



# ASIAN ELECTRONICS LIMITED

ANNUAL REPORT

2002-2003

***Generating Savings for Generations***

## Board of Directors

Suresh H. Shah

*Chairman & Managing Director*

Rameshchandra L. Dalal

Harish N. Motiwalla

Lekhraj D. Thawani

Dr. K.U.Mada

Mr.H.S.G.Shetty      Nominee- IDBI  
(upto 21.4.2003)

Mr. Devi Dayal      Nominee- IDBI  
(w.e.f. 21.4.2003)

Ashok Sharma      Executive Director

Jinendra Shah      Executive Director

V. Rajagopal      Executive Director  
(w.e.f. 1-9-2003)

## 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.

## R & T Agent

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

Phones: (91-22) 25923837 (10 Lines),

Fax: (91-22) 25672693

E-mail: [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)

## Registered 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

Kolkata

Chennai

Delhi

Hyderabad

## Works (100% E.O.U.)

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.

## Chennai Unit:

4/197, Vikram Sarabhai Estate,

Taramany,

Chennai - 600 042.

## Annual General Meeting

Thursday, 18th December, 2003 at 3.30 p.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, 18th December, 2003 at 3.30 p.m. The bus will start at 3.00 p.m. sharp from Thane Station (East) near Anand Cinema.

Members interested in attending the AGM may avail the facility.

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

**Phone :** (91-22) 583 55 04 - 08

**Fax :** (91-22) 582 76 36

**Email :** [shareddept@aelgroup.com](mailto:shareddept@aelgroup.com)

**Websites :** [www.asian-eplus.com](http://www.asian-eplus.com)  
[www.aelgroup.com](http://www.aelgroup.com)

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## NOTICE OF THE 38TH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Eighth 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 18th December, 2003 at 3.30 P.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, 2003.
2. To declare Dividend, if any.
3. To appoint a Director in place of Dr. K.U. Mada, who retires by rotation and, being eligible, offers himself for reappointment.
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 4<sup>th</sup> May, 2003 to 3<sup>rd</sup> May, 2005 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 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 1.4.2003, 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. Ashok Sharma with effect from 1.4.2003, 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.

9. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution: RESOLVED THAT pursuant to the provisions of 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 1.4.2003, 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.
10. 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, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, appointment of Mr. V. Rajagopal as Executive Director of the Company for a period of two years from 1.9.2003 to 31.8.2005 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. V. Rajagopal, a copy of which is placed before the meeting and initialled by the Chairman for the purpose of identification be and is hereby approved.

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 October, 2003

### 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 48 HOURS BEFORE THE MEETING.
- [c] The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 8th December, 2003 to Thursday, the 18th December, 2003 [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 18th December, 2003.

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, 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.

Consequent upon the amendment of Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year ended March 1996 onwards, are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year ended 31<sup>st</sup> March, 1996 is due for transfer to the Fund on 30th September, 2003.

- [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. Jinendra Shah has been re-appointed as a Wholtime Director designated as an Executive Director of the Company from 4<sup>th</sup> May, 2003 for a period of 2 years by the Board of Directors at its meeting held on 3<sup>rd</sup> May, 2003 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 seven 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 4<sup>th</sup> May, 2003 to 3<sup>rd</sup> May, 2005 (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:
  - a. Salary : Rs. 35,000/- p.m.
  - b. Commission : 1% of the Company's net profit in each financial year computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Basic Salary.

##### **c. Perquisites Part A**

- a) Medical reimbursement –  
Reimbursement of medical expenses of Self and family subject to a ceiling to 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 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) Provision of car with driver for Company's work.  
b) 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.

- c) 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.

And provided always that the perquisites specified in Part B and Part C of Clause 4 shall not be included in the computation of the ceiling on remuneration specified in Clause 5 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 re-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 any working day except Saturday between 10 A.M. 1.00 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

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 34<sup>th</sup> 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 35<sup>th</sup> 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.

For the year 2002-2003, remuneration and other perquisites payable to the Chairman & Managing Director Mr. Suresh H. Shah were revised and he is entitled to monthly salary of Rs.60,000/- p.m. and House Rent Allowance of Rs.28,700/- p.m.

It is proposed to revise the remuneration and other perquisites of the Chairman & Managing Director Mr. Suresh H. Shah with effect from 1<sup>st</sup> April, 2003 in the following manner:

|                         | Existing          | Revised           |
|-------------------------|-------------------|-------------------|
| a) Salary               | Rs. 60,000/- p.m. | Rs. 63,500/- p.m. |
| b) House Rent Allowance | Rs. 28,700/- p.m. | Rs. 29,270/- 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 1.4.2003 to 31.3.2004 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 by the Members 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 Executive Director Mr. Ashok Sharma for the period from 1.4.2002 to 31.3.2004 by way of salary of Rs. 38,000/- p.m. and benefits and perquisites was approved by the Members at the 37<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September, 2002.

It is proposed to revise the remuneration and other perquisites payable to the Executive Director Mr. Ashok Sharma with effect from 1<sup>st</sup> April, 2003 in the following manner:

|               | Existing   | Revised  |
|---------------|--|--|
| a) Salary     | Rs. 38,000/- p.m.  | Rs. 40,000/- p.m.  |
| b) Commission | 1% of net profit restricted to 50% of annual basic salary. | 1% of net profit restricted to 50% of annual basic salary. |

All other terms and conditions including other perquisites payable to Mr. Ashok Sharma remain unchanged.

This may be treated as an abstract of the terms of remuneration payable to the Executive Director Mr. Ashok Sharma for the period from 1<sup>st</sup> April, 2003 to 31<sup>st</sup> March, 2004 for the purpose of Section 302 of the Companies Act, 1956.

The remuneration and perquisites payable to Mr. Ashok Sharma are in conformity of with the requirements and limits 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 by the Members at Registered Office of the Company on any working day except Saturday between 10 A.M. & 1.00 P.M upto and including the date of Annual General Meeting.

Mr. Ashok Sharma 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**

Mr. Jinendra Shah has been reappointed as a whole time Director designated as Executed Director of the Company with effect from 4<sup>th</sup> May, 2003 for a period of 2 years by the Board of Directors at its meeting held on 3<sup>rd</sup> May, 2003 subject to the approval of the Company in General Meeting on 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 terms of remuneration was the same as in the previous term subject to the condition that the same would be revised as per the policy of the Company at the time of annual assessment which will be allowed retrospectively with effect from 1<sup>st</sup> April, 2003.

It is proposed to revise the remuneration payable to the Executive Director Mr. Jinendra Shah with effect from 1<sup>st</sup> April, 2003 in the following manner:

|               | Existing  | Revised  |
|---------------|---|--|
| a) Salary     | Rs.35,000/- p.m.  | Rs. 37,000/- p.m.  |
| b) Commission | 1% of net profit restricted to 50% of annual basic salary | 1% of net profit restricted to 50% of annual basic salary. |

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

This may be treated as extract of the terms of remuneration payable to Executive Director Mr. Jinendra Shah for the period 1.4.2003 to 31.3.2004 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 by the Members 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. 9 since it relates to his own remuneration. None of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

**ITEM NO. 10**

Mr. V. Rajagopal has been appointed as a Whole time Director designated as Executive Director of the Company from 1.9.2003 for a period of two years by the Board of Directors of the Company in their meeting held on 5.9.2003 subject to 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. V. Rajagopal.

The remuneration and perquisites payable to Mr. V. Rajagopal 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. V. Rajagopal has been Chief Executive Officer (Nashik Plant) of the Company with effect from 1.6.2002. The Board considers it advantageous for the Company to avail his services as a wholetime Director in view of its emphasis on Energy Efficient Tubelight business.

The material provisions of the draft agreement relating to Mr. V. Rajagopal's appointment referred to in the Resolution at Item No. 10 of the Notice are as under:

1. Mr. V. Rajagopal to be Executive Director of the Company from 1.9.2003 to 31.8.2005 (both days inclusive), subject to earlier determination in pursuance of the provisions of the Agreement.
2. Mr. V. Rajagopal 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. V. Rajagopal to devote his whole time and attention to the business of the Company.



4. Mr. V. Rajagopal to be entitled to the following remuneration:

**1. REMUNERATION:**

- a. Salary : Rs. 31,000/- p.m.
- b. Perquisites :

**Part A**

- a) House Rent Allowance –  
House Rent Allowance equivalent to 50% of the basic salary.
- b) Medical reimbursement –  
Reimbursement of medical expenses of self and family subject to a ceiling Rs.15,000/- p.a.
- c) City Compensatory Allowance –  
City Compensatory Allowance of Rs.8,750/- p.m.
- d) 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).*
- e) 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. V. Rajagopal.*

**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 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) Provision of reimbursement of expenses for maintenance of car upto an amount not exceeding Rs.20,000/- p.m.
  - b) Telephone –  
The Company will reimburse the rental charges and local call bills. Personal long distance calls to be billed by the Company to Mr. Rajagopal
  - c) Encashment of Leave –  
Encashment of Leave unavailed of due to exigencies of the business on termination of the Agreement.
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. Rajagopal 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. Rajagopal as Executive Director, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Rajagopal, 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.

And provided always that the perquisites specified in Part B and Part C of Clause 4 shall not be included in the computation of the ceiling on remuneration specified in Clause 5 above.

- 6. Mr. V. Rajagopal shall not, so long as he functions as the Executive Director, be paid any sitting fees for attending meetings of the Board or any Committee thereof.
- 7. Mr. V. Rajagopal not to become interested or otherwise concerned directly or indirectly in any selling agency of the Company.
- 8. Mr. V. Rajagopal not to engage directly or indirectly in any other business, occupation or employment whatsoever.
- 9. Mr. V. Rajagopal not to divulge, or disclose any information or knowledge obtained by him during his employment with the Company.
- 10. Either party may be entitled to terminate the Agreement by giving the other party one month's notice.
- 11. Upon termination, Mr. V. Rajagopal 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. V. Rajagopal is commensurate with his duties and responsibilities as the Executive Director and therefore recommends the Resolution at Item No. 10 of the Notice. Approval of the members is necessary in view of the provisions of Schedule XIII to the Companies Act, 1956.

This may also be treated as an abstract of the terms of Mr. V. Rajagopal'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 any working day except Saturday between 10 A.M. 1.00 P.M. upto to the date of Annual General Meeting.

Mr. V. Rajagopal is concerned and interested in the Resolution at Item No. 10 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.

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, 30th October, 2003

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





## DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Thirtyeighth Annual Report of the Company on the business and operations of the Company for the year ended March 31, 2003.

### Financial Results

| Year ending March 31,               | 2003 | 2002 |
|-------------------------------------|------|------|
| Gross revenue                       | 9335 | 8550 |
| Operating profit (PBIDT)            | 2139 | 1741 |
| Interest                            | 817  | 759  |
| Depreciation                        | 857  | 838  |
| Profit before tax                   | 465  | 144  |
| Provision for tax                   | 36   | 11   |
| Provision for deferred tax          | 189  | 42   |
| Profit after tax                    | 240  | 91   |
| Balance brought forward             | 967  | 966  |
| Balance available for Appropriation | 1207 | 1057 |

### Appropriation

|                                       |      |     |
|---------------------------------------|------|-----|
| Dividend on Equity Shares recommended | 85   | 85  |
| Income tax on Equity Dividend         | 11   | —   |
| Dividend on Preference Shares         | 4    | —   |
| Transfer to General Reserve           | 15   | 5   |
| Balance carried to Balance Sheet      | 1092 | 967 |

### Dividend

Your Directors recommend dividend @ 10% for the year ended 31<sup>st</sup> March, 2003 on the Equity Share Capital of the Company. The Equity dividend pay out for the year will be Rs. 96 lacs (inclusive of dividend tax of Rs. 11.31 lacs) as compared to Rs. 85 lacs (inclusive of dividend tax of Rs. NIL) in the previous year.

The Directors also confirm dividend payment of Rs. 4.37 lacs (inclusive of Dividend Tax of Rs.0.43 lacs) on 87,620 9% Redeemable Preference Shares of Rs.100/- each to be issued to the shareholders of Asian Electronic Components Ltd., the transferee company for the period from 1<sup>st</sup> October, 2002 to 31<sup>st</sup> March, 2003.

Thus, the total dividend pay out on both equity and preference share capital for the year under review inclusive of Dividend Tax would be Rs.100.28 lacs.

### Operations

Last year's Report highlighted how your Company is changing its focus in the field of energy conservation with accent on the area of lighting systems. In pursuit of this strategy, the lighting systems business has registered a growth of over 45% as compared to the previous year. In terms of figures, the sales in the relative field have grown to Rs.2853 lacs as against Rs.1968 lacs in the previous year.

So far as lease of energy conservation products is concerned, despite very large potential for the Company's products being available for tapping, in view of certain constraints, most important of which is the financial position of the major users, i.e. Electricity Boards, the Company is extremely careful to entertain only such business where the payment mechanism is assured. For instance, payment of lease rentals under Letters of Credit as is being done with Maharashtra State Electricity Board and an arrangement for an "Escrow In Default" as is available with Andhra Pradesh Electricity Board. On such terms, the Company has no problem in entertaining business. For others, the Company will carefully weigh the situation as and when their financial position improves.

Further elaboration on the salient points of operations is discussed under "Management Perceptions".

### Management Perceptions

The Company has established and has now a fully operational EOU at Nashik to mainly cater to the market potential for the products in advanced countries of the European continent as well as USA. In this

direction the Company has obtained CE certification meeting the European standards. The Retrofit concept developed by the Company and which has immense potential has further helped. This concept has been adjudged as the "Most Innovative Concept" by the British Lighting Society. As a result, your Company has made a good beginning with exports to these market on the export of over 600,000 Euro in the first full year of operation.

For meeting US market requirements, your Company has developed various models in the area of lighting as are extant in that country. It includes, in addition to others, quadro lighting fixtures. It has successfully demonstrated and is gradually introducing the radio dimming control systems. The Company has also received approval under the UL certification requirement from the Underwriters' Laboratories for one of its products. As a result, the Company has secured a Letter of Intent to supply over a million fittings in the next two year period. Considering the need for meeting the varying specifications of the existing ballast, the Company has taken a conscious decision and has evolved a "Universal Design" which will be more cost effective as also provide reliable performance. Samples of this variant have been submitted to UL authorities for assessment and on successful demonstration, commercial exports are expected to commence from March / April next year.

Lighting controls comprise surface mount devices to provide high reliability when working in high frequency switching areas. To successfully mass produce these products, your Company has installed a state-of-art, fully automatic assembly lines imported from the US. With these facilities, the production capacity is enhanced to a level of over 8000 units per day. Similarly, as the design technique employs radio control trans receivers, your Company has acquired adequate advanced testing facilities to qualify under stringent Electro Magnetic Interference (EMI) / Radio Frequency Interference (RFI) standards of International Bodies like Federal Communication Commission (FCC) / International Electronic Community (IEC). The thrust towards the domestic market area includes penetrating the Government sector through the DGS&D Rate Contracts in addition to the standard channels of Institutional selling as also the recently introduced Distributor channels.

As for capacitor based energy saving equipment like Automatic Load Monitoring Systems under "Operations", we have made brief statements. We reiterate that your Company is looking at these areas very positively and firmly believes that there is a vast potential and that no other player in the field is in as commanding a position as to pose severe competition to your Company. We also reiterate that your Company, considering the interest of all stakeholders, will continue to watch developments in the power sector for an appropriate time to enter the field on full scale. Reforms in Power sector taken up by the Central Government are expected to bring in more opportunities in business.

Your Company is also working on an innovative scheme for using the energy saving lighting equipment produced by it for much wide ranging applications such as street and complex lighting, etc. Other avenues being explored for effective marketing thrust is tapping the distribution channels which has not been done so far.

In short, the management is upbeat and confident about the Company's future and assure the stakeholders that no stone shall be left unturned to achieve its objectives.

### Scheme of Arrangement

The Scheme of Arrangement as approved by the Shareholders at the Court Convened meeting held on 4<sup>th</sup> February 2003 was sanctioned by the Honourable High Court of Bombay on 18<sup>th</sup> August 2003. Accordingly, all the assets and liabilities of AECL were transferred to





and vested in the Company with effect from 1<sup>st</sup> October 2003 and the Company would issue 87622, 9% Redeemable Preference Shares of Rs.100 each fully paid of the Company to the Shareholders of AECL. The sum of Rs.34.49 lacs being difference between the book value of net assets of AECL and the amount credited to Preference Share Capital Suspense Account has been credited to General Reserve.

Pursuant to the said Scheme of Arrangement the balance in the Share Premium Account has been utilised to the extent of Rs.2638.85 lacs to write down / off value of investments, Capital work in progress, Debtors, Inventory, Loans and advances and balance in Deferred Revenue Expenditure Account.

#### Finance

During the year, your Company availed disbursement of loan amounting to Rs. 900 lacs from Industrial Development Bank of India (IDBI) and repaid instalments of loans to IDBI and Indian Renewable Energy Development Agency Ltd. (IREDA) aggregating to Rs. 746.70 lacs.

#### Capital Expenditure

As at 31<sup>st</sup> March, 2003, the gross fixed assets stood at Rs.100.73 crores and the net fixed assets at Rs.67.46 crores. Additions during the year amounted to Rs.5.83 crores.

#### 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 31<sup>st</sup> March, 2003 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 31<sup>st</sup> March, 2003 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.

#### Auditors' Report

The Auditors' Report to the Shareholders does not contain any qualifications.

#### 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, Dr.K.U.Mada and Mr.H.N.Motiwala are retiring by rotation and are eligible for reappointment.

IDBI vide its letter No. CSD.53/28/Nom.8 dated 6<sup>th</sup> April, 2003 had withdrawn the nomination of Mr. H.S.G. Shetty from the Board of the Company and instead, appointed Mr. Devi Dayal as its nominee with effect from 30<sup>th</sup> April, 2003 in terms of provisions of the Loan Agreement dated 3<sup>rd</sup> November, 1999. Your Directors are pleased to report that the Company would be able to avail benefit of rich and varied experience of Mr. Devi Dayal.

The Board placed on record its appreciation of Mr. H.S.G. Shetty's contribution to the Board proceedings by his positive and matured contribution.

Mr. Jinendra Shah has been re-appointed as an Executive Director of the Company for a period of two years with effect from 4<sup>th</sup> May, 2003.

The present Chief Executive Officer (Nashik Plant) Mr. V. Rajagopal has been appointed as whole-time director designated as Executive Director with effect from 1<sup>st</sup> September, 2003.

#### 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 31<sup>st</sup> March, 2003, 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 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 31<sup>st</sup> March, 2003 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, financial institutions 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'

Place: Thane

Date: 30<sup>th</sup> October, 2003

Suresh H Shah

Chairman & Managing Director



## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2003

### 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<br>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   | 1. To intensify the R & D efforts in power quality improvement and energy conservation products.<br>2. To develop and introduce variants of the Retrofit Lighting Systems to suit different market segments. |

#### Expenditure on R & D

- |   |                         |
|---|-------------------------|
| (a) Capital   | : Rs. 47.50 lacs        |
| (b) Recurring   | : Rs. 11.75 lacs        |
| Total   | : <u>Rs. 59.25 lacs</u> |
| (c) R & D expenditure as a percentage of the total turnover | : 0.63%                 |
- (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   | :  |
| (b) Year of Import  | : Not Applicable   |
| (c) Status  | :  |

#### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |   |
|---|---|
| (a) Activities relating to Exports (Initiatives taken in increasing exports, development of new export markets for products and services, and export plans) | : 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. |
| (b) Foreign Exchange Earned   | : Rs. 272.55 lacs   |
| (c) Foreign Exchange Used   | : Rs. 1422.55 lacs  |