK Products manufactured in India and heads the IT division.

2) Present Remuneration: Amount in Rs.

Particulars	Neelam Kumar
Designation	Executive Director
With effect from	01.08.2008
Upto	31.07.2011
Salary p.a.	12,00,000
Other allowance p.a.	1,80,000
HRA p.a.	1,92,000
or	
Company Accommodation	
Furnishing etc p.a.	80,000
Medical p.a.	50,000
LTA p.a.	1,00,000
Gas Electricity p.a.	34,000
Total p.a.	18,36,000
Provident Fund	As per company's rules & Act
Gratuity/Leave Encashment	As per company's rules & Act
Commission:	
On First Rs. 300 lacs of Profit	Nil
On Profit above Rs. 300 lacs	2%
Including Commission	Rs. 75,00,000/- per annum
Maximum Remuneration	plus retirement benefits
Payable	

3) Recognition or awards

In the year 1978 Mrs. Neelam K. Kumar was awarded a merit certificate for development of a new method of emergency lights first productionised in record time for specific Export purpose & for doing special work in the field of miniaturized DC to DC Converters for TV Industry that was in its initial boom in India in the year 1977-1978.

Mrs. Neelam K. Kumar is a recipient of 'The Shield of Excellence' in Export under the category "Outstanding Export Growth" relating to the year 1993-1994 by the 'Electronics and Computer Software Export Promotion Council'.

Mrs. Neelam K. Kumar has successfully Convened India International Conference on Power Electronics 2002 and 2004.

Mrs. & Mr. Ashok Hinduja in the presence of the esteemed Consul General of France & Mrs. Mayumi Pajolas, had invited 50 Asian women achievers in various fields and Mrs. Neelam K. Kumar was one of the 50 invited Asian women achievers in the field of Hi Tech Electronics.

4) Job profile and her suitability

Mrs. Neelam K. Kumar has 28 years hands on experience of Manufacturing Electronic Equipments especially Power Conversion & Control Systems, Test & Measuring Instruments for export as well as local market. Mrs. Kumar

will be heading Power Control & Conversion Division, Export Production Centre and IT Division. She will also assist the Chairman & Managing Director for Corporate Communication.

5) Remuneration proposed

In accordance with the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ["the Act"], and subjects to the limits prescribed under the Act, and also subject to such approvals as are necessary, consent of the members is being sought for authorizing the Board of Directors to revise the remuneration payable to Mrs. Neelam K. Kumar, Executive Director for the remaining term within the ceiling of Rs. 75,00,000/- per annum, commensurate with the effective capital of the company prescribed under the Act in terms of Paragraph 1 (C) of Section II of Part II of Schedule XIII, in case of no profit or inadequate profit during any year of her tenure.

Details of Proposed Remuneration

Particulars	Neelam Kumar	Amount in Rs.
Designation	Executive Director	
With effect from	01.08.2011	
Upto	31.07.2013	
Salary p.a.	13,80,000	
Other allowance p.a.	1,55,400	
HRA or Company Accommodation	Company Accommodation	
Furnishing etc p.a.	1,00,000	
Medical p.a.	20,000	
LTA p.a.	1,30,000	
Gas Electricity p.a.	34,000	
Total p.a.	18,19,400	
Provident Fund	As per company's rules & Act	
Gratuity/Leave Encashment	As per company's rules & Act	
Commission:		
On First Rs. 300 lacs of Profit	Nil	
On Profit above Rs. 300 lacs	2%	
Including Commission	Rs. 75,00,000/- per annum	
Maximum Remuneration	plus retirement benefits	
Payable		

Notes: 1) For calculation of commission, extra-ordinary items of income and expenditure will not be considered.

2) Company Accommodation cost will not be more than Rs. 40,000/- per month.

6) Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered by her and

the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointees in other companies.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Besides the remuneration proposed, there is no other pecuniary relation exist.

III. Other Information:

1) Reasons of loss or inadequate profits

The liberalization of Economic policies has resulted in stiff competition for the Company's products from International Suppliers as well as unorganized sectors within the country. Taxation structure, competition and comparative higher manufacturing cost have affected the sales realizations.

2) Steps taken or proposed to be taken for improvement

With the global stable economic conditions, improved taxation structure, the prospects of business in general are bright which is evident from the improving performance of the company for the year ended 31 March 2011. The similar trend is expected to continue in years ahead

The Company has taken radical cost rationalization measures by which manpower requirements will be rationalized and administrative expenses will be pruned. The focused credit control norms for the customers and improved agreed terms with the Bankers would result in reduction of the finance cost. Targeted better product mix through strategic marketing policies would improve the bottom line.

3) Expected increase in productivity and profits in measurable terms

With all-round cost rationalization, the Company is expected to improve its performance in the current year. The expected rapid growth in new Product Lines and operations of the company in coming years will certainly generate adequate profits.

This may be treated as abstract of the terms of the agreements pursuant to Section 302 of the Act.

A copy of the draft agreement referred to in the resolution is open for inspection by members 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.

The Directors commend the Resolution at Item No. 5 for your approval.

Except Mrs. Neelam K. Kumar, none of the other Directors of the company is in any way concerned or interested in the resolution

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

Mr. A.G. Joshi – Independent Director

Mr. A.G. Joshi is a Post Graduate in Science faculty and did his Management studies from Pune University. He is having working experience in the Banking field with Bank of Maharashtra for 30 years, 3 years in Indian Bank as Executive Director and Dena Bank for 3 years as Chairman and Managing Director.

He is also Director in Sahil Resorts & Spa India Ltd, Sahil Hospitality Ltd., Phadnis Properties Limited, Phadnis Infrastructure India Ltd., Phadnis Power Projects Pvt Ltd, Unity Infra Projects Limited, Roman Tarmat Ltd., GDA Trustee & Consultancy Ltd

Dr. S.K. Hajela – Independent Director

Dr. Shailendra Hajela graduated in Electrical Engineering from IIT-Roorkee in India and did his Doctorate in Control Systems at the Technical University in Ilmenau in Germany. He is Fellow of IE, IETE and Senior Member of IEEE. He is the Chairman of Telecel Communications (P) Ltd., an ICT consultancy organization

He has worked as a Senior Consultant to the Telecom Regulatory Authority of India from February 1998 to August 2006. Dr. Hajela has done consultancy assignments for the UNESCAP, World Bank, Asian Development Bank, UNDP, ITU, APT and the Government of India

He joined the P & T Department of India as an officer of the Indian Telecom Service in 1959 and worked in progressively increasing positions of responsibility during his career

He is also Director in Telecel Communications Pvt. Ltd

By Order of the Board

Thane
11th August, 2011
Registered Office :
Aplab House
A-5, Wagle Estate,
Thane – 400 604

Rajesh K. Deherkar
Company Secretary &
Finance Controller

DIRECTORS' REPORT

To the Members

Gentlemen,

Your Directors present their 46th Annual Report and the Audited Accounts for the year ended 31.03.2011

	(Rs. in Lacs)	
	<u>Year ended</u> <u>31.03.2011</u>	<u>Year ended</u> <u>31.03.2010</u>
Profit before finance cost, depreciation and tax	924.59	92.64
Finance Cost	617.35	507.68
Depreciation	184.26	200.93
Profit/(Loss) before tax	122.98	(615.97)
Provision for Income tax	-	-
Deferred Tax Liability/(Asset)	-	-
Net Profit/(Loss)	122.98	(615.97)
Amount available for appropriations	-	-
Appropriations :		
1. General Reserve	-	-
2. Proposed Dividend	-	-
3. Tax on Dividend	-	-

REVIEW OF OPERATIONS

During the year under review the Company's turnover has increased to Rs. 11,416.56 Lacs against Rs. 9,795.54 Lacs of previous year. This represents a growth of 16.55%. The growth is mainly in fuel dispensing units, power electronics and service income. With the added turnover profit before tax of Rs. 122.98 Lacs is achieved against loss of Rs. 615.97 Lacs of previous year. In the current year growth is expected in sale of all other products.

FINANCE

The cost of finance has been continued to increase in the year under review. The Reserve Bank of India's frequent enhancement in the borrowing costs for the financial institutions may increase further the finance cost in the current year. The liquidity position of the company has been satisfactory during the current year in spite of the carried forward losses of earlier year, due to the disciplined operations. Directors are making every effort to control the cost by better working capital management.

DIVIDENDS

The year under review has generated net profit of Rs. 122.98 Lacs however as a prudent business practice the Board felt it appropriate to defer the recommendation of any dividend till earning of adequate profit to clear the deficit in the Profit & Loss Account, (P.Y. Nil).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Report also includes Management Discussion & Analysis and the Report is thus a composite and comprehensive document

A. Industry Structure and Developments:

The electronics manufacturing sector in India continues to be under tremendous pressure. High inflation and spiraling commodity prices have resulted in increased upward pressure on our wage bill and lower margins for our products. RBI's ongoing focus on reducing inflation and consequent steady increases in key lending rates has substantially increased your company's borrowing costs. The markets your company operates is continue to be extremely competitive with little advantage in local manufacturing. Your company's sales margins continue to be impacted. The increase in material costs without much scope for increasing selling prices continues to challenge your company's push towards profitable growth. The problems faced by Indian manufacturers range from poor infrastructure like non availability of power, complex State, Centre and local taxes, rules & regulations, corruption, bureaucratic hurdles and lack of promotional policies. Further delay in the implementation of the uniform GST has further hampered efforts to reduce operational costs. The emerging debt crisis across the western economies threatens to turn into a full-fledged recession. Your company is somewhat insulated from its effects since a majority of our sales revenue continues to be driven out of India. Government spending has slowed over the last few quarters but we expect this to pick up again, especially in the areas of Defense.

B. Opportunities and Threats to your company:

Your company continues to explore opportunities in the PV Solar market. Your company's reputation in the power sector and unique market defining intellectual property should help in making further inroads into this market.

Your company's banking and retail automation products continue to see increasing interest from the industry. Banks in particular are keen to look automation and self-service kiosks, as their labour costs continue to increase. We expect a substantial rise in the business in the coming year.

Test and Measurement division should see some growth as the educational and defense sectors continue to expand. Your company is also looking to increasing its share of the OEM power supply business.

The UPS division makes a major portion of your company's business however unfortunately margins are under the most pressure for this market segment. Your company is going to increasingly focus on industrial and customized UPS systems, where the company can command better margins.

Your company's fuel dispenser products have seen sales margins hampered by high input costs as commodity prices have risen. Your company has begun to start marketing some of its automation and solar products to this market segment. This would help enhance sales and also alleviate some of the margin pressure.

C. Threats

General economic conditions of inflation, severe competition within India and from outside, increasing material price and labour costs continue to be major threats. Increases in prices of lead, copper, steel and aluminum and volatility therein are disruptive to our supply chain. Cost of borrowings continues to rise and is likely to continue to do so in the midterm as RBI continue to increase its key lending rates in an effort to tame inflation. Our interest burden continues to put pressure on our net profits and the company is exploring all options to reduce its debt burden.

Service revenue margins continue to be under tremendous pressure as payroll and transportation makes up the major cost for this revenue. Both have seen significant rise due to high inflation and fuel price rises.

If the emerging debt crisis expands and pushes some of the western economies into recession, then your company's exports are further likely to be hampered.

COMPANY PERFORMANCE**D. Performance Balance Sheet:**

During the year under review your company achieved sales of Rs.11,416.57 Lacs and earned profit of Rs.924.59 Lacs before Interest, Depreciation and Tax as compared to sales of Rs. 9,795.54 Lacs and Profit of Rs. 92.64 Lacs before Interest, Depreciation and Tax in the previous year. Increased turnover and improved product mix resulted in better gross margin. There has also been increase in the finance costs because of constant enhancement by the Reserve Bank of India in the borrowing rates for the banks. An efficient Management of available technical, financial, human resources would be bringing in improvement in the current year.

E. Internal control systems and their adequacy:

The Company has a proper and adequate system of controls in order to ensure that all assets are guarded against loss from unauthorized use or disposal and the transactions pertaining to the assets are properly documented and recorded. The internal control systems are designed to ensure that all the records in the organization are reliable and adequate in order to prepare the financial statements and maintaining

accountability. The internal control systems are supplemented by Internal Audit by a firm of Chartered Accountants and also monitoring by the Executive Directors. The Audit Committee also reviews this and the observations of Internal Auditors in the periodical meetings.

F. Financial Performance:

The cost of finance has been continued to increase in the year under review. The Reserve Bank of India's frequent enhancement in the borrowing costs for the financial institutions may increase further the finance cost in the current year. The liquidity position of the company has been satisfactory during the current year due to the disciplined operations, in spite of the carried forward losses of earlier year. Directors are making every effort to control the cost by better working capital management.

G. Human Resources/Industrial Relations

Your company treats human resources as an important valuable asset for the growth of the organization and keeping this in view every effort is being made to retain and attract best talent in the industry to cater current and future business needs. Various in-house training programs are conducted to enhance the capability of existing employees.

SUBSIDIARY COMPANIES

Pursuant to Section 212 of the Companies Act, 1956 ("the Act"), the Company is required to attach to its Annual Report, the Balance Sheet, Profit and Loss Account, Directors' Report and the Report of Auditors (collectively referred to as "the accounts and reports") of its subsidiaries for the year ended 31st March, 2011.

Intel Instruments & Systems Limited

Intel Instruments & Systems Limited, the export subsidiary at SEZ recorded turnover of Rs. 370.21 Lacs during the year as against Rs.570.44 Lacs during the previous year. The operations for the year have resulted in a loss of Rs. 88.73 Lacs as against small profit of Rs.1.51 Lacs in the previous year.

Sprylogic Technologies Limited

Sprylogic Technologies Limited, the IT subsidiary recorded turnover of Rs. 184.14 Lacs during the year as against Rs.156.93 Lacs in the previous year. The operations during the year have resulted into a profit of Rs. 3.73 Lacs as against Rs.7.45 Lacs during the previous year.

AUDITORS REPORT

Your Directors would like to invite your attention to paragraph 2 and 6 of the Auditors Report and clarify as under:-

- Due to inadequate turnover Intel made a loss of Rs. 88.73 Lacs for the year under review as against small profit of Rs. 1.51 Lacs in the previous year. The Directors are making efforts to improve the performance in coming years. Exposing Intel's products to foreign countries where specifications and quality standards are stringent brings some indirect benefits to Aplab. This enables Aplab to use latest technology for domestic market and keep Aplab ahead of the competitors.

During the year Limit of maximum gratuity payable to an individual is raised to Rs. 10 Lacs from Rs.3.5 Lacs. There is no default in paying gratuity and leave encashment to employees leaving the Company on superannuation or otherwise. As on Balance Sheet date the fund amount available with LIC is Rs.222.09 Lacs. The Company shall contribute/fund past gratuity liability in the coming years.

FIXED DEPOSITS

During the year, fixed deposits of Rs. 51.98 Lacs were accepted and Rs. 248.87 Lacs were renewed pursuant to provisions of section 58A of the Companies Act, 1956. As at year end the Fixed Deposits amounting to Rs.13.78 Lacs remained unclaimed.

DIRECTORS

During the year Mr S A Joshi retired as Director from the Board and expressed his unavailability for reappointment. The Board appreciates his valuable guidance and co-operation received during his tenure.

In accordance with the clause 132 of the Articles of Association of the Company, Mr. A.G. Joshi and Dr. S. K. Hajela are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

The Auditors, M/s M.P.Chitale & Co., Chartered Accountants, (ICAI Registration No.101851W) 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 re-appointed. You are requested to appoint the Auditors for the current year and fix the remuneration.

CORPORATE GOVERNANCE

Your Company is committed towards the Corporate Governance pursuant to the provisions of Clause 49 of the Listing Agreement. A separate report on Corporate Governance is annexed herewith for your ready reference. The Auditors have examined the Company's compliance and their certificate is reproduced in the report.

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.

PERSONNEL

The relations with employees were cordial during the year. The Board appreciates the willful co-operation and team spirit in the Management Cadre and other employees of the company.

During the year under review, the Company had no employee covered by Section 217(2A) of the Companies Act, 1956.

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.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the valuable co-operation and support extended during the