

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	NA		AC	<input checked="" type="checkbox"/>
ACM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

1997-98



**Board of Directors**

Suresh H. Shah	<i>Chairman & Managing Director</i>
Vallabh R. Bhansali	
Rameshchandra L. Dalal	
Dr. Narendra P. Jain	
Harish N. Motiwalla	
Ashok Sharma	
Lekhraj D. Thawani	
Mahesh M. Asrani	<i>Executive Director (upto 2.5.1998)</i>
Jinendra Shah	<i>Executive Director</i>
Atul Shah	<i>Executive Director (w.e.f. 2.5.1998)</i>
Ashok M. Nadkarni	<i>Executive Director & President</i>

Vice President (Finance) & Company Secretary

Rasik D. Goradia

Auditors

Messrs Dalal Desai & Kumana

Solicitors

Messrs Motiwalla & Company

Bankers

Bank of India
Centurion Bank Ltd.

Report Junction.com

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Registered & 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.

Silvassa - Unit - I

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

Silvassa - Unit - II

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 : 548 55 04 : 08 Fax : (91-22) 532 76 36



ASIAN ELECTRONICS LIMITED

NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of the Members of Asian Electronics Ltd. will be held at the Registered Office of the Company at D-11, Road No.28, Wagle Industrial Estate, Thane 400 604 on Friday, the 3rd July, 1998 at 11 A.M., for the purpose of transacting the following 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, 1998.
2. To declare Dividend.
3. To appoint a Director in place of Mr. R.L. Dalal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Vallabh Bhanshali, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Atul Shah who was appointed as an Additional Director of the Company with effect from 2nd May, 1998 pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company and who holds the office till the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature to the Office of the Director, be and is hereby appointed as a Director of the Company”.

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

“RESOLVED THAT pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act 1956, and the Memorandum and Articles of Association of the Company, and subject to approvals of the concerned Financial Institutions/Banks, SICOM Limited, International Finance Corporation, Washington (IFC) and other authorities as may be required by or under any applicable law, consent is hereby accorded to the Board of Directors of the Company, to transfer, sell and/or dispose of the undertaking of the Company, viz., A.C.Capacitors Division as a going concern or otherwise, but excluding the

land and building, to the Joint Venture Company, viz., Electronic HiTech Components Ltd. (EHC) promoted by the Company in collaboration with the Joint Venture Partner, i.e., Siemens Matsushita Components GmbH at such price and on such terms and conditions as may be decided by the Board of Directors or a Committee of the Directors appointed for the purpose including receipt of price in cash or kind or partly in cash and partly in kind or by allotment of Shares and/or Debentures of the Joint Venture Company or in any other manner and with power to the Board of Directors or to the Committee of Directors to finalise and execute necessary documents including agreements, deeds of assignment / conveyance and other documents and to do any such other acts, deeds, matters, and things as may be deemed necessary and expedient in their discretion for completion of transfer/sale of the said undertaking.”

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

“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), approval of the Company be and is hereby accorded for the payment to Directors including Alternate Directors (who are neither in the whole-time employment of the Company nor Managing Directors, nor Executive Directors, nor non- resident Directors of the Company) of remuneration, by way of commission, not exceeding 1% (one percent) of the net profits of the Company calculated in accordance with the provisions of the Act subject to a limit of Rs. 5,00,000/- (Rupees Five lacs only) per annum as may be determined by the Board of Directors of the Company (“the Board”) in each of the financial years, such commission being divisible amongst the Directors, in such proportion and manner as the Board may determine from time to time.

RESOLVED FURTHER that this resolution shall be effective for the period of 5 (five) years from the accounting year commencing on April 01, 1997”.

9. To consider and, if thought fit, to pass with or without modification, 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 Mr. Suresh H. Shah, Chairman & Managing Director of the Company by way of salary from Rs. 45,000/- per month to Rs.52,000/- per month for the period from 1.4.98 to 31.3.99.



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

10. To consider and, if thought fit, to pass with or without modification, the following Resolution an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the reappointment of Mr. A. M. Nadkarni as Executive Director & President of the Company for a period of two years from 1st July, 1998 to 30th June, 2000 upon terms and conditions including remuneration and perquisites as set out fully in the draft Agreement to be entered into between the Company and Mr. A. M. Nadkarni, a copy whereof initialled by the Chairman for the purpose of identification as placed before the meeting, be and is hereby approved.”

11. To consider and, if thought fit, to pass with or without modification, the following Resolution an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. Atul Shah as Executive Director of the Company for a period of two years from 2nd May, 1998 to 1st May, 2000 upon the terms and conditions including remuneration and perquisites as set out fully in the draft Agreement to be entered into between the Company and Mr. Atul Shah, a copy whereof initialled by the Chairman for the purpose of

identification as placed before the meeting, be and is hereby approved.”

12. To consider and, if thought fit, to pass with or without modification, 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 Mr. A. M. Nadkarni, Executive Director & President and Mr. Jinendra Shah, Executive Director of the Company by way of salary from Rs.24,500/- per month to Rs.30,000/- per month each for the period from 1.4.98 to 31.3.99.”

“RESOLVED FURTHER THAT other terms and conditions including those pertaining to commission and perquisites payable to Mr. A. M. Nadkarni, Executive Director and President and Mr. Jinendra Shah, Executive Director shall remain unchanged.”

By Order of the Board of Directors
For Asian Electronics Ltd.

R D Goradia
Vice President (Finance) &
Company Secretary

Thane, 2nd May, 1998

Regd. office :
D-11, Road No. 28
Wagle Indl. 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 Share Transfer Books of the Company will remain closed from 23.06.1998 to 03.07.1998 [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 03.07.1998.
- [e] Members are requested to quote their folio number in all correspondence with the Company.
- [f] The company has already transferred unclaimed dividends

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 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 for the subsequent years that are due for transfer to the Central Government are as follows:

Financial Year ended	Due for transfer on
31.03.1995	08.11.1998
31.03.1996	14.09.1999
31.03.1997	12.10.2000

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 NO. 6

The Board of Directors of the Company in their meeting held on 2nd May, 1998, had appointed Mr. Atul Shah as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company with effect from 2nd May, 1998 and he holds the office till ensuing Annual General Meeting. Under Section 257 of the Companies Act, a notice has been received from a member proposing Mr. Atul Shah's candidature for the office of the Directorship.

Mr. Atul Shah, former Chief Executive Officer of Jyoti Limited, Baroda is an experienced company executive having indepth knowledge in Electrical Industry, Marketing and Management. It will be advantageous for the Company to continue to avail his services. The Board recommends the Resolution for approval by the Members.

Except Mr. Atul Shah, no other Director is interested or concerned in the Resolution.

ITEM NO. 7

Your Company presently has two main business Divisions - A.C. Capacitor Division and the ESCO Division. The A.C. Capacitor Division consists of manufacturing and marketing of Metallised Film and Capacitors. These Capacitors are sold to Original Equipment Manufacturers of white goods and through a network of Dealers and Distributors to other Consumers. The ESCO Division is the Energy servicing Division, which manufactures and procures energy saving equipment and supplies them to customers on operating lease basis. ESCO Division undertakes responsibilities for manufacturing, installing, commissioning, maintaining and guaranteeing the performance of energy conservation equipment.

The Capacitor market in India has not been growing as compared to the global market. Although the global market has tremendous opportunities, the international customers insist on international Brands. The global market leaders have made substantial investments in Research and Development and have a broader spectrum of State of Art products.

Moreover, your Company has established itself as a successful ESCO. It has diversified into high technology area of energy conservation. This has come through as a result of sustained R&D efforts. Today, your Company has a wide spectrum of high technology products. The success of your Company in the field of ESCO is on account of its reliable energy efficient products, strong infrastructural base in various states of India for installation, commissioning and maintenance of equipment and a reliable track record.

In view of this scenario, your Directors are of the opinion that for optimum enhancement of shareholders' value, it will be advisable for your Company to concentrate on its core competency of providing total solution in the field of energy efficiency products.

Siemens and Matsushita Components GmbH (S+M) is a market leader in the field of Passive Components including Capacitors. S+M is already a joint venture partner of your Company in Electronic HiTech Components Limited (EHC), where your Company holds 26% of equity while S+M holds 74%. EHC is presently an Export Oriented Unit (EOU) manufacturing D.C Capacitors and Solar Panels.

The Joint venture partners of EHC feel that it will be a sound business proposition to make A.C. Capacitor business also a part of Joint venture. With this co-operation, the size of AC. Capacitor business will substantially increase, both internationally and in the domestic market. While on one hand EHC will be able to offer a low cost product in international market, the domestic market will get a wider variety of S+M brand products.

Accordingly, it is proposed that your Company will transfer its A.C. Capacitor Division to EHC, with effect from 1st October, 1998. Your Company will however continue to operate its ESCO business from the existing land and building at Nashik and Silvassa.

The consideration for the transfer of the A.C. capacitor Division on going concern basis will depend on the additions / deletions to/from the Division till the effective date i.e. 1st October, 1998. However, the consideration is not expected to be lower than U.S \$ 5.6 Million. Further, your Company will also receive Royalty from EHC at the rate of 2% of total Capacitor sales of EHC including the exports for a period of five years.

It is also proposed that equity holding of your Company in EHC will increase from 26% to 40%. This would entail additional investment of Rs. 617.50 lacs by your Company in EHC.

This proposal will be of tremendous advantage to your Company. The ESCO services offered by your Company have higher value addition as compared to capacitor operations, because these services offer high technology products as a part of total solution systems. The capacitor operations of your Company are more working capital intensive as compared to ESCO operations and consequently the working capital requirements of your Company will be considerably reduced.

The transfer of the Division will be subject to all necessary statutory, regulatory and contractual approvals.

Mr. Suresh H. Shah, Chairman & Managing Director of the Company, also being the Chairman of Electronic HiTech Components Limited., may be deemed to be concerned or interested in the said Resolution,

ITEM NO. 8

At the 27th Annual General Meeting held on 30th September, 1992, the Shareholders had by a Special Resolution approved the payment to the Non-Executive Directors of the Company, of remuneration by way of commission to be divided amongst them in such proportion and manner as the Board may from time to time determine to the maximum extent of 1% of the net profits of the Company for a period of five years from 1st April, 1992.

The validity of the said Special Resolution has expired on 31st March, 1997.



It is therefore proposed to seek the Shareholders' consent to the payment of commission to Non-Executive Directors within the limits permissible under the Companies Act, 1956 and the Rules framed thereunder.

Section 309 of the Act inter-alia provides that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission not exceeding 1% (one percent) of the net profits of the Company, if the Company has a Managing Director or a whole-time Director, provided such payment is authorised by a Special Resolution passed in that behalf.

Having regard to the time and attention devoted by the Non-Executive Directors to the affairs of the Company, it is proposed to remunerate them by payment of commission in terms of Section 309(4) of the Act for a period of 5 (five) years, from the accounting year commencing from 1st April, 1997 as mentioned in the Resolution.

However, the Commission payable to the Non-Executive Directors will not exceed Rs. 5,00,000/- in each financial year and will be divisible amongst them in such manner as the Board may determine from time to time.

Besides commission, the Directors who are not in the whole-time employment of the Company are paid sitting fees for attending meetings of the Board and Committee thereof.

Mr. Vallabh R. Bhanshali, Mr. Rameshchandra L. Dalal, Dr. Narendra P. Jain, Mr. Harish N. Motiwala, Mr. Ashok Sharma and Mr. Lekhraj D. Thawani (who are neither in the whole-time employment nor Managing Directors) are interested in the Special Resolution at Item No.8 of the Notice. None of the other Directors of the Company is, in any way, concerned or interested in the said Resolution.

ITEM NO. 9

The remuneration of Managing Director, Mr. Suresh H. Shah for the period from 1.4.97 to 31.3.98 by way of salary of Rs. 45,000/- per month was approved by the Members at the 32nd Annual General Meeting held on 12.8.97. It is proposed to increase his salary of Rs.45,000/- per month to Rs. 52,000/- per month from 1.4.98 to 31.3.99. All other terms and conditions including those pertaining to commission and perquisites payable to Mr. Suresh H. Shah shall remain unchanged.

The Board of Directors considers that the increase in salary proposed to be paid to Mr. Suresh H. Shah is commensurate with his duties and responsibilities as the Managing Director of the Company and recommends the resolution at Item No. 9 of the Notice. Approval of the Members is necessary in view of the provisions of Schedule XIII to the Companies Act, 1956.

This may be treated as abstracts of the terms of remuneration payable to Managing Director, Mr. Suresh H. Shah for the period from 1.4.98 to 31.3.1999, for the purpose of Section 302 of the Companies Act, 1956.

A copy of the draft Supplemental Agreement to be entered into by the Company with Mr. Suresh H. Shah in this connection is open for inspection at the Registered Office of the Company on all working days between 10 A. M. to 12.30 P.M. upto the date of the Annual General Meeting.

Mr. Suresh H. Shah is concerned and interested in the Resolution at Item No.9 since it relates to his own remuneration. None of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM NO. 10

The appointment of Mr. A.M. Nadkarni as Wholetime Director designated as Executive Director & President for a period of five years from 1st July, 1993 to 30th June, 1998 was approved by the Members at the 28th Annual General Meeting held on September 4,1993. His term of appointment is due to expire on 30th June, 1998.

Mr. A.M. Nadkarni has been re-appointed as an Executive Director & President of the Company from 1st July, 1998 for a further period of 2 years by the Board of Directors at its meeting held on May 2, 1998 subject to the approval of the Company in General Meeting upon the terms and conditions including remuneration and perquisites payable to him, as set out in the draft Agreement to be entered into by the Company with Mr. A.M. Nadkarni.

The remuneration and perquisites payable to Mr. Nadkarni are in conformity with the requirements and limits under Schedule XIII of the Companies Act, 1956. Consequently, no approval of the Central Government is required for his reappointment.

The Board considered his reappointment in view of his vast experience in banking and finance and his contribution to the growth of the Company during the last five years. The material provisions of the draft Agreement relating to Mr. A.M. Nadkarni's reappointment referred to in the Resolution at Item No. 10 of the Notice are as under:

1. Mr. A.M. Nadkarni to be Executive Director & President of the Company from 1st July, 1998 to 30th June, 2000 (both days inclusive), subject to earlier determination in pursuance of the provisions of the Agreement.
2. Subject to directions, limitations or restrictions imposed by the Board and/or Managing Director, Mr. Nadkarni to have the management of the whole or substantially the whole of the affairs of the Company.
3. Mr. Nadkarni to devote his whole time and attention to the business of the Company.
4. Mr. Nadkarni to be entitled to the following remuneration:
 - a. Salary : Rs.30,000/- p.m.
 - b. Commission : 1% of the Company's net profit in each financial year computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Basic Salary


ASIAN ELECTRONICS LIMITED
c. Perquisites:
Part A
i) Medical Reimbursement -

Reimbursement of medical expenses of self and family subject to a ceiling of one month's salary for a year or 2 months' salary for a period of 2 years.

ii) Leave Travel Concession -

For self and family once in a year in accordance with the Rules of the Company for the time being in force (presently one month's basic salary)

iii) Personal Accident Insurance -

Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/- .

Perquisites in Part A to be restricted to Rs. 1,00,000/- per annum

For the purpose of this part, "Family" means wife, dependent children and dependent parents of the Executive Director & President, Mr. A. M. Nadkarni.

Part B
iv) Provision of Car -

The Company shall provide Car for Company's business. Use of Car for personal purpose shall be billed by the Company to Mr. Nadkarni.

v) Telephone -

The Company will reimburse the rental charges and local call bills. Personal long distance calls to be billed by the Company to Mr. Nadkarni.

Part C
vi) Contribution to Provident Fund and Superannuation Fund -

Contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

vii) Gratuity -

Gratuity not exceeding half month's salary for each completed year of service.

viii) Encashment of Leave -

Encashment of Leave unavailed of due to exigencies of the business on termination of the Agreement.

For the purpose of Part C salary will include commission for contribution to Provident Fund, Gratuity and Leave encashment.

- 5 (A) Where the Company has profits in a financial year, the remuneration of Mr. Nadkarni by way of salary, commission and perquisites set out in Part A, as mentioned above shall not, subject to the provisions of Sections 198 and 309 of the Companies Act, 1956, exceed 5% of its net profits for that financial year; provided that if there is more than one such managerial

person, shall not exceed 10% for all of them together.

- (B) Where in any financial year during the currency of the tenure of Mr. Nadkarni as Executive Director and President, the Company has no profits or its profits are inadequate, the Company to pay to Mr. Nadkarni, remuneration by way of salary and perquisites as aforesaid in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

The perquisites specified in Part B and Part C above not to be included in the computation of the ceiling on remuneration specified in 5 (A) above.

6. Mr. Nadkarni not to become interested or otherwise concerned directly or indirectly in any selling agency of the Company.
7. Mr. Nadkarni not to engage directly or indirectly in any other business, occupation or employment whatsoever.
8. Mr. Nadkarni not to divulge, or disclose any information or knowledge obtained by him during his employment with the Company.
9. Either party has the right to terminate the Agreement by giving the other party one month's notice.
10. Upon termination, Mr. Nadkarni to hand over charge to such person nominated by the Company and to deliver to such person papers, documents and other property in his custody.

The Board of Directors considers that the remuneration proposed to be paid to Mr. Nadkarni is commensurate with his duties and responsibilities as the Executive Director and President and therefore recommends the Resolution at Item No.10 of the Notice. Approval of the members is necessary in view of the provisions of Schedule XIII to the Companies Act, 1956.

This may also be treated as an abstract of the terms of Mr. A.M.Nadkarni's reappointment as Executive Director & President for the purpose of Section 302 of the Companies Act, 1956.

A copy of the draft Agreement referred to above would be available for inspection by the Members at Registered Office of the Company on all working days between 10 A.M. & 12.30 P.M. upto to the date of Annual General Meeting.

Mr. A. M. Nadkarni is concerned and interested in the said Resolution at Item No. 10 since it relates to his own reappointment and remuneration. None of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM NO. 11

Mr. Atul Shah has been appointed as an Executive Director of the Company from 2nd May, 1998 for a further period of 2 years by the Board of Directors at its meeting held on May 2, 1998, subject to the approval of the Company in General Meeting upon the terms and conditions including remuneration and perquisites payable to him, as set out in the draft Agreement to be entered into by the Company with Mr. Atul Shah.



The remuneration and perquisites payable to Mr. Atul Shah are in conformity with the requirements and limits under Schedule XIII of the Companies Act, 1956. Consequently, no approval of the Central Government is required for his appointment.

The Board has appointed him as an Executive Director in view of his vast experience in the Electrical Industry, Marketing and Management. Mr. Atul Shah is a former Chief Executive Officer of Jyoti Limited, Baroda. Prior to this, he has held important post in various reputed companies such as S & S Power Switchgear Ltd., Madras, Oriental Power Cables Ltd, Asea Limited and Ahmedabad Electricity Co. Ltd., Ahmedabad. The Board considers it advantageous for the Company to avail his services at the time when the Company is involved in IFC aided ESCO Project.

The material provisions of the draft Agreement relating to Mr. Atul Shah's appointment referred to in the Resolution at Item No. 11 of the Notice are as under:

1. Mr. Atul Shah to be Executive Director of the Company from 2nd May, 1998 to 1st May, 2000 (both days inclusive), subject to earlier determination in pursuance of the provisions of the Agreement.
2. Mr. Atul Shah to function as Executive Director subject to directions, limitations or restrictions imposed by the Board and/or Managing Director from time to time.
3. Mr. Atul Shah to devote his whole time and attention to the business of the Company.
4. Mr. Atul Shah to be entitled to the following remuneration:
 - a. Salary : Rs.40,000/- p.m.
 - b. Commission : 1% of the Company's net profit in each financial year computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Basic Salary.

c. Perquisites :

Part A

- i. **Housing** : Furnished residential accommodation with appropriate amenities. The expenditure on providing such accommodation will be subject to a ceiling of 50% of the Salary, over and above 10% payable by the Executive Director.

In case no accommodation is provided by the Company, he shall be entitled to house rent allowance of Rs.20,000/- per month.

- ii) **Medical Reimbursement -**

Reimbursement of medical expenses of self and family subject to a ceiling of one month's salary for a year or 2 months' salary for a period of 2 years.

- iii) **Leave Travel Concession -**

For self and family once in a year in accordance with the Rules of the Company for the time being in force (presently one month's basic salary)

- iv) **Personal Accident Insurance -**

Personal Accident Insurance of an amount, the Annual premium of which shall not exceed Rs.4,000/-.

Perquisites in Part A to be restricted to Rs.1,25,000/- per annum

For the purpose of this part, "Family" means wife, dependent children and dependent parents of the Executive Director, Mr. Atul Shah.

Part B

- v) **Provision of Car -**

The Company shall provide Car for Company's business. Use of Car for personal purpose shall be billed by the Company to Mr. Atul Shah

- vi) **Telephone -**

The Company will reimburse the rental charges and local call bills. Personal long distance calls to be billed by the Company to Mr. Atul Shah.

Part C

- vii) **Contribution to Provident Fund and Superannuation Fund -**

Contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- viii) **Gratuity -**

Gratuity not exceeding half month's salary for each completed year of service.

- ix) **Encashment of Leave -**

Encashment of Leave unavailed of due to exigencies of the business on termination of the Agreement.

For the purpose of Part C salary will include commission for contribution to Provident Fund, Gratuity and Leave encashment.

- 5 (A) Where the Company has profits in a financial year, the remuneration of Mr. Atul Shah by way of salary, commission and perquisites set out in Part A, as mentioned above shall not, subject to the provisions of Sections 198 and 309 of the Companies Act, 1956, exceed 5% of its net profits for that financial year; provided that if there is more than one such managerial person, shall not exceed 10% for all of them together.

- (B) Where in any financial year during the currency of the tenure of Mr. Atul Shah as Executive Director, the Company has no profits or its profits are inadequate, the Company to pay to Mr. Atul Shah, remuneration



by way of salary and perquisites as aforesaid in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

The perquisites specified in Part B and Part C above not to be included in the computation of the ceiling on remuneration specified in 5 (A) above.

6. Mr. Atul Shah not to become interested or otherwise concerned directly or indirectly in any selling agency of the Company.
7. Mr. Atul Shah not to engage directly or indirectly in any other business, occupation or employment whatsoever.
8. Mr. Atul Shah not to divulge, or disclose any information or knowledge obtained by him during his employment with the Company.
9. Either party has the right to terminate the Agreement by giving the other party one month's notice.
10. Upon termination, Mr. Atul Shah to hand over charge to such person nominated by the Company and to deliver to such person papers, documents and other property in his custody.

The Board of Directors considers that the remuneration proposed to be paid to Mr. Atul Shah is commensurate with his duties and responsibilities as the Executive Director and therefore recommends the Resolution at Item No. 11 of the Notice. Approval of the members is necessary in view of the provisions of Schedule XIII to the Companies Act, 1956.

This may also be treated as an abstract of the terms of Mr. Atul Shah's appointment as Executive Director for the purpose of Section 302 of the Companies Act, 1956.

A copy of the draft Agreement referred to above would be available for inspection by the Members at Registered Office of the Company on all working days between 10 A.M. & 12.30 P.M upto to the date of Annual General Meeting.

Mr. Atul Shah is concerned and interested in the Resolution at Item No. 11 since it relates to his own appointment and remuneration. None of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM NO. 12

The remuneration of Mr. A.M. Nadkarni, Executive Director & President and Mr. Jinendra Shah, Executive Director for the period from 1.4.1997 to 31.3.1998 by way of salary of Rs.24,500/- per month for each of them was approved by the Members at the 32nd Annual General Meeting held on 12th August, 1997. It is proposed to increase the salary of Rs.24,500/- per month to Rs.30,000/- per month for each of them from 1.4.1998 to 31.3.1999. All other terms and conditions including those pertaining to commission and perquisites payable to each of them shall remain unchanged.

The Board of Directors considers that the proposed increase in remuneration to be paid to the Executive Directors is commensurate with their duties and responsibilities and therefore recommends the Resolution at Item No. 12 of the Notice. Approval of the members is necessary in view of the provisions of Schedule XIII to the Companies Act, 1956.

This may be treated as abstracts of the terms of remuneration payable to Executive Directors for the period 1.4.98 to 31.3.1999 for the purpose of Section 302 of the Companies Act, 1956.

Copies of the draft Agreements referred to above 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.

Mr. A.M. Nadkarni and Mr. Jinendra Shah are concerned and interested in the Resolution at Item No. 12 since it relates to their own remuneration. None of the other Directors of the Company is, in any way, concerned or interested in this Resolution.

By Order of the Board of Directors
For Asian Electronics Ltd.

R D Goradia
Vice President (Finance) &
Company Secretary

Thane, 2nd May, 1998

Regd. Office :
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