

APLAB LIMITED
49th Annual Report
2013-2014

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| <p style="text-align: center;">Aplab Limited 49th Annual General Meeting</p> | |
| Day & Date | : Thursday, 7 th August 2014 |
| 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

49th Annual Report 2013-2014

CIN : L99999 MH1964 PLC 013018

Board of Directors

P. S. Deodhar
Nishith Deodhar
Amrita P. Deodhar
Amit Goenka
Mukund Galgali
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 - II,
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,
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 Forty Ninth Annual General Meeting of Aplab Limited (CIN : L99999MH1964PLC013018) will be held at Hotel Tip Top Plaza, L B S Marg, Thane (West) – 400 602 on Thursday, the 7th August, 2014 at 12.30 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, 2014 together with the Reports of the Directors and Auditors thereon;
2. To appoint a Director in place of Mrs. Amrita P. Deodhar (DIN:00538573), who retires by rotation and being eligible offers herself for re-appointment;
3. To appoint M/s. Shahade & Associates, Chartered Accountants (ICAI Registration No. 109840W) as statutory auditors of the Company and to fix their remuneration.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to section 73 and other applicable provisions, if any, of the Companies Act, 2013 and the Memorandum and Articles of Association, consent of the Company be and is hereby accorded to the Board of Directors of the Company to accept monies from the shareholders of the Company by way of fixed deposit or to renew the existing deposits placed by the shareholders.

RESOLVED FURTHER THAT the Board of the Directors of the Company shall ensure compliance of the provisions of Companies (Acceptance of Deposit) Rules 2014 for acceptance, renewal and repayment of deposits.

RESOLVED FURTHER THAT the amount of fresh deposit or renewal together with the amount of other deposits outstanding on the date of acceptance or renewal, received from shareholders, shall not exceed 25% of the aggregate of the paid up capital and free reserves of the company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the deposits aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

Special Business:-

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and the rules made there under read with Schedule IV to the Companies Act, 2013, Mr. Anil G. Joshi (DIN 00019927), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and the rules made there under read with Schedule IV to the Companies Act, 2013, Mr. Jayant N. Deo (DIN 00568381), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and the rules made there under read with Schedule IV to the Companies Act, 2013, Dr. S. K. Hajela (DIN 01001987), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019

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

“RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 2013 the Company do exit the Joint Venture business with Arabian Power Electronics Company (APEC), Saudi Arabia due to changed licensing regulations in Saudi Arabia for companies with foreign equity.

RESOLVED FURTHER THAT subject to the consents, approvals and permissions being obtained from the appropriate authorities to the extent applicable or necessary, consent of the Company be and is hereby given pursuant to the applicable provisions of the Companies Act, 2013 to transfer the shares to Mr. Sattam Al Omayri or any other Saudi National at consideration mutually acceptable and with effect from such date as the Board of Directors of the Company may think fit.

RESOLVED FURTHER THAT approval of the shareholders of the Company be and is hereby given for negotiating, executing the relevant agreements and such other documents as may be necessary in connection with the exit of Joint Venture Business of APEC at Saudi Arabia.

RESOLVED FURTHER THAT Mr. Nishith P. Deodhar, Managing Director or any of the Directors be and is hereby authorized to finalize the terms and conditions of the agreements/documents and execute the agreements and all other relevant agreements/documents on behalf of the Company and complete all formalities and do all such further acts and deeds to give effect to this resolution.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and other enabling provisions, if any, consent of the Company be and

is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts and advances notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs. 50,00,00,000/- (Rupees Fifty Crores only) at any point of time."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.1.25 Lacs plus service tax as applicable and re-imbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2015 as approved by the Board of Directors of the company to be paid to M/s Gangan & Co., Cost Accountants for the conduct of the cost audit of the company's product(s)/service(s) covered under Central Excise tariff Act 1985 be and is hereby ratified and confirmed."

Registered Office:
Aplab House, A-5, Wagle Estate,
Thane-400604

By Order of the Board

Rajesh K. Deherkar
Company Secretary &
Finance Controller

Place : Thane
Dated : 8th May, 2014

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. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. A member holding more than 10 (ten) percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
2. The instrument of Proxy in order to be effective, should be deposited at the registered office of the company duly completed and signed at least 48 hours prior to the time fixed for the meeting. Proxies submitted on behalf of the companies, societies etc must be supported by an appropriate resolution/authority as applicable.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting is annexed hereto.
4. The Register of Members and the Share Transfer Register of the company will remain closed from Friday, the 1st August, 2014 to Thursday, the 7th August, 2014 (both days inclusive).
5. 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, 1st Floor, Makwana Road, Marol Naka, Andheri (East), Mumbai - 400 059. Tel : 28594060 / 28594442 / 28594428 Fax : 28503748

6. 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 or Company's Registrar & Share Transfer Agents in respect of their physical share folios.
7. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent or to the Company.
8. The Company has already transferred, all unclaimed dividend declared up to 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 up to 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.
9. Pursuant to the provision of the Companies Act, 2013, 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, 31st March, 2003, 31st March, 2004, 31st March, 2005 and 31st March, 2006 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, 2007, 31st March, 2008 and 31st March, 2009 are requested to make their claim to the Registered Office of the Company.
10. 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.
11. 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.
12. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 49th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for members for voting electronically are as under:-

- I) In case of members receiving e-mail:
 - i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
 - ii) Log on to the e-voting website www.evotingindia.com.
 - iii) Click on "Shareholders" tab to cast your votes.
 - iv) Select the Electronic Voting Sequence Number ("EVSN") 140702003 along with "APLAB LIMITED" from the drop down menu and click on Submit.
 - v) Now, fill up the following details in the appropriate boxes:

| | For Members holding shares in Demat Form | For Members holding shares in Physical Form |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| User ID | For NSDL: 8 Character DP ID followed by 8 Digits Client ID. For CDSL: 16 digits beneficiary ID | Folio Number registered with the Company |
| PAN * | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) | |
| DOB # | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio | |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. #Anyone | |

* Members who have not updated their PAN with the Company/ Depository Participant are requested to use the default number: <aplab49agm> in the PAN field.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
 - vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting, through CDSL platform.
- You can also update your mobile number and e-mail ID in your demat account, which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the member forgets the password and the same needs to be reset.
- viii) For members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in the Notice of AGM.

- ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

II. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/depository participant(s) or requesting physical copy]:

- (I) Initial password and other details are provided as below at the bottom of Attendance Slip
- (ii) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.

III. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

IV. The voting period begins on 1st August, 2014 (9:00 am) and ends on 3rd August, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

V. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

VI. The voting rights of shareholders shall be in proportion to their shares of the paid up Equity share capital of the Company as on the cut-off date (record date) of 30th June, 2014.

VII. CS Rama Subramanian, Company Secretaries (Membership No. ACS 15923, CP No. 10964) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.aplab.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

13. 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 up to the date of Annual General Meeting.

14. The Members are requested to provide their e-mail ids to the Registrar or Registered Office for facilitating speedy communication.
15. Details under Clause 49 VI (A) of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting forms part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

EXPLANATORY STATEMENT:

(Pursuant to Section 102 of the Companies Act, 2013)

Item Nos. 5 to 7

Mr. Anil G. Joshi, Mr. Jayant N. Deo and Dr. S.K. Hajela are directors whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, all of them being eligible and offering themselves for appointment, are proposed to be appointed as Independent Directors for five consecutive years for a term up to 31st March, 2019. Notices have been received from members proposing them as candidates for the office of Director of the Company.

In the opinion of the Board, they fulfill the conditions specified in the Companies Act, 2013 and rules made there under for their appointment as Independent Directors of the Company and are independent of the management.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors.

Accordingly, the Board recommends the resolutions in relation to their appointment as Independent Directors for the approval by the shareholders of the Company.

Except Mr. Anil G. Joshi, Mr. Jayant N. Deo and Dr. S.K. Hajela, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 4 to 6.

Item No. 8

According to the applicable provisions of the Companies Act, 2013, sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of such undertaking requires the approval of the shareholders by way of an ordinary resolution. The Company proposes to exit from the Joint Venture business of APEC at Saudi Arabia due to changed licensing regulations in Saudi Arabia and transfer the shares to Mr. Sattam Al Omairi or any other Saudi Arabia National, therefore, seeking your consent for such proposal as contained in the ordinary resolution appended above.

Item No. 9

The shareholders had passed an Ordinary Resolution under Section 293 (1) (d) of the erstwhile Companies Act, 1956 authorizing the Board of Directors to borrow any sum or sums of moneys for and on behalf of the Company, from time to time provided that the total amount upto which the moneys may be borrowed shall not exceed Rs. 50,00,00,000/- (Rupees Fifty Crores only) at any point of time.

However, in terms of Section 180 of the Companies Act, 2013, which was notified with effect from 12th September, 2013, such authority needs to be given by a Special Resolution. The Ministry of Corporate Affairs vide their General Circular No. 04/2014 dated. 25th March, 2014 has clarified that the resolution passed under Section 293 of the

Companies Act, 1956 prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) and/or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of such notification.

Hence it is necessary to pass a Special Resolution under Section 180(1)(c) of the Companies Act, 2013 authorizing the Board of Directors to borrow any sum or sums of moneys for and on behalf of the Company, from time to time provided that the total amount upto which the moneys may be borrowed shall not exceed . 50,00,00,000/- (Rupees Fifty Crores only) at any point of time.

The Board recommends the resolution. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

Item No. 10

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a Cost Accountant in practice on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor. The remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on 8th May, 2014, the Board has considered and approved appointment of M/s Gangan & Co., Cost Accountants for the conduct of Cost Audit of the company's product(s)/service(s) covered under Central Excise tariff Act 1985 at a remuneration of Rs. 1.25 Lacs plus service tax as applicable and re-imbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2015.

The Resolution at item no. 9 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

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

Mrs. Amrita P. Deodhar - Director
(DIN:00538573)

Mrs. Amrita Deodhar is a commerce graduate of 1967. She is a successful entrepreneur for over four decades having set up Electronic Manufacturing Unit in SEEPZ in 1975. After selling that business, she set up distribution company representing several international companies producing high tech electronic test equipment and analytical test instruments. After strengthening the company with a nationwide sales and service network and securing large market share, she sold that enterprise to a US Multi-national in 2011. She brings to Aplab Board her long experience in building business ventures and making them a commercial successes. She is also Director in Origin Instrumentation Pvt. Ltd., Deodhar Electro Design Pvt. Ltd., Printquick Pvt. Ltd, Devize (India) Pvt. Ltd. and Intel Export Corporation

Mr. Anil G. Joshi – Independent Director
(DIN 00019927)

Mr. A.G. Joshi is a Post Graduate in Science faculty who did his Management studies from Pune University. He is having working experience in the Banking field with Bank of Maharashtra for 31 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, Sahil Hospitality Ltd. Pune, Saraswat Co-op. Bank Ltd., Mumbai,

**Mr. Jayant N. Deo – Independent Director
(DIN 00568381)**

Mr. Jayant Deo is a Mechanical Engineer having Post Graduation in Industrial Engineering and Financial Management. He is having 41 years of working experience. He is a Member of World Energy Council and Fellow Member of Institution of Engineers (India)

**Dr. S.K. Hajela – Independent Director
(DIN 01001987)**

Dr. Shailendra Hajela graduated in Electrical Engineering from IIT-Roorkee in India who 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. Shailendra Kumar 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.

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

Place : Thane
Dated : 8th May, 2014

By Order of the Board

Rajesh K. Deherkar
Company Secretary &
Finance Controller

DIRECTORS' REPORT

To the Members

Your Directors present their 49th Annual Report and the Audited Accounts for the year ended 31st March, 2014

| | (Rs. in Lacs) | |
|--------------------------------------------------|--------------------------|--------------------------|
| | Year ended 31.03.2014 | Year ended 31.03.2013 |
| Profit before finance cost, depreciation and tax | 1358.91 | 740.55 |
| Finance Cost | 1022.23 | 896.34 |
| Depreciation | 278.12 | 213.68 |
| Profit/(Loss) before tax | 58.56 | (369.47) |
| Provision for income tax | - | - |
| Deferred Tax Liability/(Asset) | - | - |
| Net Profit/(Loss) | 58.56 | (369.47) |
| 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 higher turnover of Rs. 9515.97 Lacs against Rs. 7161.40 Lacs of previous year. This represent a growth of 32.88%. The growth is mainly in Banking Automation Products. With added turnover profit before tax of Rs. 58.56 Lacs is achieved against loss of Rs. 369.47 Lacs of previous year. In the current year growth is expected in sale of other products.

FINANCE

The cost of finance has been continued to increase in the year under review. Liquidity position was always under pressure. Directors are making every effort to control the cost by better working capital management. In current year though absolute figures will increase finance cost, enhanced turnover will reduce the impact thereof.

DIVIDENDS

The year under review has generated net profit of Rs. 58.56 Lacs. However as a prudent business practice the Board felt it appropriate to defer recommendation of any dividend till earning of substantial profit (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 in 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 lend 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's exited the fuel dispensing business. This business had become extremely competitive and a low margin market share acquisition exercise. The costs of 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. 9515.97 Lacs and earned profit of Rs. 1358.91 Lacs before Interest, Depreciation and Tax as compared to sales of Rs. 7161.40 Lacs and Profit of Rs. 740.55 Lacs before Interest, Depreciation and Tax in the previous year. Increased turnover resulted in better gross margin though some of the orders were with low margin. There has been enhancement in cost of finance and human resources.

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 monitored by Managing Director. The Audit Committee also reviews the systems and the observations of Internal Auditors in the periodical meetings. Frequency of verification at branches will be improved during the current year.

F. Financial Performance:

The cost of finance has been continued to increase in the year under review. The liquidity position of the company has been under continuous stress during the current year. During the year carried forward losses of earlier year are marginally reduced. 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 programmes are conducted to enhance the capability of existing employees.

SUBSIDIARY COMPANY

SPRYLOGIC TECHNOLOGIES LIMITED

Sprylogic Technologies Limited, the IT subsidiary recorded turnover of Rs. 210.38 Lacs during the year as against Rs.238.37 Lacs in the previous year. The operations during the year have resulted into a profit before tax of Rs. 37.05 Lacs as against profit before tax of Rs.69.02 Lacs during the previous year.

FIXED DEPOSITS

During the year, fixed deposits of Rs. 58.49 Lacs were accepted and Rs. 250.95 Lacs were renewed. As at year end the Fixed Deposits amounting to Rs.13.13 Lacs remained unclaimed.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mrs. Amrita P. Deodhar (DIN:00538573) is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offer herself for re-appointment.

Pursuant to the applicable provisions of the Companies Act, 2013 and the rules made there under read with Schedule IV to the Companies Act, 2013, Mr. Anil G. Joshi (DIN 00019927), Jayant N. Deo (DIN 00568381) and Dr. S. K. Hajela (DIN 01001987) Directors of the Company are to be appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.

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 provisions of Section 139 of the Companies Act, 2013 and have expressed their willingness to be re-appointed. You are requested to appoint the Auditors for the current year and fix the remuneration.

As per the requirement of Central Government and pursuant to section 233B of the erstwhile Companies Act, 1956, your company has been carrying out an audit of cost records of company's product(s)/service(s) covered under Central Excise tariff Act 1985.

The company has appointed Messrs Gangan & Co. Cost Accountants, as Cost Auditors to audit the cost accounts for the financial year 2014-15 in pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014

The cost audit report for the previous year has already been filed with the Ministry of Corporate Affairs.