



ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

2001-2002

Generating Savings for Generations

A historical perspective

Particulars	Year ended March 31,				
	2002	2001	2000	1999	1998
Revenue Account	<i>(Rs. in lacs except data per share, other information and Ratios)</i>				
Gross Revenue	8550	7794	9998	11790	13976
Operating profit (PBIDT)	1741	1212	1366	1790	2848
Financial Charges	759	427	153	163	242
Depreciation	838	650	327	464	548
Provision for taxation - Current	11	30	0	5	0
- Deferred	42	0	0	0	0
Profit after tax	91	105	886	1158	2058
Cash generation	929	755	1213	1622	2606
PBIDT as a percentage of total revenue	20	16	14	15	20
Return on net worth%	7	5	9	12	20
Capital account					
Share capital	850	850	850	850	850
Net worth	13423	14123	14239	13613	12936
Loan funds	7094	5568	2377	863	2250
Net block	7454	7924	5526	1947	4526
Net current assets	13265	11141	8439	11442	10174
Debt-Equity Ratio	0.53	0.39	0.17	0.06	0.17
Per share data					
Earnings Rs.	1	1	10	14	26 *
Book value Rs.	158	166	168	160	152
Dividend %	10	10	25	55	55
* Annualised					
Other information					
Number of shareholders	8567	8763	7571	6976	6842

Board of Directors

Suresh H. Shah

Chairman & Managing Director

Vallabh R. Bhanshali (upto 6.9.2001)

Rameshchandra L. Dalal

Harish N. Motiwalla

Lekhraj D. Thawani

Dr. K.U. Mada

H.S.G. Shetty - Nominee-IDBI
(w.e.f. 12-9-2001)

Ashok Sharma

Executive Director

Jinendra Shah

*Executive Director***President**

Ashok M. Nadkarni

**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 : 5684590-91, 5687731

E-mail : isrl@vsnl.com

Registered OfficeD-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

Kolkata

Chennai

Delhi

Hyderabad

WorksPlot 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. 2-3-70/55
Amberpet
Hyderabad 500 013**Chennai Unit:**11-B, Jeevanandam Road,
Laxmipuram, Thiruvanmiyur,
Chennai - 600 041.**Annual General Meeting**Thursday, 19th September, 2002 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 19th September, 2002 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 :** 583 55 04 - 08**Fax :** (91-22) 582 76 36**Email :** sharedept@aclgroup.com**Websites :** www.asian-eplus.com
www.aclgroup.com**CONTENTS**

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NOTICE OF THE 37TH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Seventh 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 19th September, 2002 at 11.00 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, 2002.
2. To declare Dividend, if any.
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. L.D.Thawani, 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. Ashok Sharma as Executive Director of the Company for a period of two years from 1st April, 2002 to 31st March, 2004 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.”

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 Section 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 revision in the remuneration payable to the Chairman & Managing Director Mr. Suresh H. Shah with effect from 1.4.2002, as set out fully in the draft Agreement to be entered into between the Company and Mr.Suresh H. Shah, a copy of which is placed before the meeting and initialled by the Chairman for the purpose of identification.”

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 Section 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 revision in the remuneration payable to the Executive Director Mr. Jinendra Shah with effect from 1.4.2002, 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.

9. 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, not Executive Director, 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 for a period of 5 years from accounting year commencing on 1st April, 2002.”

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

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby amended by insertion of a new Sub-Article [3] after the existing Article 97 [2]:

[3] In the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, the Company shall get such resolution passed by means of a postal ballot and/or through electronic media instead of transacting the business in general meeting of the Company. Where the Company requires to or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act and such other rules, regulations framed and modifications thereunder from time to time shall be complied with.”

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, June 28, 2002

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 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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- [c] The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 9th September, 2002 to Thursday, the 19th September, 2002 [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 19th September, 2002.
- 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, CGO Building, CBD Belapur, 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.
- Under Section 205 C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years from the date of payment shall be transferred to the Investor Education and Protection Fund.
- [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.
- [h] Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. to their Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO. 6**

Mr. Ashok Sharma has been re-appointed as a Wholtime Director designated as an Executive Director of the Company from 1st April, 2002 for a period of two years by the Board of Directors at its meeting held on January 31, 2002 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 reappointment.

Mr. Ashok Sharma has been an Executive Director of the Company for the past two 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. Ashok Sharma's reappointment referred to in the Resolution at Item No. 6 of the Notice are as under:

1. Mr. Ashok Sharma to be Executive Director of the Company from 1st April, 2002 to 31st March, 2004 (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.38,000/- 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. 15,000/- 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.

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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) Provision of car
Provision of Car with Driver for Company's Work.

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. Ashok Sharma.

Part C

vi) Contribution to Provident Fund -
Contribution to Provident Fund to the extent 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. 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 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. 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. Ashok Sharma's appointment as Executive Director for the purpose of Sec. 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 1 P.M upto to the date of Annual General Meeting.

Mr. Ashok Sharma 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

The remuneration of the Chairman & Managing Director, Mr. Suresh H. Shah for the period from 1.4.1999 to 31.3.2004 by way of salary of Rs.55,000/- per month and House Rent Allowance of Rs.27,500/- per month and other benefits and perquisites were approved by the Members at the 34th Annual General Meeting held on 23.9.1999.

With effect from 1.4.2000, remuneration of the Charman & Managing Director was revised by inclusion of perquisites of contribution to Superannuation Fund involving an amount of Rs.99,000/- per annum, as approved by the Members at the 35th Annual General Meeting held on 31.8.2000.

For the year 2001-2002, no revision was made in the remuneration payable to the Chairman & Managing Director. It is proposed to revise the remuneration and other perquisites payable to the Charman & Managing Director, Mr. Suresh H. Shah with effect from 1.4.2002 in the following manner:

	Existing Rs.	Revised Rs.
a) Salary	55,000/- p.m.	60,000/- p.m.
b) House Rent Allowance	27,500/- p.m.	28,700/- p.m.

All other terms and conditions including other perquisites payable to Mr. Suresh H. Shah shall remain unchanged.

This may be treated as an abstract of the terms of remuneration payable to the Chairman & Managing Director Mr. Suresh H. Shah for the period from 1.4.2002 to 31.3.2003 for the purpose of Section 302 of the Companies Act, 1956.

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.

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 the Executive Director Mr. Jinendra Shah for the period from 1.4.2000 to 31.3.2001 by way of salary of Rs.40,500/- per month and benefits and perquisites was approved by the Members at the 35th Annual General Meeting held on 31.8.2000.

For the year 2001-2002, no revision was made in the remuneration payable to the Executive Director Mr. Jinendra Shah and he was reappointed for a further period of Two years with effect from 4.5.2001 to 3.5.2003 on the same terms and conditions.

It is proposed to make provision of vehicles to the eligible senior executives including whole time directors. In view of this, the consequential change in remuneration package payable to Mr. Jinendra Shah would also become necessary.

Accordingly, it was decided that the Company would provide vehicle to Mr. Jinendra Shah for official work and revise his salary w.e.f. 1.4.2002. Based on this decision, the revised compensation package for Mr. Jinendra Shah, Executive Director with effect from 1.4.2002 would be as under:

	Existing	Revised
a) Salary	Rs.40,500/- p.m.	Rs.35,000/- p.m.
b) Commission – payable when profits are adequate	1% of net profit restricted to 50% of annual basic salary	1% of net profit restricted to 50% of annual basic salary.
c) Perquisites: Provision of Car	Nil	Provision of Car with Driver for Company's Work.

All other terms and conditions including other perquisites payable to Mr. Jinendra Shah shall remain unchanged.

This may be treated as abstract of the terms of remuneration payable to Executive Director Mr. Jinendra Shah for the period 1.4.2002 to 31.3.2003 for the purpose of Section 302 of the Companies Act, 1956.

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

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. Jinendra Shah is concerned and interested in the Resolution at Item No. 8 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. 9

At the 33rd Annual General Meeting held on 3rd July, 1998, the shareholders had by a Special Resolution approved the payment to 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, 2002.

The validity of the said Special Resolution has expired on 31st March, 2002.

It is therefore proposed to seek the Shareholder's 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 wholetime 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, 2002 as mentioned in the Resolution.

However, the Commission payable to the Non-Executive Directors will not exceed Rs. 5,00,000/- in aggregate 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. Rameshchandra L. Dalal, Mr. Harish N. Motiwala, Mr. Lekhraj D. Thawani, Dr. K.U.Mada and Mr. H.S.G. Shetty (in his capacity as Nominee of IDBI) (who are neither in the whole-time employment nor Managing Directors) are interested in the Special Resolution at Item No. 9 of the Notice. None of the other Directors of the Company is, in any way, concerned or interested in the said Resolution.

ITEM NO. 10

The Companies (Amendment) Act, 2000 has introduced postal ballot system giving shareholders a right to cast their vote by postal ballot including electronic media in respect of the business notified by Central Government to be passed through postal ballot. To facilitate the same, a new Sub-Article 97 [3] is proposed to be included in Articles of Association of the Company.

None of the Directors is interested in this Resolution.

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 June 28, 2002

R D Goradia
Vice President (Finance) &
Company Secretary



DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Thirtyseventh Annual Report of the Company on the business and operations of the Company for the year ended March 31, 2002.

Financial Results	[Rupees in Lacs]	
Year ending March 31,	2002	2001
Gross revenue	8550	7794
Operating profit (PBIDT)	1741	1212
Interest	759	427
Depreciation	838	650
Profit before tax	144	135
Provision for tax	11	30
Provision for deferred tax	42	—
Profit after tax	91	105
Balance brought forward	966	958
Balance available for Appropriation	1057	1063
Appropriation		
Dividend recommended	85	85
Dividend tax	—	9
Transfer to General Reserve	5	3
Balance carried to Balance Sheet	967	966

Dividend

Your Directors recommend dividend @ 10% for the year ended 31st March, 2002 on the Equity Share Capital of the Company. The dividend pay out for the year will be Rs. 85 lacs as compared to Rs. 93.70 lacs (inclusive of dividend tax of Rs. 8.67 lacs) in the previous year.

Operations

In our previous reports to you over the last couple of years we have conveyed how your Company's business is undergoing change in composition and character. Over the last year particularly, the focus has become sharper in the choice of future growth. Your Company is now a fully ESCO oriented Company with the Energy Saving Lighting Systems and Load Monitoring Systems already having made an impact in their respective fields. The Company continues to explore new avenues in this field for further growth.

In this endeavour, your Directors have zeroed in on a couple of areas as the basic foundation for accelerated growth; the first one being optimisation of operational efficiencies through debottlenecking and secondly, by enhancing shareholder value through business restructuring. Towards the first objective your company has already decided on and has substantially completed implementation of bringing its activities under one roof at Nasik which has the necessary infrastructure readily available. Thus, various manufacturing operations carried out at wide spread locations like Pune & Chennai in addition to Nasik have now been totally concentrated at Nasik. Alongside, certain operational departments closely connected with manufacturing are also now relocated at Nasik. For strategic reasons however, activities will continue at Silvassa where certain fiscal concessions continue to be available. As for the second objective, your Directors are seeking competent opinion on business restructuring

in order to achieve a more cohesive picture. Your Directors are confident that they will be able to approach you with full details for seeking your concurrence within next 2/3 months.

Your Directors also feel that the real engine of growth in the country's current scenario will be thrust on exports. After a close study of markets abroad your Company has taken a decision to lay equal and more emphasis on developing export markets while continuing the thrust in the domestic markets also. With this purpose, having registered two patents in the United States and having taken effective primary steps for seeking patents in several other countries the next logical step was to create an EOU within the existing organization. This has been done and an EOU is being established at Nasik. Towards this objective certain machineries and equipments have been identified and some of these have already arrived and are under installation. Contribution of these steps to the business volumes and profits of the company will be in full evidence from next year onwards.

Business data and statistical details available in the Company's accounts for the year that has ended gives a clear picture of the growth in the business. Though the volume growth can not be termed as spectacular, we would nevertheless, make a pointed reference to the financial stability and strength of your Company. A point that often comes up for discussion is the reason for higher level of borrowings not commensurate with growth in business volumes. It needs to be emphasized that in the earlier stages, particularly during the stage when the Company had to execute a massive order of 35,000 Automatic Load Monitoring Systems from an Electricity Board, in the absence of readily available external financing sources, the Company drew on its own available resources to the extent of almost Rs. 100 crores. During the subsequent period, in order not to allow this situation to be a drag on its future activities, the Company has drawn on the line of credit extended to it by Industrial Development Bank of India. Thus the borrowing as at year end is Rs. 45 crores contributing to the enhanced figure of total borrowings. You will appreciate that as indicated in the foot notes to Schedule 4 of our accounts while the outgoings on account of lease rentals payable are Rs. 59.65 crores over the lease period, the inflow from lease rentals similarly over the lease period amounts to Rs. 310.38 crores. The difference between the two in addition to generation from current operations will contribute to further strengthening of the financial stability 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, 2002 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 Companies

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Annual Accounts for the year ended 31st March, 2002 of Steuerung Anlage Pvt. Ltd. and Indicos Information Technology Pvt. Ltd.; Subsidiaries of the Company are annexed.

Consolidated Accounts

As per the requirement of SEBI, consolidated accounts in accordance with Accounting Standards AS-21 has been annexed to this Annual Report.

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

None of the Employees were drawing salary of Rs. 24,00,000/- or more per annum, if employed throughout the year or Rs. 2,00,000/- or more per month, if employed for part of the year.

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.

IDBI have appointed Mr. H.S.G. Shetty, General Manager, IDBI as its Nominee Director on the Board of the Company w.e.f. 12th September, 2001 in terms of provisions of Loan Agreement dated 3rd November, 1999. Your Directors are pleased to report that your Company avails benefit of his rich and varied experience.

Mr.Ashok Sharma has been re-appointed as an Executive Director of the Company w.e.f. 1.4.2002.

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, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had 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 had 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 had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

Corporate Governance

A separate report on Corporate Governance along with Auditor's certificate on its compliance is attached as annexure to this report.

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

Place : Thane

Chairman & Managing Director

Date : June 28, 2002

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ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2002

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(1)(c) 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 systems 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. 12.35 lacs |
| (b) Recurring | : | Rs. 6.11 lacs |
| (c) Total | : | <u>Rs. 18.46 lacs</u> |
| (d) R & D expenditure as a percentage of the total turnover | : | 0.22% |