

APLAB Limited

**Aplab**

48th Annual Report 2012 - 2013

<b>Aplab Limited</b> 48 <sup>th</sup> Annual General Meeting	
Day & Date	: Wednesday, 14 <sup>th</sup> August 2013
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

## 48<sup>th</sup> Annual Report 2012-2013

### Board of Directors

P. S. Deodhar  
Nishith Deodhar  
Amrita P. Deodhar  
Amit Goenka  
Mukund Gulgali  
A. G. Joshi  
Jayant Deo  
S. K. Hajela

Chairman  
Managing Director  
Director  
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.

Unit No. 37, SDF - 11,  
SEEPZ-SEZ, Andheri (East),  
Mumbai - 400 096.

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

Unit 18, Electronic Sadan II,  
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

Shahade & Associates  
Chartered Accountants

### Bankers

Corporation Bank,  
Thane  
  
Bank of Maharashtra,  
Thane

### Registrar & Transfer Agents

M/s. Adroit Corporate Services Pvt. Ltd.  
19, Jaferbhoy Industrial Estate,  
1<sup>st</sup> 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 Forty Eighth Annual General Meeting of Aplab Limited will be held at Hotel Tip Top Plaza, L B S Marg, Thane (West) – 400 602 on Wednesday the 14th August, 2013 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 31<sup>st</sup> March, 2013 together with the Reports of the Directors and Auditors thereon;
2. To appoint a Director in place of Mr. P.S. Deodhar, who retires by rotation and being eligible offers himself for re-appointment;
3. To appoint a Director in place of Mr. A.G. Joshi, 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 269, 309, 198 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") to the re-appointment of Mr. Nishith P. Deodhar as Managing Director of the Company for a period of 3 (three) years with effect from 1st November, 2012 subject to the approval of Central Government on the terms and conditions, including expressly the remuneration payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Mr. Nishith P. Deodhar.

**RESOLVED FURTHER THAT** the Chairman be and is hereby authorized to execute the Agreement with such alterations, changes, and/or variations in the remuneration payable to Mr. Nishith P. Deodhar as may be agreed between the Directors and Mr. Nishith P. Deodhar, provided that the said remuneration as altered, changed or varied shall be in accordance in terms of Paragraph 1 (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956, for the time being and from time to time in force.

**RESOLVED FURTHER THAT** Mr. Nishith P. Deodhar, Managing Director shall perform such duties as entrusted to him from time to time, subject to the supervision and control of the Chairman 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

**Rajesh K. Deherkar**  
Company Secretary &  
Finance Controller

Place : Thane  
Dated : 30<sup>th</sup> May, 2013

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

**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 Wednesday, the 7<sup>th</sup> August, 2013 to Wednesday, the 14<sup>th</sup> August, 2013 (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., 17-20, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Andheri (East), 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 31<sup>st</sup> March, 1995, 31<sup>st</sup> March, 1996, 31<sup>st</sup> March, 1997, 31<sup>st</sup> March, 2003, 31<sup>st</sup> March, 2004 and 31<sup>st</sup> March, 2005 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 31<sup>st</sup> March, 2006, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2008 and 31<sup>st</sup> 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 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.
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

Subsequent to the recommendation of the Remuneration Committee the Board of Directors of the Company at their meeting held on 8<sup>th</sup> November, 2012 have re-appointed Mr. Nishith P. Deodhar as "Managing Director" for a period of three years with effect from 1<sup>st</sup> November, 2012. The Board of Directors at their meeting held on 8<sup>th</sup> November, 2012 have resolved to seek the Central Government permission subject to the approval by shareholders, for the remuneration payable to Mr. Nishith P. Deodhar, Managing Director with effect from 1<sup>st</sup> November, 2012 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 his tenure

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

#### I. General Information:

No.	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 <sup>th</sup> 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 for the year ended 31 <sup>st</sup> March, 2013 following is the financial performance
<b>Particulars</b>		<b>Rupees in 000</b>
Turnover & other income		738981
Profit/(Loss) after tax		(36947)
Net Worth		262561
5.	Export performance and net foreign exchange earnings	The company's export and net foreign exchange earnings for the financial period ended 31 <sup>st</sup> March, 2013 in Rupees thousands were Rs. 48432 (Previous Year Rs. 39233)
6.	Foreign investments or collaborators, if any,	50% Joint Venture in Arabian Power Electronics Company, Saudi Arabia
	Non-Resident Shareholding	59756 Equity Shares aggregating to 1.20% of the Paid-up Share Capital

#### II. Information about the appointee:

##### 1) Background details

Mr. Nishith Deodhar brings to the table his wide ranging experience in IT businesses after spending over 14 years in the US working for IBM and other US IT enterprises after achieving MS from USC in Computer Engineering. His involvement in managing product lifecycles & implementing software outsourcing methodologies allows Aplab access to

newer market segments and product areas. Aplab also is poised to increase its presence across key markets through a focused approach in Self Service Terminals for which Mr. Nishith Deodhar will also play a pivotal role as the Chairman of Aplab's IT Subsidiary Sprylogic Technologies Ltd. With the necessary growth triggers in place, expect improved revenues of the Aplab Group.

## 2) Past Remuneration:

Particulars	Present
Designation	Managing Director
With effect from	01.11.2009
Upto	31.10.2012
Salary p.a.	12,00,000
Other allowance p.a.	1,80,000
HRA or Company Accommodation	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
<b>Total p.a.</b>	<b>16,44,000</b>
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 Maximum	Rs. 1,00,00,000/- p.a.
Remuneration Payable	plus retirement benefits.

## 3) Recognition or awards, Job profile and his suitability

Mr. Nishith Deodhar, has joined the APLAB Board in November, 2007 as its Executive Director and to guide Sprylogic Technologies Limited (a subsidiary of Aplab) Operations in its Software Services and BPO activities and also head the Electronic Transactions, Automation and Controls (ELTRAC) Division of APLAB. ELTRAC division has a growing presence as the source of high quality rugged Self Service Terminals for Banking and Commercial Applications. He has been Managing Director of the company since the year 2009.

## 4) 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 subject 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 the proposed remuneration payable to Mr. Nishith P. Deodhar, Managing Director within the ceiling of Rs. 1,00,00,000/- 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 his tenure.

### Details of Proposed Remuneration

Particulars	Proposed
Designation	Managing Director
With effect from	01.11.2012
Upto	31.10.2015
Salary p.a.	12,00,000
Other allowance p.a.	1,80,000
HRA or Company Accommodation	Company Accommodation
Gas, Electricity, Furnishing etc. p.a.	1,14,000
Medical p.a.	50,000
LTA p.a.	1,00,000
<b>Total p.a.</b>	<b>16,44,000</b>
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 Maximum	Rs. 1,00,00,000/- p.a.
Remuneration Payable	plus retirement benefits.

## 5) 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 him 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.

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

Besides the remuneration proposed, for other pecuniary relation please refer details provided in Additional Note 26 under item no. 10 - Notes to Accounts of Balance Sheet for the year 2012-13.

## 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 and lesser expected finance cost, the prospects of business in general are bright which is evident from the good performance of the company for the current year. 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 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.

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

Except Mr. Nishith P. Deodhar, Mr. P.S. Deodhar and Mrs. A.P. Deodhar, 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. P.S. Deodhar – Chairman

Mr. P.S. Deodhar is BE (Telecommunication), Distinguished Fellow I.E.T.E, India, Fellow I.E.E.E (USA), Fellow Indian Academy of Engineers and Hon. Fellow Broadcast Engineering Society. He is a founder member of the Company, and past Chairman of Electronics Commission & Advisor to Prime Minister on Electronics. He is presently the Chairman of the Company

Mr. P.S. Deodhar is recipient of International Award for "Engineering Manager of the year 1990" from Engineering Management Society, IEEE, USA. He was Advisor to Prime Minister of India from the year 1985 to 1990, during this period output of IT & Electronics sectors in Indian Economy grew from 12 billion (83-84) to 94 billion (89-90). He initiated delicensing of the Electronics & IT Industry in India. He was contributory towards turning around from loss making to profitable public sector companies like ET & T Limited and Meltron Limited.

He is also Director in Origin Instrumentation Pvt. Ltd., Deodhar Electro Design Pvt. Ltd., Devize (India) Pvt. Ltd., Printquick Pvt. Ltd., Contech Soft-tech Solutions Pvt. Ltd., Telemetra Systems Pvt. Ltd., Steckbeck Jewellery Pvt. Ltd.

#### 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 3 years in Dena Bank as Chairman and Managing Director.

He is also Director in Unity Infra Projects Limited, Tarmat Ltd., Videocon Industries Ltd., GDA Trusteeship Ltd., Pune, Phadnis Resorts & Spa India Ltd., Phadnis Properties Ltd., Phadnis Infrastructure Ltd., Phadnis Infrastructure India Ltd., Phadnis Power Projects Pvt Ltd., Phadnis Telecom, Sahil Hospitality Ltd., Saraswat Co-op. Bank Ltd.

By order of the Board

**Rajesh K. Deherkar**  
Company Secretary &  
Finance Controller

Place : Thane  
Dated : 30<sup>th</sup> May, 2013

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

### DIRECTORS' REPORT

To the Members

Your Directors present their 48<sup>th</sup> Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2013

		(Rs. in Lacs)
	Year ended 31-03-2013	Year ended 31-03-2012
Profit before finance cost, depreciation and tax	740.55	1187.81
Finance Cost	896.34	884.38
Depreciation	213.68	231.80
Profit / (Loss) before tax	(369.47)	71.63
Provision for income tax	-	-
Deferred Tax Liability / (Asset)	-	-
Net Profit / (Loss)	(369.47)	71.63
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 could achieve turnover of Rs. 7161.40 Lacs against Rs. 9564.20 Lacs of previous year. The reduction in turnover is primarily due to the labour strike that your company faced over the year. A section of your company's employees resorted to an illegal strike in last quarter of 2011-12 and that lasted till the end of the 3<sup>rd</sup> quarter of the year under report. The work stoppage has been

called off now and the Company's entire workforce is now functioning normally and cooperating to help your company achieve a better performance in the current year. Due to the unabsorbed fixed costs and due to the drop in revenue, there is loss of Rs. 369.47 Lacs against profit before tax of Rs. 71.63 Lacs.

## **FINANCE**

Every effort was made to curtail finance cost even though there is reduction in turnover and corresponding realization of receivables. Liquidity position was always under pressure. In current year though absolute figures will increase finance cost, enhanced turnover will reduce the impact thereof.

## **DIVIDENDS**

In view of the loss incurred for the year, the Board of Directors does not recommend any dividend for the year (P.Y. Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

### **A. Industry Structure and Developments:**

Manufacturing in India continues to face several headwinds like in the past few years. High inflation and poor infrastructure mean higher input costs, increasing labour strike, higher borrowing costs and consequently lower margins for our products. 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 due to continued Chinese and other low cost imports pressure 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. Government spending and in general demand for your company's Industrial products has substantially slowed over the 2012-2013 fiscal year. Although, we are hopeful that spending and consequent demand will increase in the current year; this being an election year, but any upside seems restricted due to the negative outlook by international ratings companies. Your company now has successfully tapped the Middle East market and looks to further focus and grow business in these lucrative markets.

### **B. Opportunities and Threats to your company:**

An election year, we hope provides new opportunities with new investments the Government is likely to undertake this year. Your company continues to explore opportunities in the PV Solar market; in an energy starved environment, PV solar looks increasingly attractive to Indian consumers.

Your company's banking and retail automation products are likely to grow exponentially this year. Your company has tied with reputed international brands to bring the Indian banking industry world-class banking automation products. Banks,

partially RBI mandated, continue to expand their rural retail banking networks. The number of customers they service has increased, along with the geographical spread. There is also a big dearth of trained personnel in the retail banking sector, especially in the rural areas, hampering banks growth plans. All these factors lead to an increased interest in your company's self-service kiosks. We expect a substantial rise in business in the coming year.

Test and Measurement division should see some growth in the education sector due to the increased Government spending in an election year. However, we expect the increase to be marginal at best.

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 in Middle East and the GCC countries, where the company can command better margins and now has a very strong partner and investments.

Your company exited the fuel dispensing business. This business had become extremely competitive and a low margin market share acquisition exercise. The costs to maintain an extremely geographically dispersed population of dispensing units and the associated costs, convinced the company that this business was not strategic.

### **C. Threats**

Your company primarily operates in LBT taxed areas. Trader community strikes, and the additional overheads, costs of operating in an LBT area puts your company in a disadvantage to other companies operating in areas where local taxes are manufacturing friendly.

General economic conditions of inflation, severe competition within India and from outside, increasing material prices and labour costs continue to be major threats. Cost of borrowings continues to rise and is likely to continue to do so in the midterm as high lending rates mean lesser liquidity. 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 higher fuel price rises.

The weaker rupee is likely to help exports but also means that managing business in products where import content is high, and in a volatile currency environment becomes increasingly difficult.

## **COMPANY PERFORMANCE**

### **D. Performance Balance Sheet:**

During the year under review your company achieved sales of Rs. 7161.40 Lacs and earned profit of Rs. 740.55 Lacs before Interest, Depreciation and Tax as compared to sales of Rs. 9564.20 Lacs and Profit of Rs. 1187.81 Lacs before Interest, Depreciation and Tax in the previous year. Reduced



turnover due to illegal strike lead to losses since fixed costs were not recovered fully. 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 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 under continuous stress during the current 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. Industrial relations have suffered in the last quarter, and from the 23<sup>rd</sup> of March 2012, a section of employees comprising of about 130 employees, went on an illegal strike and hampered the performance for the year. Strike was called off in fourth quarter and with full force, current year should generate better performance.

#### **SUBSIDIARY COMPANIES**

During the year amalgamation process of erstwhile Intel Instruments and Systems Limited has completed with the approved order of High Court, Mumbai. The assets and liabilities of erstwhile Intel Instruments and Systems Limited are merged with the company.

Due to merger of subsidiary company erstwhile M/s Intel Instruments & Systems Limited with Aplab Limited, the Authorized Share Capital of Rs. 3,00,00,000/-, of erstwhile Intel Instruments & Systems Limited is merged with the share capital of Aplab Limited as per the Court Order. Accordingly the authorized share capital of the Company is increased from Rs.7,00,00,000 /- (Rupees Seven Crores only) to Rs. 10,00,00,000 /- (Rupees Ten Crores only) and the Clause V of Memorandum of Association and Clause 3 of the Articles of Association has altered as under:

- Clause V of the Memorandum of Association - The Authorized Share Capital of the Company is Rs.10,00,00,000/- (Rupees Ten crores only) divided into 1,00,00,000 equity shares of Rs. 10/- each. The Company has the power from time to time to increase or reduce its capital in accordance with the provisions of the Companies Act, 1956.
- Clause 3 of the Articles of Association - The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten crores only) divided Into 1,00,00,000 equity shares of Rs. 10/- each.

#### **Spylogic Technologies Limited**

Spylogic Technologies Limited, the IT subsidiary recorded turnover of Rs. 190.58 Lacs during the year as against Rs.165.62 Lacs in the previous year. The operations during the year have resulted into a profit before tax of Rs. 69.03 Lacs as against profit before tax of Rs.7.01 Lacs during the previous year.

#### **FIXED DEPOSITS**

During the year, fixed deposits of Rs. 125.97 Lacs were accepted and Rs. 128.66 Lacs were renewed pursuant to provisions of section 58A of the Companies Act, 1956. As at year end the Fixed Deposits amounting to Rs.14.37 Lacs remained unclaimed.

#### **DIRECTORS**

In accordance with the clause 132 of the Articles of Association of the Company, Mr. P.S. Deodhar and A.G. Joshi 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 Shahade & Associates., Chartered Accountants, (ICAI Registration No. 109840W) 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**

During the month of March 2012 a section of employees resorted to illegal strike having affected performance of the year under report. During December, 2012 strike is called off. In the current year better performance is expected from employees.

The Board appreciates the co-operation and team spirit in the Management Cadre and other employees of the company.

#### **PARTICULARS OF EMPLOYEES**

Information as required under the provisions of Section 217 (2A) of the Companies Act, 1956 (the Act) and the rules framed there under forms part of this report. However 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 year by the Company's Bankers, various Government Bodies and also from the Business Partners like Customers, Suppliers, Shareholders and other well-wishers.

For and on behalf of  
the Board of Directors

Place : Thane  
Dated : 30<sup>th</sup> May, 2013

**Nishith Deodhar**  
Managing Director

#### **ANNEXURE TO THE 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) ELECTRICAL ENERGY**

###### **1. Conservation of Energy:**

The Company's production process does not involve any continuous process machinery. As the production involves electronic assembly, power requirements are very minimal.

###### **2. Energy conservation measures taken:**

The company is switching over its lighting needs to energy efficient CFL and LED lights. Measures are also taken to watch and correct the load PF as necessary. The company is also working developing phantom loads to reduce power requirements during equipment load testing.

###### **3. Investments are proposed to be made in setting up Solar Panels for power generation to reduce the consumption and cost of purchased power.**

##### **B) TECHNOLOGY DEVELOPMENT – R & D**

###### **1. Research & Development in Power Electronics**

Most of your company's R&D focus for the next few years will be on green technologies. Your company considers R&D and innovation as key in negating the effects of squeezed margins in the competitive markets it operates in. Some of our R&D efforts this year are on:

- a) Solar UPS Off Grid
- b) Industrial Digital UPS 3 Phase Parallel
- c) UNI -XPO UPS on vehicle
- d) Digital Inverter