

8th Annual Report

1996 - 97

MD		BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

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ARMAAN ELECTRIC LIMITED



Armaan Electric Limited

BOARD OF DIRECTORS

MR. AKBAR EBRAHIM
Chairman-cum-Managing Director

MR. HUMAYUN MOHAMED EBRAHIM

MR. ALTAF PASHA

MR. K. PADMANABHAN

MR. K. CHANDRASEKHAR

BANK

INDIAN BANK
Mount Road, Chennai

AUDITORS

C.A. PATEL & PATEL
Chartered Accountants

REGISTERED OFFICE

3362/A-2, AE 8TH STREET,
(BEHIND ANNA NAGAR POST OFFICE),
ANNA NAGAR, CHENNAI - 600 040.

BRANCHES

BANGALORE, MUMBAI & DELHI

REGISTRAR & SHARE TRANSFER AGENT

M/S. CAMEO SHARE REGISTRY LTD.,
"SUBRAMANIAN BUILDINGS",
1 CLUB HOUSE ROAD,
CHENNAI - 600 002.



Armaan Electric Limited

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighth Annual General Meeting of shareholders of the Company will be held on 29th September 1997 at 10.00 a.m. at Swami Sankardass Auditorium, 153, Habibullah Road, Chennai 600 017 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Director's Report, the Balance Sheet as at 31st March 1997 and the Profit and Loss Account for the year ended 31st March 1997 and the Auditors Report thereon.
2. To appoint a Director in the place of MR. ALTAF PASHA, who retires by rotation and being eligible offers himself for re-appointment.
3. "RESOLVED that M/S C.A.PATEL & PATEL, CHARTERED ACCOUNTANTS, the retiring Auditors, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the ensuing AGM until the conclusion of the next AGM at a remuneration to be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To appoint MR. K. CHANDRASEKHAR as a Director who was co-opted to the Board as an Additional Director during the year and who holds office upto the date of the forthcoming Annual General Meeting and for this purpose to consider and if thought fit to pass with or without modification the following as an Ordinary Resolution, a Notice of intention to move the same having been received from a shareholder along with a deposit of Rs.500.00 under Section 257 of the Companies Act, 1956.
"RESOLVED that MR.K.CHANDRASEKHAR be and is hereby appointed as a Director of the Company."

Chennai
June 25, 1997

BY ORDER OF THE BOARD
For ARMAAN ELECTRIC LIMITED

AKBAR EBRAHIM
MANAGING DIRECTOR

Armaan Electric Limited**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND THE PROXY NEED NOT BE A MEMBER.
2. The Register of Members and share transfer books will remain closed from 12th September to 29th September 1997 (Both inclusive).
3. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.

Chennai
June 25, 1997

By ORDER OF THE BOARD
For ARMAAN ELECTRIC LIMITED

AKBAR EBRAHIM
MANAGING DIRECTOR

ANNEXURE TO NOTICE
EXPLANATORY STATEMENT

ITEM NO.4:

MR.K.CHANDRASEKHAR, was appointed as an Additional Director at the meeting of the Board of Directors.

Notice has been received from member proposing MR.K.CHANDRASEKHAR as candidate for the office of Director.

The Directors commend the resolution for your approval.

None of the Directors of the Company except MR.K.CHANDRASEKHAR is in any way concerned or interested in the above resolution.

Chennai
June 25, 1997

BY ORDER OF THE BOARD
For ARMAAN ELECTRIC LIMITED

AKBAR EBRAHIM
MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors have the pleasure in presenting the Eighth Annual Report of the Company together with the Accounts for the year ended 31st March 1997.

1. FINANCIAL HIGHLIGHTS :	1997 Rs. in Lacs	1996 Rs. in Lacs
Profits/Loss before depreciation and interest	35.46	161.21
Less: Interest	116.54	92.32
Depreciation	24.33	19.97
NET LOSS/	-	-
Net Profit after interest and depreciation	(105.41)	48.92

2. YEAR IN RETROSPECT :

The total sales during the year ended 31.3.1997 was Rs.399.41 Lacs.

3. DIRECTORS :

Mr. Altaf Pasha who retires by rotation and being eligible offers himself for re-appointment.

Mr. K. Chandrasekhar, was appointed as Additional Director and he may be appointed as Director of the Company as per Section 257 of the Companies Act, 1956.

4. AUDITORS :

Your Company's Auditor M/s. C.A. Patel & Patel, Chartered Accountants are retiring at the conclusion of this Annual General Meeting and are recommended for re-appointment.

5. PARTICULARS OF EMPLOYEES :

During the period under review there was no employee who came under the purview of Section 217(2A) of the Companies Act, 1956.

6. FIXED DEPOSITS :

The Company has not accepted any fixed deposits during the year under review.

7. FOREIGN EXCHANGE EARNING AND OUTGO :

Foreign Exchange Earnings	Rs.30.16 Lacs
Foreign Exchange Outgo	Rs.74.16 Lacs

8. TECHNOLOGY ABSORPTION : NOT APPLICABLE

Armaan Electric Limited

9. CONSERVATION OF ENERGY :

Necessary steps are being taken to conserve energy at all levels.

a) E B Power

No.of units utilised : 142934 units.

b) Generated Power

No.of litres of diesel utilised : 10703 lts.

10. FINANCE :

Your Directors wish to place on record their sincere appreciation for assistance and services rendered to the Company by its Bankers, financial institutions and Elcot.

11. ACKNOWLEDGEMENTS :

Your Directors would like to place on record their deep sense of appreciation of the services by the Executives, Staff and Workers of the Company for its success.

12. PERFORMANCE VS. PROJECTIONS :

The projections of profitability which has been reported in the prospectus dated 30.1.1995 Vs. the actual performance of the Company 1996-97 is given below:

Description	(Rs.in Lacs) Projections for the year	Actual for the year
Net Income	1918	399
Profit after tax/loss	189	(105.41)

Explanation for variation :

Sales and Profit target could not be achieved despite lot of orders due to severe liquidity crunch because of lack of working capital facilities.

Chennai
June 25, 1997

BY ORDER OF THE BOARD
For ARMAAN ELECTRIC LIMITED

AKBAR EBRAHIM
MANAGING DIRECTOR-CUM-
CHAIRMAN

M/S. C.A. PATEL & PATEL
CHARTERED ACCOUNTANTS
51, PERUMAL MUDALI STREET
CHENNAI 600 079

**AUDITORS REPORT TO THE MEMBERS OF
M/S. ARMAAN ELECTRIC LIMITED**

We have audited the attached Balance Sheet of M/s. ARMAAN ELECTRIC LIMITED as on 31st March 1997 and the Profit and Loss Account annexed thereto for the year ended on that date and report that:

1. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account together with the notes attached thereto give in the prescribed manner, the information required by the Companies Act, 1956. Subject to presentation of accounts on principles applicable to a going concern despite erosion in net worth (vide I(B) - Significant Accounting policies): Non-Provision for gratuity, Leave encashment retirement benefit to Employees (vide VII - Significant Accounting Policies): Non-confirmation of Debtors, Creditors and Advances (vide Note 4 - Notes to Accounts): Provisioning for the effects of changes in the Exchange Rate (vide Note 6 - Notes to Accounts) and Non-Absorption of Public Issue Expenses and Preliminary expenses (vide Note 8 - Notes to Accounts), the Balance Sheet gives a true and fair view of the state of Company's Affairs as at 31st March 1997, while the Profit and Loss Accounts shows a true and fair view of the Loss for the year ended as on that date.
2. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion proper books of account have been maintained as per law so far as it appeared from our examination of the books.
3. As required by the Manufacturing and Other Companies (Auditors Report) Order 1988, on the basis for such examination of the books and records of the company as we considered appropriate and the informations and explanations given to us during the course of our audit, we report that in our opinion.
 - i) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management and no material discrepancies were noticed on such verification.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
 - iv) The procedures of physical verification of stock followed by the Management is reasonable and adequate in relation to the size of the Company and nature of its business.
 - v) Any material discrepancies noticed on such physical verification of stocks have been duly accounted for in the books of accounts.

Armaan Electric Limited

- vi) On the basis of our examination, the valuation of stock in trade, raw materials and stores is fair and proper and in accordance with normally accepted accounting principles.
- vii) The company has taken Unsecured Loans from Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and from Companies under the Same Management as defined under Section 370(IB) of the Companies Act, 1956. The terms and conditions for the same are not prima facie prejudicial to the interests of the company.
- viii) The company has granted loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under sec 301 and to the companies under the same management as defined under Section 370(IB) of the Companies Act, 1956. The terms and conditions for the same are not prima facie prejudicial to the interests of the company.
- ix) The company has granted advances in the nature of loans and the company has taken the necessary steps to recover the principal and the interest due thereon.
- x) In our opinion and according to the informations and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of raw materials, stores, spare parts and finished goods including components, plant and machinery, equipment and other assets and with regard to the sales of goods.
- xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act , 1956 and aggregating during the year to Rs.50000 or more in respect of the party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which transactions for similar goods or services have been made with other parties.
- xii) According to the informations and explanations given to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials or finished goods. Adequate provision has not been made in the accounts for the loss arising on the items so determined.
- xiii) The company has borrowed loans from certain Individuals. These loans are within the limited specified under Section 58A of the Companies Act, 1956 but it has failed to file the Statement in lieu of Advertisement with the Registrar of Companies and thus contravened the provisions of the aforesaid section.
- xiv) The company maintains records for generation and sale of scrap and these are found to be adequate according to the sale and nature of the business.
- xv) The Company has set up an Internal Audit System commensurate with the size and nature of business.
- xvi) Maintenance of Cost records have not been prescribed by the Central Government as prescribed under Section 209(1)(d) of the Companies Act, 1956.