



# ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

1999-2000

***Generating Savings for Generations***

## A historical perspective

Particulars	Year ended March 31,					
	2000	1999	1998	1997	1996	
<i>(Rs. in lacs except data per share, other information and Ratios)</i>						
<b>Revenue account</b>						
Gross Revenue	9998	11790	13976	10574	9066	
Operating profit (PBDIT)	1366	1790	2848	2105	2542	
Financial Charges	153	163	242	227	156	
Depreciation	327	464	548	467	363	
Provision for taxation	-	5	-	25	-	
Profit after tax	886	1158	2058	1386	1929	
Cash generation	1213	1622	2606	1853	2292	
PBIDT as a percentage of total revenue	14	15	20	20	28	
Return on net worth	9	12	20	20	33	
<b>Capital account</b>						
Share capital	850	850	850	747	349	
Net worth	14239	13613	12936	9192	6869	
Loan funds	2377	863	2250	2655	2246	
Net block	5526	1947	4526	4500	3458	
Net current assets	8439	11442	10174	7104	5392	
Debt-Equity Ratio	0.17	0.06	0.17	0.29	0.33	
<b>Per share data</b>						
Earnings	Rs.	10	14	26 **	19 *	59
Book value	Rs.	168	160	152	123	197
Dividend	%	25	55	55	40 *	60
* Ex Bonus						
** Annualised						
<b>Other information</b>						
Number of shareholders	7571	6976	6842	5950	5355	

**Board of Directors**

Suresh H. Shah

*Chairman & Managing Director*

Vallabh R. Bhanshali

Rameshchandra L. Dalal

Harish N. Motiwalla

Lekhraj D. Thawani

Dr. K. U. Mada

Ashok Sharma

*Executive Director (w.e.f. 1.4.2000)*

Jinendra Shah

*Executive Director*

Atul Shah

*Executive Director (upto 1.5.2000)*

Ashok M. Nadkarni

*Executive Director & President***Vice President (Finance) & Company Secretary**

Rasik D. Goradia

**Auditors**

Messrs Dalal Desai &amp; Kumana

**Solicitors**

Messrs Motiwalla &amp; Company

**Bankers**

Bank of India

Centurion Bank Ltd.

**Connectivity Agents for Demat**

Intime Spectrum Registry Pvt. Ltd.

**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  
Calcutta  
Chennai  
New Delhi  
Hyderabad**Works**Plot No.68,  
MIDC Industrial Area,  
Satpur, Nashik - 422 007.**Silvassa - Unit - I**Survey No.117/1,  
Vapi-Silvassa Main Road,  
Aml, Silvassa - 396 230.**Silvassa - Unit - II**Tirupati Industrial Estate,  
66 KV Road, Aml,  
Silvassa - 396 230.**Silvassa - Unit - III**Survey No. 126-P, Building A,  
Gala No. 101,102,115 & 116  
Electronic Indl. Estate  
Aml, Silvassa 396 230.**Silvassa - Unit - IV**Survey No. 126-P  
Building A,  
Gala No. 103,104,113 & 114  
Electronic Indl. Estate  
Aml, Silvassa 396 230.**Hyderabad Unit**H.No. 2-3-70/70/11  
3<sup>rd</sup> Floor, Amberpet  
Hyderabad 500 013**Annual General Meeting**Thursday, 31<sup>st</sup> August, 2000 at 11 a.m.**Venue :** Registered Office of the Company at  
D-11, Road No. 28, Wagle Industrial  
Estate, Thane 400 604.Members are requested to bring their copies of  
the Annual Report to the Meeting.**Transport Facility**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 on Thursday, the 31<sup>st</sup> August, 2000 at  
11 a.m. The bus will leave at 10.30 a.m. sharp  
from Thane Station (East) near Anand Cinema.Members interested in attending the AGM may  
avail the facility.**Product Demonstration**After conclusion of the AGM a  
demonstration of the new innovative product  
of the Company, Retrofit Electronic Lighting  
Systems, i.e. E + Tubelight has been arranged.  
Members are requested to avail of this  
opportunity to see the new product in  
operation.Share Department of the Company is  
situated at the Registered Office of the  
Company at Thane.**Phone :** 583 55 04 - 09**Fax :** (91-22) 582 76 36**E-mail :** sharedept@aelgroup.com**CONTENTS**

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## Notice of the 35<sup>th</sup> Annual General Meeting

Notice is hereby given that the Thirty Fifth 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 Thursday, the 31st August, 2000 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, 2000.
2. To declare Dividend.
3. To appoint a Director in place of Mr. L.D.Thawani, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R.L.Dalal, 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 Dr. K.U.Mada who was appointed as an Additional Director of the Company with effect from 23<sup>rd</sup> September, 1999 pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company and 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 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 inclusion of perquisite of contribution to Superannuation Fund involving an amount of Rs. 99,000/- per annum with effect from 1.4.2000".  
"RESOLVED FURTHER THAT other terms and conditions including those pertaining to salary, commission and perquisites payable to Mr. Suresh H. Shah, Chairman & Managing Director shall remain unchanged."
8. 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 by way of salary from Rs.32,000/- per month to Rs.40,500/- per month for the period from 1.4.2000 to 30.6.2000 and Mr. Jinendra Shah, Executive Director by way of salary from Rs. 32,000/- per month to Rs. 40,500/- per month for the period from 1.4.2000 to 31.3.2001." "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."

9. To consider and, if thought fit, to pass with or without modification, the following Resolution as 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. Ashok Sharma as Executive Director of the Company for a period of two years from 1<sup>st</sup> April, 2000 to 31<sup>st</sup> March, 2002 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. Ashok Sharma, a copy of which is placed before the meeting and initialled by the Chairman for the purpose of identification be and is hereby approved."
  10. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution "RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money/s from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the total amount so borrowed shall not exceed Rs. 250 crores (Rupees Two Hundred Fifty crores only)."
  11. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution: "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company, wheresoever situate, present and future, and the whole of the undertaking of the Company, in favour of the following Institutions/Banks to secure the repayment of the Financial Assistance/Working Capital facilities advanced/agreed to be lent and advanced by them to the Company:
- |   |                   |                    |
|---|-------------------|--------------------|
| Industrial Development Bank of India (IDBI)             | - Term Loan       | - Rs. 9800 lacs    |
| Indian Renewable Energy Development Agency Ltd. (IREDA) | - Term Loan       | - Rs. 1971.04 lacs |
| Bank of India (BOI)                                     | - Working Capital | - Rs. 1050.00 lacs |
| Centurion Bank Ltd. (CBL)                               | - Working Capital | - Rs. 1050.00 lacs |
- together with interest at the agreed rates, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, cost, charges, expenses and all other monies payable by the Company to the aforesaid Financial Institutions/Banks in terms of their respective Loan Agreement/Hypothecation Agreement/Letters of Sanction/Undertakings executed by the Company in respect of the said Financial Assistance/Working Capital facilities."



“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, IDBI acting for itself and as an Agent of IREDA, BOI and CBI., the documents for creating the aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary or proper for giving effect to the above Resolution.”

By Order of the Board of Directors

**Regd. office :**

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

Thane : 29<sup>th</sup> June, 2000

For **Asian Electronics Ltd.**

**R D Goradia**  
Vice President (Finance) &  
Company Secretary

**Notes:**

- [a] The explanatory statement relating to the special business mentioned in the notice as required under Section 173[2] of the Companies Act, 1956, is annexed hereto.
- [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 Thursday, 17<sup>th</sup> August, 2000 to Thursday, 31<sup>st</sup> August, 2000 [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 17<sup>th</sup> August, 2000.
- In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose.*
- [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 31<sup>st</sup> March 1995 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, C.G.O. Building, CBD, Navi Mumbai.
- Members who have not encashed their dividend warrants for the subsequent financial years are requested to write to the Company either for obtaining duplicate dividend warrants or revalidating the old warrants lying with them.
- [g] The Companies (Amendment) Act, 1999 has introduced nomination facility for Shareholders. Those shareholders who are interested in making nomination are requested to file with the Company the prescribed Form 2 B which can be had from the Company on request.

**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 23<sup>rd</sup> September, 1999, had appointed Dr. K.U.Mada 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 23<sup>rd</sup> September, 1999 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 Dr. K.U.Mada's candidature for the office of the Directorship.

Dr.K.U.Mada, former Executive Director of IDBI is an experienced executive having in-depth knowledge in Finance, Industry 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 Dr.K.U.Mada, no other Director is interested or concerned in the Resolution.

**ITEM NO. 7**

The remuneration of Managing Director, Mr. Suresh H. Shah for the period to from 1<sup>st</sup> April, 1999 to 31<sup>st</sup> March, 2000 by way of salary of Rs.55,000/-p.m. was approved by the Members at the 34<sup>th</sup> Annual General Meeting held on 23.9.1999. It is proposed to increase the remuneration of Mr. Suresh H. Shah, Chairman & Managing Director of the Company by inclusion of perquisite of contribution to Superannuation Fund involving an amount of Rs. 99,000/- per annum with effect from 1.4.2000.

All other terms and conditions including those pertaining to salary, commission and perquisites payable to Mr. Suresh H. Shah shall remain unchanged.

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

The Board of Directors considers that the proposed increase in the remuneration to be paid to the Managing Director, Mr. Shah, is commensurate with his duties and responsibilities and therefore recommends Resolution at Item No. 7.

This may be treated as abstract of the terms of remuneration payable to the Managing Director for the purpose of Section 302 of the Companies Act, 1956.

A Copy of the draft Agreement referred to above is open for inspection at the Registered Office of the Company between 10 A.M. and 1.00 P.M. on any working day except Saturday, upto and including the date of the Annual General Meeting.

Mr. Suresh H. Shah is concerned and interested in the Resolution at Item No. 7 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. 8**

The remuneration of Mr. A.M.Nadkarni, Executive Director & President and Mr. Jinendra Shah, Executive Director for the period from 1.4.1999 to 31.3.2000 by way of salary of Rs.32,000/- per month for



each of them was approved by the Members at the 34<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September, 1999. It is proposed to increase the remuneration of Mr. A. M. Nadkarni, Executive Director & President by way of salary from Rs.32,000/- per month to Rs.40,500/- per month for the period from 1.4.2000 to 30.6.2000 and Mr. Jinendra Shah, Executive Director by way of salary from Rs. 32,000/- per month to Rs. 40,500/- per month for the period from 1.4.2000 to 31.3.2001.

All other terms and conditions including those pertaining to commission and perquisites payable to Mr. A. M. Nadkarni and Mr. Jinendra Shah shall remain unchanged. However, both Mr. Nadkarni and Mr. Jinendra Shah will be entitled to the benefit of Superannuation Scheme introduced by the Company w.e.f. 1.4.2000, calculated at 15% of the basic salary.

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. 8 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 Director & President, Mr. A.M.Nadkarni for the period from 1.4.2000 and 30.6.2000 and Executive Director, Mr. Jinendra Shah for the period 1.4.2000 to 31.3.2001 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 between 10 A.M. and 1.00 P.M. on all working days except Saturday, upto the date of the Annual General Meeting.

Mr. A.M. Nadkarni and Mr. Jinendra Shah are concerned and interested in the Resolution at Item No. 8 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.

#### ITEM NO. 9

Mr. Ashok Sharma has been appointed as a Wholtime Director designated as an Executive Director of the Company from 1<sup>st</sup> April, 2000 for a period of 2 years by the Board of Directors at its meeting held on April 21, 2000 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. Ashok Sharma.

The remuneration and perquisites payable to Mr. Ashok Sharma 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.

Mr. Ashok Sharma has been a Director of the Company for the past decade. The Board considers it advantageous to the Company to avail his services as a wholtime Director in view of its emphasis on ESCO business.

The material provisions of the draft Agreement relating to Mr. Ashok Sharma's appointment referred to in the Resolution at Item No. 9 of the Notice are as under:

1. Mr. Ashok Sharma to be Executive Director of the Company from 1<sup>st</sup> April, 2000 to 31<sup>st</sup> March, 2002 (both days inclusive), subject to earlier determination in pursuance of the provisions of the Agreement.

2. Mr. Ashok Sharma 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. Ashok Sharma to devote his whole time and attention to the business of the Company.
4. Mr. Ashok Sharma to be entitled to the following remuneration:
  - a. **Salary** : Rs.44,000/- 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 349 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Basic Salary.

#### c. **Perquisites** :

##### **Part A**

##### **i) Medical Reimbursement -**

Reimbursement of medical expenses of self and family subject to a ceiling of Rs. 16,320/- per annum.

##### **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/- p.a.

Perquisites in Part A to be restricted to Rs. 70,000/- p.a.

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

##### **Part B**

##### **iv) Telephone -**

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

##### **Part C**

##### **v) Contribution to Provident Fund -**

Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.

##### **vi) Gratuity -**

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

##### **vii) 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. Ashok Sharma 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. Ashok Sharma as Executive Director, the Company has no profits or its profits are inadequate, the Company to pay to Mr. Ashok Sharma, 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. Ashok Sharma not to become interested or otherwise concerned directly or indirectly in any selling agency of the Company.
7. Mr. Ashok Sharma not to engage directly or indirectly in any other business, occupation or employment whatsoever.
8. Mr. Ashok Sharma not to divulge, or disclose any information or knowledge obtained by him during his employment with the Company.
9. Either party may be entitled to terminate the Agreement by giving the other party one month's notice.
10. Upon termination, Mr. Ashok Sharma 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. Ashok Sharma is commensurate with his duties and responsibilities as the Executive Director and therefore 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 also be treated as an abstract of the terms of Mr. Ashok Sharma'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 is available for inspection by the Members at the Registered Office of the Company on all working days except Saturday, between 10 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

Mr. Ashok Sharma is concerned and interested in the Resolution at Item No. 9 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. 10

At the Extra Ordinary General Meeting held on May 24, 1997,

approval was accorded to borrow and create Mortgages / Charges on the assets of the Company upto Rs. 150 crores notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the paid up capital and its free reserves.

Taking into account the further requirements of finance for the expansion programme undertaken / to be undertaken by the Company there is a need to enhance the sanction for long term borrowings and creation of Mortgages / Charges on the assets of the Company from Rs.150 crores to Rs.250 crores.

None of the Directors is interested in the above Resolution.

#### ITEM NO. 11

The Company has been sanctioned Term loans/working capital facilities by various financial institutions/Banks. As per the terms of the Sanction Letters, the Company is required to secure the said term loans/working capital facilities by creating charge on the properties of the Company situated at Tarapur, Nashik and Thane. Section 293 (1) (a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a public limited company shall not, except with the consent of the Company in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. The Company is in the process of executing/creating mortgage/charge in favour of concerned financial institutions and Banks on the properties of the Company with the power to enforce the security in certain events of default as per the terms and conditions of the various sanction letters of the said Financial Institutions/Banks.

The mortgage may be regarded as disposal of the Company's properties in terms of provisions contained in Section 293(1)(a) of the Companies Act, 1956.

It is therefore considered necessary for the Members to authorise the creation of mortgage/charge by passing an Ordinary Resolution as aforesaid.

Copies of the Sanction Letters referred to above regarding the sanction of Term Loans/ working capital facilities by financial institutions/Banks referred to in the Resolution, are available for inspection at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days except Saturday, upto the date of Annual General Meeting.

By Order of the Board of Directors

For Asian Electronics Ltd.

Regd. office :

D-11, Road No. 28

Wagle Indl. Estate

Thane - 400 604

Thane : 29<sup>th</sup> June, 2000

**R D Goradia**

Vice President (Finance) &

Company Secretary



## DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Thirtyfifth Annual Report of the Company on the business and operations of the Company for the year ended March 31, 2000.

### Financial Results

[Rupees in Lacs]

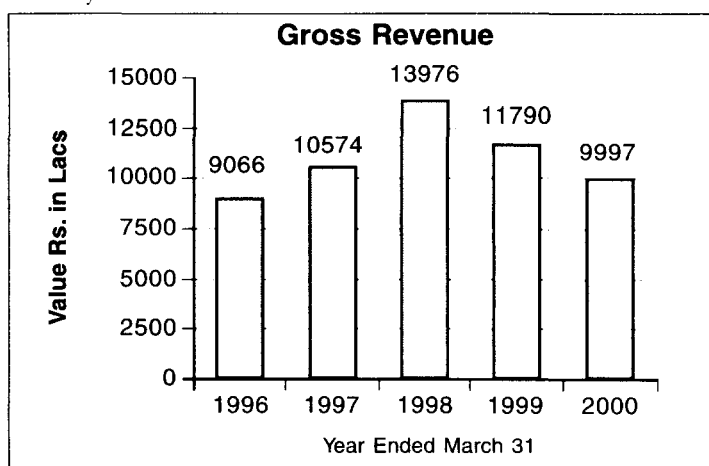
Year ending March 31,	2000	1999
Gross revenue	9998	11790
Operating profit (PBIDT)	1366	1790
Interest	153	163
Depreciation	327	464
Profit before tax	886	1163
Provision for tax	—	5
Profit after tax	886	1158
Balance brought forward	531	293
Balance available for Appropriation	1417	1450
<b>Appropriation</b>		
Dividend recommended	212	468
Dividend tax	47	51
Transfer to General Reserve	200	400
Balance carried to Balance Sheet	958	531

### Dividend

Your Directors recommend dividend @ 25% for the year ended 31st March, 2000 on the Equity Share Capital of the Company. The dividend pay out for the year inclusive of dividend tax will be Rs. 259.33 lacs as compared to Rs. 519.08 lacs in the previous year.

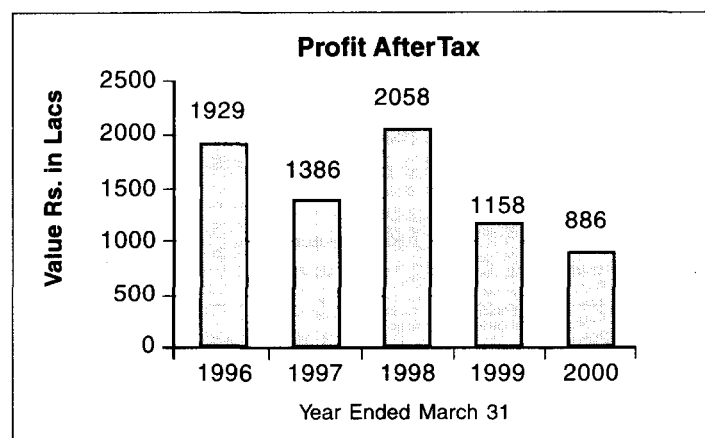
### Operations

As in the past, your Directors would like to update you on the progress of various activities undertaken by the Company. You were earlier advised about the hiving off of the A.C. Capacitor business to the Company's joint venture. Though the hiving off took place in October 1998, execution of the ongoing orders of capacitor panels has been a continuing process. During the year this activity brought in sales revenue of about Rs.261 lacs. Balance part of the order which would bring in more or less equal revenue is expected to be completed during the current year.



ESCO activity is now the predominant activity of the Company. This division has brought in revenue of Rs.9036 lacs through sales of energy saving products as also rentals received on lease of such equipment

mainly from the Utilities. Automatic Load Monitoring Systems which constitute the bulk of ESCO activities contributed sales revenue of Rs.2420 lacs during the year.



Power Supply Systems, which find innumerable applications in the field of telecommunications is another area where your Company is now concentrating. Though recent entrant into the field, the Company has been able to obtain approvals for a wide range of equipment particularly from the Department of Telecommunications. As against the sales revenue of about Rs.265 lacs during the year under review, your Directors are optimistic of logging sales of around Rs.1000 lacs during the current year. The Company expects to achieve this with the assistance and technology and other resources available through two of the associate companies.

Amongst all these developments, the brightest star on the business horizon of the Company is the "Asian E+ Energy Efficient Tube Light". In this venture, the Company has tied up with OSRAM, one of the world's leading producers of lights and lighting systems. The tube which is used in the E+ Energy Efficient Tube Lights is a slim tube called 'T5' which is by far the most efficient tube light produced anywhere in the world. Though the Company buys these tubes from OSRAM in India, the tubes are produced in OSRAM factories in the European Economic Community. The E+ Tube Light has recorded proven energy savings of over 45% as compared to the conventional tube lights.

After overcoming all the snags encountered during the field trials, commercial production has started in the current year and the Company expects the Retrofit Electronic Lighting Systems to contribute more than Rs.20 crores to the current year's revenue. Some of the corporates who have placed trial orders on the Company and have satisfied themselves before placing large orders are Bajaj Auto, Cadbury, DLF, BPL, Tata Consulting Engineers, Indian Telephone Industries, Maruti Udyog, Grasim Industries, Reliance Industries, Government of Gujarat, Bangalore Vidhan Soudha, NIIT, etc. Your Directors are happy to advise that this product has received unreserved and universal acclaim which more than makes up for the considerable delay in launching the product in the market.

Similarly, the Company's solar power plant activity has also taken off after overcoming hurdles during the last year. The order for 300 kWp Solar Power plant from the Brahma Kumaris & World Renewal Spiritual Trust is under implementation now and your Directors expect the execution to be completed before the end of the current calendar year.





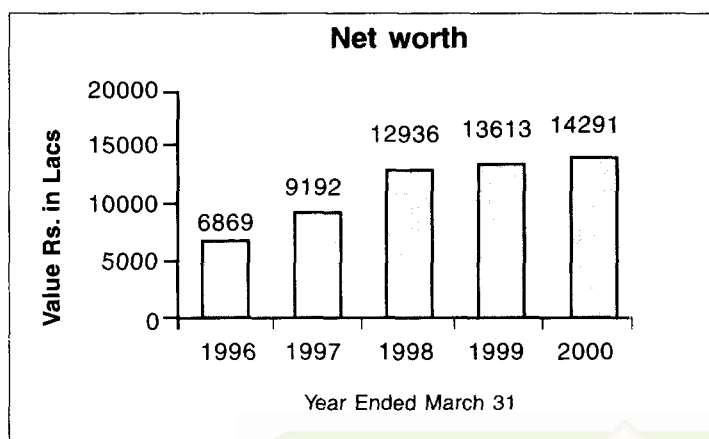
## Accounts

The accompanying Financial Statements of the Company have been prepared on a going concern basis.

In preparation of these accounts, the Accounting Standards made applicable by the Institute of Chartered Accountants of India have been followed.

We have selected appropriate accounting policies which have been applied consistently and have made judgments and estimates that are reasonable and prudent so as to ensure that the accounts give a true and fair view of the state of affairs of the Company as at 31st March, 2000 and of the profit of the Company for the year ended on that date.

We have taken proper and sufficient care for maintenance of appropriate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.



## Subsidiary Company

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Annual Accounts for the year ended 31st March, 2000 of Steuerung Anlage Ltd., a Subsidiary of the Company are annexed.

## Personnel

The industrial relations continue to be cordial. A significant progress was made towards higher manpower productivity and enhancement of technical and managerial skills. The Board takes this opportunity to thank all employees for the joint efforts put in to achieve the Company's target.

## Particulars of the Employees

As required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## Directors

In accordance with Article 156 of the Articles of Association of the company, Mr R.L.Dalal and Mr. L.D.Thawani are retiring by rotation and are eligible for reappointment.

The Board of Directors of the Company in their meeting held on 23<sup>rd</sup> September, 1999, had appointed Dr. K.U.Mada 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 23<sup>rd</sup> September, 1999 and he holds the office till ensuing Annual General Meeting. Dr.K.U.Mada is eligible for appointment.

Mr Atul Shah, Executive Director of the Company, resigned w.e.f. 1<sup>st</sup> May, 2000. Your Directors place on record their deep sense of appreciation for the contribution made by Mr. Atul Shah.

Mr. Ashok Sharma has been appointed as an Executive Director of the Company w.e.f. 1<sup>st</sup> April, 2000.

## Auditors

M/s. Dalal Desai & Kumana, Auditors of the Company will retire at the ensuing Annual General Meeting and they are eligible for reappointment. They have confirmed their willingness to accept the office, if reappointed.

## Y2K

The Company has successfully sailed through Y2K transition. All softwares and hardwares used in recording financial transactions and most of the hardwares used in other operations are Y2K compliant and continue to be fully functional. The Company's Y2K roll over has passed without any disruption to its operations.

## Conservation of Energy, Technology Absorption etc.

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Out-go as required to be disclosed pursuant to Section 217 [1] (e) of the Companies Act, 1956, read with Companies [Disclosures of Particulars in the Report of Board of Directors] Rules, 1988 is given in the Annexure forming part of this Report.

## Dematerialisation of Shares

Based on the recommendations of the Working Group on Dematerialisation, the Securities and Exchange Board of India (SEBI) vide its Press Release dated 8<sup>th</sup> February, 2000 has decided to include the Equity Shares of the Company in the list in which trading is compulsory for Institutional Investors and Overseas Corporate Bodies in dematerialized form with effect from 26.6.2000.

Equity Shares of the Company are now available for dematerialisation with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Security bears Code No. ISIN "INE441A01018".

Intime Spectrum Registry Pvt. Ltd. are the Agents for connectivity in a depository mode with the Depositories i.e. NSDL and CDSL.

As per recent Circular dated May 29, 2000 of Securities and Exchange Board of India, the Equity Shares of the Company are compulsorily required to be traded under dematerialized form with effect from 28.8.2000.

## Corporate Governance

The recommendations contained in the Report of Shri Kumar Mangalam Birla on Corporate Governance, which forms part of the Listing Agreements with Bombay and National Stock Exchanges, will have to be complied with by the Company during the Financial Year 2001-2002. However, the Company has already started complying with some of the requirements of the Listing Agreements to the extent and in the manner as stated in the annexure.

## Acknowledgements

Your Directors thank the customers, vendors, investors, financial institutions and bankers for their continued support. Your Directors place on record their appreciation of the contribution made by employees at all levels, their competence, hard work, solidarity, co-operation and support.

On behalf of the Board of Directors

Place : Thane  
Date: June 29, 2000

**Suresh H Shah**  
Chairman & Managing Director



## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2000.

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

### (A) CONSERVATION OF ENERGY

- (a) Energy conservation measures taken : The Company continues to explore measures which help in reducing energy consumption. Various steps have been taken to reduce consumption of electrical energy by monitoring and use of electrical lights and equipment, improvement of power factor, indoor shop lighting etc. Staff awareness programmes were continued in the field of energy conservation.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. : The Company is in the process of installing energy efficient lightings. The Company is also in the process of introducing Energy Efficient Retrofit Lighting Systems in the market. The Company has set up a new facility for the purpose at Silvassa.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. : These steps will generate savings in electricity consumption. However, these savings will have no appreciable impact on cost of production as the Company's production processes are not energy intensive.

### (B) TECHNOLOGY ABSORPTION

#### (a) Research and Development

- Specific areas in which R & D carried out by the Company. : The Company has successfully developed energy efficient retrofit lighting systems.
- Benefit derived as a result of the above R & D : The Company sees a bright future in commercially exploiting the above product.
- Future plan of action
1. To intensify the R & D efforts in power quality improvement and energy conservation products.
  2. To develop and introduce variants of the Retrofit Lighting Systems to suit different market segments.
- Expenditure on R & D
- |   |                       |
|---|-----------------------|
| (a) Capital   | Rs. 36.12 lacs        |
| (b) Recurring   | Rs. 4.90 lacs         |
| (c) Total   | <u>Rs. 41.02 lacs</u> |
| (d) R & D expenditure as a percentage of the total turnover | 0.41%                 |