



ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

2000-2001

Generating Savings for Generations

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

Jinendra Shah

*Executive Director***President**

Ashok M. Nadkarni

*Executive Director (upto 30.6.2000)***Vice President (Finance) &****Company Secretary**

Rasik D. Goradia

Auditors

Messrs Dalal Desai & Kumana

Solicitors

Messrs Motiwalla & Company

Bankers

Bank of India

Centurion Bank Ltd.

Connectivity Agent for Demat

Intime Spectrum Registry Pvt. Ltd.

Phone : 5664590-91, 5684781

E-mail : isrl@vsnl.com

Registered & Head Office

D-11, Road No.28,

Wagle Industrial Estate,

Thane - 400 604.

Corporate Office

15, Shanti Kutir, 215, N.S. Road

Mumbai - 400 020.

Branch Offices

Ahmedabad

Bangalore

Calcutta

Chennai

Delhi

Hyderabad

Works

Plot No.68,

MIDC Industrial Area,

Satpur, Nashik - 422 007

Silvassa - Unit - II

Tirupati Industrial Estate,

66 KV Road, Amli,

Silvassa - 396 230.

Silvassa - Unit - III

Survey No. 126-P

Building A,

Gala No. 101, 102, 115 & 116

Electronic Indl. Estate

Amli, Silvassa 396 230.

Silvassa - Unit - IV

Survey No. 126-P

Building A,

Gala No. 103, 104, 113 & 114

Electronic Indl. Estate

Amli, Silvassa 396 230.

Hyderabad Unit

H.No. 2-3-30/55

Amberpet

Hyderabad 500 013

Chennai Unit:

11-B, Jeevanandam Road,

Laxmipuram, Thiruvanniyur,

Chennai - 600 041

Annual General MeetingThursday, 6th September, 2001 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 6th
September, 2001 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.

Share Department of the Company is
situated at the Registered Office of the
Company at Thane.

Phone : 582 55 04 - 08

Fax : (91-22) 582 76 36

E-mail : sharedept@aelgroup.com

Websites : www.aelgroup.com
www.asian-eplus.com**CONTENTS**

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NOTICE OF THE 36TH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Sixth 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 6th September, 2001 at 11.00 A.M., for the purpose of transacting the following business.

buy-back of any part of the share capital of the Company fully paid up on that date."

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

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

R D Goradia
Vice President (Finance) &
Company Secretary

Thane, 30th June, 2001

Notes:

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, 2001.
2. To declare Dividend.
3. To consider and, if thought fit, to pass the following Resolution, with or without modification as an Ordinary Resolution :

"RESOLVED THAT Mr. Vallabh R. Bhansali, a Director liable to retire by rotation and eligible for re-election and who has not offered himself for re-election is therefore not re-appointed as Director of the Company and the vacancy so caused be not filled up."
4. To appoint a Director in place of Mr. H.N.Motiwalla, 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 pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Mr. Jinendra Shah as Executive Director of the Company for a period of two years from 4th May, 2001 to 3rd May, 2003 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. Jinendra Shah, a copy of which is placed before the meeting and initialled by the Chairman for the purpose of identification be and is hereby approved."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the Articles of Association of the Company be amended by insertion of a new Article 78 A after the existing Article 78 :

"Subject to and in full compliance of the requirement of Sections 77A, 77AA and 77B of the Companies Act, 1956, or corresponding provisions of any re-enactment thereof and any Rules and Regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company, in a General Meeting may, upon the recommendation of the Board, at any time and from time to time, by a Special Resolution authorise

- [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 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 Monday, the 27th August, 2001 to Thursday, the 6th September, 2001 [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 6th September, 2001.

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 31st 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, 2nd floor, CGO Building, CBD Belapur, Navi Mumbai 400614.

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.

ASIAN ELECTRONICS



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Mr. Jinendra Shah has been re-appointed as a Wholtime Director designated as an Executive Director of the Company from 4th May, 2001 for a period of 2 years by the Board of Directors at its meeting held on March 19, 2001 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. Jinendra Shah.

The remuneration and perquisites payable to Mr. Jinendra 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 reappointment.

Mr. Jinendra Shah has been an Executive Director of the Company for the past 5 years. The Board considers it advantageous for 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. Jinendra Shah's reappointment referred to in the Resolution at Item No. 6 of the Notice are as under:

1. Mr. Jinendra Shah to be Executive Director of the Company from 4th May, 2001 to 3rd May, 2003 (both days inclusive), subject to earlier determination in pursuance of the provisions of the Agreement.
2. Mr. Jinendra 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. Jinendra Shah to devote his whole time and attention to the business of the Company.
4. Mr. Jinendra Shah to be entitled to the following remuneration:

1. REMUNERATION:

- a. Salary : Rs. 40,500/- 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

- a) Medical reimbursement -
Reimbursement of medical expenses of Self and family subject to a ceiling of one month's salary for a year or 2 month's salary for a period of 2 years.
- b) 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).

- c) Personal Accident Insurance -

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

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

Part B

- a) Provident Fund and Employees' Pension Scheme -

Company's Contribution towards Provident Fund and Employees' Pension Scheme as per the rules of the Company but not exceeding 12% of the Salary.

- b) Superannuation Fund -

Company's Contribution towards Superannuation Fund as per the rules of the Company but not, together with Company's contribution to Provident Fund, to exceed 27% of the Salary.

- c) Gratuity -

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

Part C

- a) Telephone -

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

- b) Encashment of Leave -

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

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

5. Notwithstanding anything to the contrary herein contained, it is expressly agreed that:

(A) Where the Company has profits in a financial year, the remuneration of Mr. 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 the 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. Shah as Executive Director, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. 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.

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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. Jinendra Shah not to become interested or otherwise concerned directly or indirectly in any selling agency of the Company.
7. Mr. Jinendra Shah not to engage directly or indirectly in any other business, occupation or employment whatsoever.
8. Mr. Jinendra Shah 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. Jinendra 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. Jinendra Shah is commensurate with his duties and responsibilities as the Executive Director and therefore recommends the Resolution at Item No. 6 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. Jinendra 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. and 12.30 p.m. upto to the date of Annual General Meeting.

Mr. Jinendra Shah is concerned and interested in the Resolution at Item No. 6 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. 7

Pursuant to new Sections 77A, 77AA and 77B introduced vide the Companies (Amendment) Act, 1999, effective October 31, 1999, it is now permissible for the Companies to buy back their own shares, involving a financial outlay of upto 25% of the paid up capital and free reserves per year, provided such buy-back in any financial year should not exceed 25% of the total paid up capital in that financial year.

While your Company has no immediate plans for buy-back of own shares in the near future, the resolution at Item No. 7 is being proposed for the limited purpose of bringing the Articles of Association of the Company in line with the amended provisions of the Companies Act, 1956 so that, if and when, the Company decides to buy-back its shares at a future date, the lack of an enabling provision in the Articles of Association does not become an impediment to such a decision.

None of the Directors of the Company is concerned or interested in this Resolution and the Board commends the passing of the Special Resolution at Item No. 7 of the notice convening the meeting.

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

R D Goradia
Vice President (Finance) &
Company Secretary

Thane, 30th June, 2001

Regd. office:

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

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ASIAN ELECTRONICS



DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Thirtysixth Annual Report of the Company on the business and operations of the Company for the year ended March 31, 2001.

Financial Results

	[Rupees in Lacs]	
Year ending March 31,	2001	2000
Gross revenue	7794	9998
Operating profit (PBIDT)	1212	1366
Interest	427	153
Depreciation	650	327
Profit before tax	135	886
Provision for tax	30	—
Profit after tax	105	886
Balance brought forward	958	531
Balance available for Appropriation	1063	1417
Appropriation		
Dividend recommended	85	212
Dividend tax	9	47
Transfer to General Reserve	3	200
Balance carried to Balance Sheet	966	958

Dividend

Your Directors recommend dividend @ 10% for the year ended 31st March, 2001 on the Equity Share Capital of the Company. The dividend pay out for the year inclusive of dividend tax will be Rs.93.70 lacs as compared to Rs. 259.33 lacs in the previous year.

Operations

For a company like yours which changed its focus from a (capacitor) manufacturing company to essentially an Esco company, comparison with the performance of the previous years does not hold much relevance. A change in focus involves change in perception, change in conceptualization as also in execution. Changes in business environment have also their own telling impact. These do involve occasional delays and prolong the business cycle affecting overall performance. This has happened to your Company.

In the past several years your Company's major business used to be with the State Electricity Boards, Utilities, etc. With the by now well-known financial situation of the Electricity Boards and Utilities your Company considered it disadvantageous, in fact injurious, to get into business with such organisations without a proper tie-up of payment mechanism. Your Company, which was relying on Letters of Credit from the Boards and Utilities for ensuring payments found that it was increasingly difficult to obtain such assured payment mechanism. Though your Company is aware of the tremendous potential in this field for further propagating our Automatic Load Monitoring Systems, it has consciously decided to defer such business until the financial situation of the Boards and Utilities improves after re-structuring of these Boards which process has already commenced. Until then your Company has decided to concentrate on other avenues in the Esco area. You were advised in the past of our having launched Fluorescent Lighting System under the product brand name of "E+". Marketing

of this product is based on the principle of purchaser paying through the savings that the product generates. This implies that this sophisticated product, which involves high-tech electronics, is sold largely on deferred payment basis wherein the deferred installments of payments are generated from the savings. More importantly, this has also involved selling a new concept rather than selling an ordinary product, which sells at a much lower price.

Talking in terms of figures, your Company's turnover during the year ended March 2001 is Rs.7250 lacs against Rs. 9565 lacs during the previous year. Fall in volumes and the expenditure connected with the development and propagation of a comparatively new product has also its impact on the bottom line of the Company, which has amounted to Rs.105 lacs as against Rs.886 lacs during the previous year.

Segment-wise, Capacitors have accounted for sales of Rs.282 lacs, Automatic Load Monitoring Systems have accounted for Rs.4748 lacs and the Lighting Systems have accounted for Rs.855 lacs. During the first quarter of the current year the sales of lighting system amount to Rs.411 lacs as against Rs.79 lacs for the corresponding quarter of the previous year. A similar picture emerges in the order booking for the lighting system, which amounts to 66000 nos. against 16000 nos. in the corresponding quarter of the previous year.

Your Company has reasonable confidence that it will be able to log sales of around 800,000 nos. E+ Tube lights - both domestic and export sales. This confidence arises out of our experience during the past over one year, when after extensive trials, we have on our portfolio customers like Toyo Engineering, Britannia Industries, Cipla Pharmaceuticals, Glaxo India Ltd., JCT Mills, Tata Honeywell, Eveready Industries, Dr. Grant Hospital (Ruby Hall Clinic), Breach Candy Hospital, IIT, Chennai Port Trust who are sold on the concept and from whom we expect orders for substantial quantities in the current and forthcoming years. Added to this is the feed back we have been receiving from the overseas giants in the field with brand names of Osram, Clipsal and Westinghouse, etc., who have shown keen interest in marketing our product. Necessary approvals required in each country are obtained or in the process of being obtained. While the product has received wide acceptance in the various countries it also has the protection against the competition with patents registered in USA and in the process of registration in other countries, including India.

Your Directors feel that this will give adequate confidence to you, as our most important stake-holders about the future of the Company.

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, 2001 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

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the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

Subsidiary Company

During the year under review, your Company acquired 82510 Equity Shares of Rs. 10/- each of Indicos Information Technology Pvt. Ltd. which is 51.57% of the Paid Up Capital of Indicos, thus rendering it a Subsidiary of your Company w.e.f. 1.8.2000.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Annual Accounts for the year ended 31st March, 2001 of Steuerung Anlage Pvt. Ltd. and Indicos Information Technology Pvt. Ltd.; Subsidiaries 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.

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 is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

Directors

In accordance with Article 156 of the Articles of Association of the Company, Mr Vallabh R. Bhanshali and Mr. H.N. Motiwala are retiring by rotation and are eligible for reappointment.

Mr. Vallabh R. Bhanshali regretted his inability to seek reappointment as a Director of the Company owing to his pre-occupation. It has been decided that the vacancy so caused be not filled up. The Board placed on record its appreciation of the valued advice rendered by Mr. Bhanshali over the long years of his association with the Company.

Mr. A.M. Nadkarni ceased to be Executive Director and Director of the Company consequent to conclusion of the Agreement for his appointment as Executive Director on 30.6.2000. Your Directors place on record their appreciation for the contribution made by Mr. Nadkarni as Executive Director of the Company. Your Directors are pleased to report that your Company continues to avail benefit of his rich and varied experience as President of the Company w.e.f. 12.7.2000.

Mr. Jinendra Shah has been re-appointed as an Executive Director of the Company w.e.f. 4.5.2001.

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.

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.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

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 Exchange, 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 all stake-holders including customers, vendors, investors and bankers for their continued support. Your Directors also place on record their appreciation of the contribution made by employees at all levels, their competence, hard work, team work, solidarity, co-operation and support.

On behalf of the Board of Directors

Suresh H Shah

Chairman & Managing Director

Place : Thane

Date : June 30, 2001

ASIAN ELECTRONICS



ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2001

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's primary focus and investment is in Energy services and Electrical Energy Saving business. The Company has launched its new Energy Efficient E+ Tubelight in the Indian Market. It is one of the most energy efficient and cost effective lighting system available currently. |
| (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, which is protected by Patents registered in U.S.A. and under registration in Europe as also in India |
| 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 | : | <ol style="list-style-type: none"> 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. 76.49 lacs |
| (b) Recurring | : | Rs. 2.13 lacs |
| (c) Total | : | <u>Rs. 78.62 lacs</u> |
| (d) R & D expenditure as a percentage of the total turnover | : | 1.00% |

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**(b) Technology Absorption, Adaptation and Innovation**

Efforts, in brief made towards technology absorption, adaptation and innovation. : The Company had acquired and has fully absorbed technical knowhow obtained for High Tension Automatic Load Management Systems.

Benefit derived as a result of the above efforts : Improvement in existing processes and product quality, Performance and productivity

Technology Imported during the last 5 years.

(a) Technology Imported : Not Applicable

(b) Year of Import : Not Applicable

(c) Status : Not Applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to Exports : The Company is in process of making marketing arrangement with giants like Westinghouse, USA, Clipsal, Australia, and Osram to market Company's E + Tubelight in various global export markets.
(Initiatives taken in increasing exports, development of new export markets for products and services, and export plans).

(b) Foreign Exchange Earned : Rs. 1092.96 lacs

(c) Foreign Exchange Used : Rs. 336.75 lacs

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ANNEXURE TO THE DIRECTORS' REPORT

Information relating to Corporate Governance

I. Company's philosophy on Code of Governance :

The Corporate Governance Code, recently introduced by the Securities and Exchange Board of India (SEBI) as adopted by incorporating a new clause No. 49 in the Listing Agreement with the Stock Exchange and also by applicable provisions of the Companies (Amendment) Act, 2000, has been implemented by your Company.

II. Board of Directors (Board)

The Board comprises of 8 Directors of whom 3 are Executive and 5 are in Non-Executive capacity. The Non-Executive Directors are eminent industrialists and professionals with experience in over-all management, finance and law, who bring a wide range of skills and experience to the Board.

a. Composition of the Board

Name of Director	Promoter, Executive, Non-executive, Independent	No. of other Directorship held @
Mr. Vallabh R. Bhanshali	Non-Executive, Independent	6
Mr. R.L. Dalal	Non-Executive, Independent	13
Mr. H.N. Motiwala	Non-Executive, Independent	3
Mr. L.D. Thawani	Non-Executive, Independent	Nil
Dr. K.U. Mada	Non-Executive, Independent	10
Mr. Ashok Sharma	Executive, Independent	Nil
Mr. Jinendra Shah	Executive, Independent	6
Mr. A.M. Nadkarni #	Executive, Independent	2
Mr. Suresh Shah, CMD	Executive, Promoter	16

@ Includes Private Companies and Alternate Directorships

Ceased to be Director/Executive Director during the year.

b. Number of Board Meetings

During the year, the Board of Directors met seven times on the following dates :-

21 st April, 2000	29 th June, 2000	31 st July, 2000
31 st August, 2000	31 st October, 2000	30 th January, 2001
19 th March, 2001		

c. Attendance of Directors :

Name of Director	Meetings Attended	Attended last AGM on 31st August, 2000
Mr. Vallabh R. Bhanshali	None	No
Mr. R.L. Dalal	5	Yes
Mr. H.N. Motiwala	1	No
Mr. L.D. Thawani	6	Yes
Dr. K.U. Mada	7	Yes
Mr. Ashok Sharma	2	Yes
Mr. Jinendra Shah	7	Yes
Mr. A.M. Nadkarni #	2	Yes
Mr. Suresh Shah, CMD	7	Yes

Ceased to be Director/Executive Director during the year.

III. Committee of Directors :

Good Corporate Governance requires that Non-Executive Directors, including Chairman, are more actively involved for providing guidance to full time management on policy matters as well in the monitoring of actions carried out by operating management. This involvement is formalised and institutionalised through constitution of designated committees of the Board. The Committees are intended to provide the fora for periodical and regular exchange of information and ideas between the Non-Executive Directors and the operating management.

The Board, has accordingly constituted Committees at its meeting held on 27th January, 2000 which comply with the requirements of clause 49 of the Listing Agreements with the Stock Exchanges and the applicable provisions of the Companies (Amendment) Act, 2000.

(A) Audit Committee

Audit Committee was re-constituted on 19th March, 2001 and comprises of Mr. H.N. Motiwala, Mr. R.L. Dalal and Mr. L.D. Thawani, all being Non Executive and Independent Directors. Mr. H.N. Motiwala, who is a Chartered Accountant, has been nominated as the Chairman of the Audit Committee. Mr. R.D. Goradia, Vice President (Finance) & Company Secretary acts as Secretary to the Committee. The role and terms of reference to the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The first meeting of the Audit Committee after reconstitution was held on 26th June, 2001 which was attended by Mr. H.N. Motiwala and Mr. L.D. Thawani. The meeting was also attended by Executive Director - Mr. Jinendra Shah and Assistant Vice President - Mr. Pradeep Visal, as special invitees.

(B) Executive Sub-Committee comprises of Executive members of the Board :

Mr. Suresh H. Shah

Mr. Jinendra Shah

This Committee deals with routine matters like banking operation, authorisation to employees in respect of Excise, Sales Tax, Tender submission etc. as also some matters specifically delegated by the Board from time to time.

(C) Committee for Transfer of Shares comprises of CMD, Executive Director, President and Company Secretary.

Mr. Suresh Shah, Chairman & Managing Director

Mr. A.M. Nadkarni, President

Mr. Jinendra Shah, Executive Director

Mr. R.D. Goradia, Vice President (Finance) & Company Secretary,

2000-2001