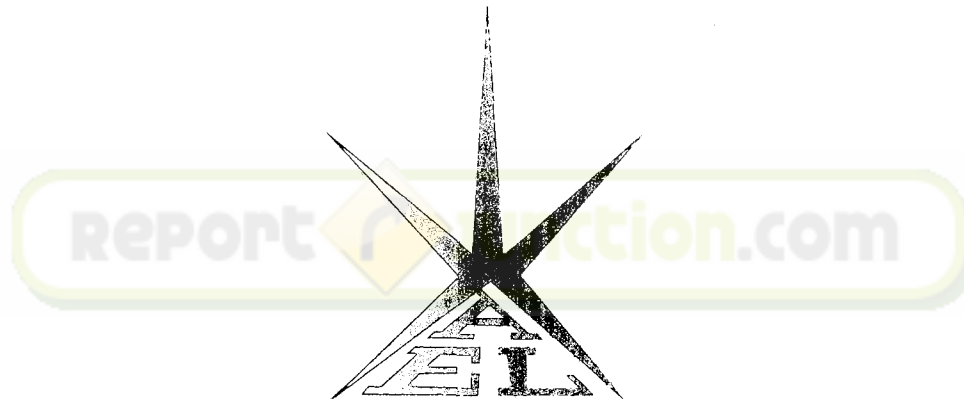


MD	✓		BKC	✓
CS	✓		DPY	N/A
RO	✓		DNV	✓
TRA	N/A		AC	✓
AGM	✓	✓	SFI	✓
YE	✓	✓		



ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

1996-97

ASIAN ELECTRONICS LIMITED

Regd. Office : D-11, Road No. 28, Wagle Industrial Estate, Thane 400 604.

To,
The Members,
Asian Electronics Ltd.

An informal meeting of the Members of the Company with the Board of Directors will be held in Mumbai on Tuesday, the 12th August, 1997 at 5.00 p.m. at the following address :

INDIAN MERCHANTS' CHAMBER,
WALCHAND HIRACHAND HALL,
IMC MARG, CHURCHGATE,
MUMBAI 400 020.

You are cordially invited to attend the Meeting.

You are requested to bring this invitation letter with you.

For Asian Electronics Ltd.

Anil Kumar Saboo
Company Secretary

A bus has been arranged for transport from Thane Railway Station (East) to enable the members to attend the Annual General Meeting (AGM) at the registered office of the Company at Thane. The bus will leave at 9.30 a.m. sharp from Thane Station (East) near Anand Cinema.

Members interested in attending the AGM may avail the facility.

ASIAN ELECTRONICS LIMITED

Registered office : Plot No. D-11, Road No. 28, Wagle Industrial Estate, Thane - 400 604.

PROXY FORM

I/We of in district
 of being a member/members of the above named Company, hereby appoint
 of in the district of or failing him
 of in the district of as my/our proxy to attend and vote for me/us on my/our
 behalf at the 32nd Annual General Meeting of the Company to be held on August 12, 1997 at 10.00 A.M., at
 D-11, Road No. 28, Wagle Industrial Estate, Thane 400 604 and at any adjournment thereof.

Signature

Thirty Paise Revenue Stamp

Signed this day of 1997

Address.....

Note : The proxy form duly signed across the revenue stamp of Thirty Paise must reach the Company's above
 mentioned Office address not less than 48 hours before the time of the meeting.

.....(Cut Here).....

ASIAN ELECTRONICS LIMITED

Registered office : Plot No. D-11, Road No. 28, Wagle Industrial Estate, Thane - 400 604.

ATTENDANCE SLIP

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING of the Company on August 12, 1997
 at 10.00 A.M., at D-11, Road No. 28, Wagle Industrial Estate, Thane 400 604.

Full name of the Member
 (In block letters)

Signature

Folio No.

Full name of Proxy
 (In block letter)

Signature

Members attending the Meeting in person or by Proxy are requested to complete the attendance
 slip and hand it over at the entrance of the venue.

Persons other than members/proxies WILL NOT BE ADMITTED.
--

Asian's Foray into ESCO

1. *We have learnt that Asian Electronics Limited (Asian) is starting an ESCO division ? What is an ESCO ?*

The term ESCO means Energy service company. Globally this term represents, a company engaged in developing, installing and financing comprehensive performance based projects centered around improving the energy efficiency. An ESCO shares the savings it generates for its customers.

2. *Can this be elaborated by giving an example ?*

Let us take an example of State Electricity Board (SEB) as a customer approaching Asian with a problem of energy losses on its transmission and distribution (T&D) network. As an ESCO, Asian would render following services :

1. It would conduct an energy audit and study the T&D network of SEBs.
2. It would prescribe a solution for the problem identified.
3. It would develop, design an energy efficient solution for the SEB.
4. It would finance the solution offered to the SEB by procuring/manufacturing energy efficient equipment.
5. It would install and commission the equipment as a part of the solution offered.
6. It would maintain the equipment over the entire period of the contract normally ranging from six to ten years.
7. It would measure, monitor and verify the project's energy savings, and most important, it would assume the risk that the project will save the amount of energy promised.

3. *Will it be mandatory for the customers to avail of the entire bundle of services ?*

No. As an ESCO, Asian would offer this wide spectrum of services. However, it would be open for the customers to choose the services required. For e.g. ESCO services may end after the audit is over and solution is prescribed. In some cases, the customer may be willing to part finance the project.

4. *What are the strengths of Asian for venturing into ESCO business ?*

The products of Asian are energy conservation products. These products have been very well received by the market and have proven track record for energy conservation. Asian has been supplying these products to various customers under performance contracts. Asian has also developed infrastructure for installation, commissioning and maintenance of these equipment in various parts of India. Because of these strengths, it is felt that these operations of Asian can be upsized into full fledged ESCO.



5. *Who would be potential customers of Asian ?*

Considering the spectrum of services offered, the services can be availed by SEBs, Utility companies, Industrial enterprises, Government Departments like Railways, Service industries like Hotels, Hospitals, etc.

6. *How would Asian be remunerated for these services ?*

Asian would be remunerated in the form of ESCO fees depending upon the package of services availed by the customer. However, where Asian assumes responsibility for financing of the energy efficient equipment under performance based contract, Asian would be remunerated for the supply of equipment in form of ESCO fees which would be a fraction of savings generated for the customer. ESCO fees would be either fixed or variable and would be payable only based on performance.

7. *It means that Asian is taking on a risk of product performance over the entire period of contract. Isn't this onerous ?*

The key to energy savings in an ESCO contract is the energy efficient equipment. Initially Asian will be using only the equipment which are manufactured and/or developed by Asian and its associate companies. For these products, Asian will have no hesitation whatsoever in assuming the product performance risk. Eventually, as the spectrum of services widens, Asian will procure equipment manufactured by other manufacturers. In such cases, Asian will insist on a strict quality control and such procurements will be backed by manufacturer's guarantee over the contract period.

8. *What are the other risks which Asian will assume under the performance based contract ?*

This will depend from contract to contract. Normally with the SEBs, Asian has been assuming the risk of theft, burglary, loss of equipment, etc. However, the ESCO fees are designed to remunerate Asian for all the risks assumed and Asian has also been insuring the assets for such risks.

9. *How does Asian guard against the risk of non-payment by customers ?*

The receivables under various contracts are securitised through various means depending upon the understanding reached with the customer. To date, all the operating contracts of Asian are backed either by Letter of Credit or by Escrow mechanism which ensure timely receipt of fees.

10. *Would this project entail heavy financial investment for Asian ?*

Considering the financial strengths of Asian, the additional financial outlay required for the project will not be very heavy. International Finance Corporation (IFC), Washington, a member of World Bank Group has already agreed to participate in the project by way of equity and debt.

11. What are the other advantages of ESCO services ?

As an ESCO, Asian would be able to save precious power for the nation. This will reduce the the need for generation of additional power, overcome peak load shortages and avoid colossal investment and environmental problems caused on account of power generation. The customers of Asian will be able to take energy conservation steps with the help of Asian without any investment and pay for the services out of the savings generated to them. It is a WIN-WIN situation.





ASIAN ELECTRONICS LIMITED

Board of Directors

Suresh H. Shah

Chairman & Managing Director

Vallabh R. Bhansali

Rameshchandra L. Dalal

Dr. Narendra P. Jain

Harish N. Motiwalla

Ashok Sharma

Lekhraj D. Thawani

Mahesh M. Asrani

Executive Director

Jinendra Shah

Executive Director

Ashok M. Nadkarni

*Executive Director & President***Company Secretary**

Anil Kumar Saboo

Auditors

Messrs Dalal Desai & Kumana

Solicitors

Messrs Motiwalla & Company

Bankers

Bank of India

Centurion Bank Ltd.

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Registered and Head Office

D-11, Road No. 28,
Wagle Industrial Estate
Thane-400 604.

Corporate Office

144, Mehr-Naz,
Cuffe Parade,
Mumbai-400 005.

Branch Offices

Ahmedabad
Bangalore
Calcutta
Delhi
Hyderabad

Works

Plot No. 68,
MIDC Industrial Area,
Satpur, Nashik-422 007.

Plot No. F4/15,
MIDC Industrial Area,
Tarapur-401 501.

Survey No. 117/1,
Vapi-Silvassa Main Road,
Amli, Silvassa - 396 230.

Survey No. 113/2/6,
Tirupati Industrial Estate,
66 KV Road, Amli,
Silvassa - 396 230.

Share department of the Company is situated at the registered office of the Company at Thane.

Phone : 5327541 - 44 Fax : (91-22) 5327636

*Thirty Second Annual Report 1996-97***NOTICE**

Notice is hereby given that the Thirty Second Annual General Meeting of Asian Electronics Ltd. will be held on Tuesday, August 12, 1997 at 10.00 A.M., at the registered office of the Company at D-11, Road No.28, Wagle Industrial Estate, Thane 400 604 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company and the Reports of the Directors and Auditors for the year ended March 31, 1997.
2. To declare a Dividend.
3. To appoint a Director in place of Dr. N.P. Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ashok Sharma who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri L.D. Thawani who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, consent of the Company be and is hereby accorded to the remuneration of Shri Suresh H. Shah, Chairman & Managing Director of the Company by way of salary at Rs 45,000/- per month for the period from 1.4.97 to 31.3.98.

FURTHER RESOLVED THAT other terms and conditions including those pertaining to commission and perquisites payable to the Chairman and Managing Director shall remain unchanged."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the increase in the remuneration of Shri A. M. Nadkarni, Executive Director & President, Shri Mahesh M Asrani and Shri Jinendra Shah, Executive Directors of the Company by way of salary from Rs.22,000/- each per month at present to Rs. 24,500/- each per month for the period from 1.4.97 to 31.3.98, other terms and conditions including those pertaining to commission and perquisites remaining unchanged."

9. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such statutory and other approvals as may be necessary, the Company hereby accords its consent to the investment by Board of Directors of the Company by way of purchase, subscription or acquisition of upto 1,19,700 Equity Shares of Rs. 10 each representing approximately 75% of the subscribed Equity Share Capital of Steuerung Anlage Private Limited at Rs. 180 per share such that investment of the Company in Shares of Steuerung Anlage Private Limited shall not exceed Rs 215.46 lacs.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary to implement the above Resolution and to decide on all matters arising out of and incidental to the aforesaid investment without further reference to the Company in the General Meeting.

By order of the Board
Anil Kumar Saboo
Company Secretary

Thane,
June 24, 1997

Regd. Office :
D-11, Road No. 28,
Wagle Industrial Estate,
Thane - 400 604.

**Notes :**

- [a] The explanatory statement relating to the special business mentioned in the notice and required under Section 173[2] of the Companies Act, 1956, is annexed to the notice.
- [b] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- [c] The Register of Members and Transfer Books of the Company will remain closed from 1.8.97 to 12.8.97 [both days inclusive].
- [d] If dividend on shares as recommended by the Directors is approved at the meeting, payment of such dividend will be made to those members whose names appear on the Company's Register of Members on 12.8.97.
- [e] Members are requested to quote their folio number in all correspondence with the Company.
- [f] The company has already transferred, unclaimed dividend declared upto the financial year ended 31st March 1993 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 or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Kalachowki, Mumbai 400 033. The unpaid dividends that are due for transfer to the Central Government are as follows:

Financial Year ended	Due for transfer on
31.03.1994	06.11.1997
31.03.1995	27.10.1998
31.03.1996	02.09.1999

Members who have not encashed their dividend warrants for the aforesaid financial years are requested to write to the company either for obtaining duplicate dividend warrants or revalidating the old warrants lying with them.

Explanatory statement pursuant to Section 173[2] of the Companies Act 1956.**Item Nos. 7 and 8**

The remuneration of Shri Suresh H. Shah, Chairman and Managing Director for the period from 1.4.96 to 31.3.97 by way of salary of Rs.45,000/- per month was approved by members in the 31st Annual General Meeting held on 15.7.96. It is proposed to continue with the same remuneration of Rs. 45,000/- per month from 1.4.97 to 31.3.98. Similarly all other terms and conditions regarding commission and perquisites payable to Shri Suresh H. Shah for the period from 1.4.97 to 31.3.98 shall be the same as for the earlier period from 1.4.96 to 31.3.97.

Shri A. M. Nadkarni, Executive Director & President, Shri Mahesh M Asrani, Executive Director and Shri Jinendra Shah, Executive Director of the Company have been paid each a salary of Rs. 22,000 per month for the period from 1.4.96 to 31.3.97. The members are now requested to approve the revised salary of Rs. 24,500 per month to them for the period from 1.4.97 to 31.3.98. All other terms regarding commission and perquisites payable to them for the period from 1.4.97 to 31.3.98 shall be same as for the earlier period from 1.4.96 to 31.3.97.

The particulars set out above may be treated as an abstract of the change in the terms of appointment of the Chairman and Managing Director, Executive Director & President and the Executive Directors which is required to be given in terms of Section 302(2) of the Companies Act, 1956.

The original agreements and the draft of the supplemental agreements to be entered into by the company with Shri Suresh H Shah, Shri A.M. Nadkarni, Shri Mahesh M Asrani and Shri Jinendra Shah in this connection are open for inspection at the Registered Office of the company on all working days between 10 a.m. and 12.30 p.m. upto the date of Annual General Meeting.

Shri Suresh H Shah, Shri A.M. Nadkarni, Shri Jinendra Shah and Shri Mahesh Asrani are interested in the above resolutions since they relate to their remuneration.

No other Directors of the Company is concerned or interested in the resolutions.

*Thirty Second Annual Report 1996-97***Item No. 9.**

Steuerung Anlage Private Limited (SAPL) is a Company which was founded by Dr. A. V. Subrahmanyam and Mr Suresh H Shah, the Chairman & Managing Director of your Company. Dr Subrahmanyam, a retired professor from Indian Institute of Technology (IIT), has with his technical expertise, developed SAPL into a profit making product research Company in the field of power electronics. SAPL develops, manufactures and markets electronic and electrical components and accessories. It has developed certain critical components and accessories for your Company.

In order to further strengthen and consolidate the operations of your Company, the Directors of the Company feel that the interests of the Company would be best served if the SAPL is made a subsidiary of the Company. Further International Finance Corporation, Washington as a part of its plan to participate in funding of your Company's ESCO project has also stipulated that your Company should have a controlling interest in SAPL.

Mrs. Usha S Shah, wife of Shri Suresh H Shah, the present Chairman and Managing Director is presently

holding 119700 Equity Shares of SAPL which is about 75% of the equity of SAPL. Your Company intends to acquire these shares from Mrs. Usha S Shah.

As required by its Articles of Association, SAPL appointed a firm of Chartered Accountants for determining the fair value of shares. The firm has determined the fair value at Rs. 180 per share. Accordingly your Company proposes to acquire these shares at Rs. 180 per share.

Since the Shares proposed to be acquired are from Mrs Usha S Shah, wife of Mr Suresh H Shah, Chairman and Managing Director, Mr Suresh H Shah may be deemed to be interested in the resolution.

By order of the Board

Thane,
June 24, 1997.

Anil Kumar Saboo
Company Secretary

Regd. Office :
D-11, Road No. 28,
Wagle Industrial Estate,
Thane - 400 604.