

ELECTREX

(INDIA) LIMITED

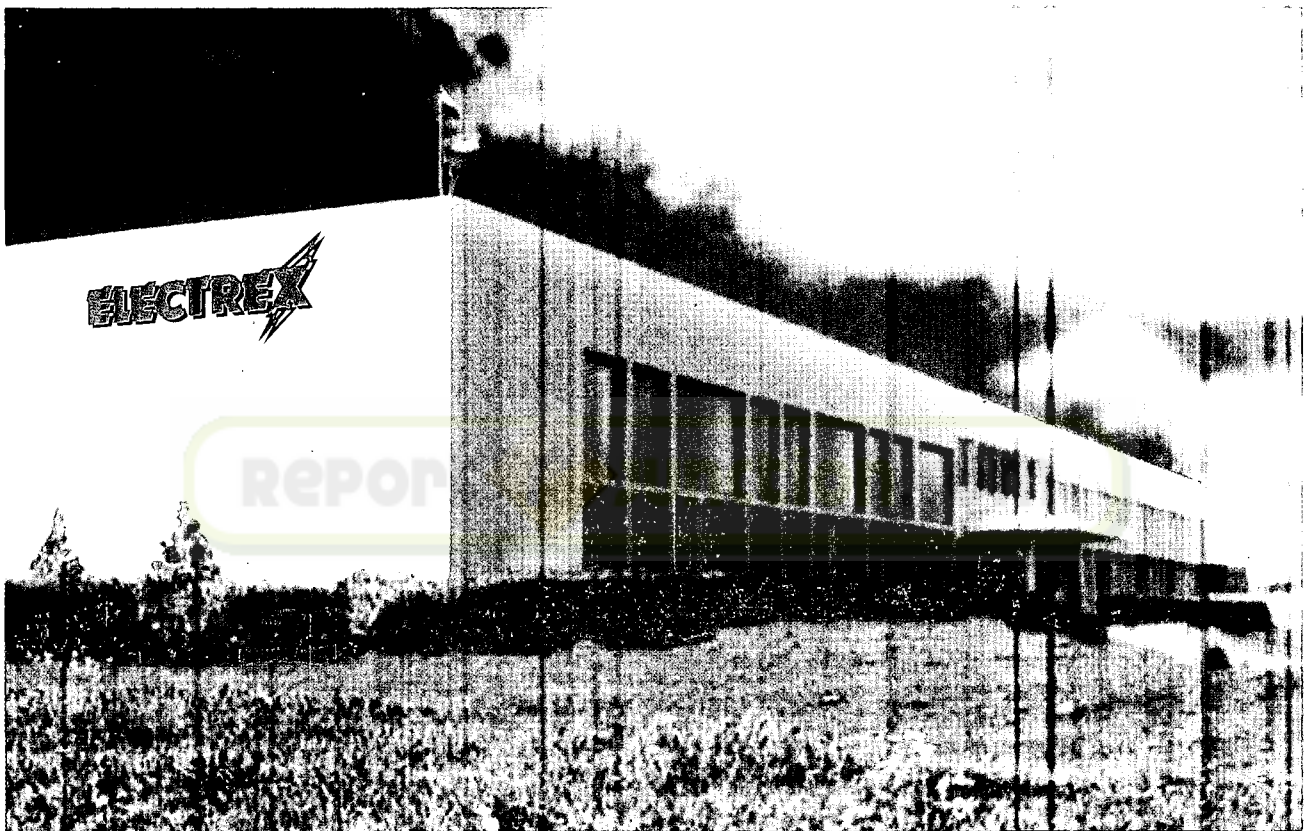
REPORT



FIFTEENTH

ANNUAL REPORT

1997 - 98



A view of factory at Bangalore

**ELECTREX INDIA LIMITED**

Regd. Office : 21-D1, 2nd Phase, Peenya Industrial Area, Bangalore 560 058

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at No.21-D1, 2nd Phase, Peenya Industrial Area, Bangalore 560 058 at 3.30 p m on Saturday the 26th September 1998 to transact the following business,

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1998 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Shri Anant V Hegde who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri G N Lakshmipathi who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. S. K. Loonker & Co., Chartered Accountants are eligible for re-appointment.

Special Business

6. To appoint Shri Nimish Shah as a Director who was appointed by the Board of Directors of the Company as an Additional Director on 24th March 1998 and who holds office as such upto the conclusion of this AGM and in respect of whom the Company has, as required by section 257 of the Companies Act, 1956 received notice in writing from a Member proposing his candidature for the office of the Director.
7. To appoint Shri Jaidev Masand as a Director who was appointed by the Board of Directors of the Company as an Additional Director on 24th March 1998 and who holds office as such upto the conclusion of this AGM and in respect of whom the Company has, as required by section 257 of the Companies Act, 1956 received notice in writing from a Member proposing his candidature for the office of the Director.
8. To consider and if thought fit, to pass with or without modification(s) the following resolutions as an Ordinary Resolution.

"RESOLVED that the Authorised Capital of Rs.500000000/- of the Company divided into 25000000 Equity Shares of Rs.10/- each and 2500000 Preference Shares of Rs.100/- each be altered to 20000000 (Two crores) Equity Shares of Rs.10/- each (Rupees Ten Only) and 3000000 (Thirty lakhs) Preference Shares of Rs.100/- each (Rupees One hundred Only)".

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED that Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the existing clause and substituting therefor the following.

The Share Capital of the Company is Rs.50,00,00,000 (Rupees Fifty Crores) divided into 2,00,00,000 (Two crores) Equity Shares of Rs.10/- (Rupees Ten Only) each and 30,00,000 (Thirty Lakhs) Preference Shares of Rs.100/- (Rupees One hundred Only) each with the power to increase, reduce or alter the same in accordance with the provisions of the Companies Act, 1956".

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

"RESOLVED that Article 3 of the Articles of Association of the Company be altered to read as under.

The Share Capital of the Company is Rs.50,00,00,000 (Rupees Fifty Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each and 30,00,000 (Thirty Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each".

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED that in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof, from time to time in force and enabling provisions in the Articles of Association of the Company and subject to the approval of the Reserve Bank of India (RBI) and such other appropriate authorities and such other approvals as may be necessary and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue and allot such no. of Cumulative Non-Convertible Preference Shares of the face value of Rs. 100 each of an aggregate amount not exceeding Rs. 5 crores with or without warrants as the Board at its sole discretion may at any time or times hereafter decide, to the Members of the Company, the Indian Public, Non Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Bodies Corporate and/or to such other persons/entities/institutions whether members of the Company or not through public issue, right issue, private placement, preferential allotment. Conversion of loans or otherwise and

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for general corporate purposes including capital expenditure, working capital requirements, as the Board may deem fit in one or more tranches, at such price or prices, as the Board or Committee thereof may in its absolute discretion think fit, on such terms and conditions including the number of Shares to be issued, rate of dividend, redemption period, manner of redemption etc.

RESOLVED further that for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the Securities and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED that in accordance with the provisions of Section 81 and other applicable provisions, if any of the Companies Act, 1956 including any statutory modification or re-enactment thereof and enabling provisions in the Articles of Association of the Company and subject to such approvals, permissions and consents from Financial Institutions and others as may be necessary and subject to such terms and conditions and modifications as may be necessary by the Board of Directors of the Company (hereinafter referred to as the "Board") or as may be prescribed or made in granting such consents and approvals and which may be agreed to by the Board and/or duly authorised Committee thereof for the time being exercising the powers conferred by the Board, (hereinafter referred to as the "Committee") the consent of the Company be and is hereby accorded to the Board/Committee for issue and allot, not more than 95,00,000 Equity Shares to the Indian Public, existing Shareholders, Foreign Institutional Investors duly registered with the Securities and Exchange Board of India (SEBI), Foreign Collaborators, Mutual Funds (including offshore Mutual Fund) duly registered with SEBI, Asset Management Companies, Foreign Direct Investors, Banks, Non-resident Indians, Overseas Corporate Bodies, Financial Institutions, Bodies Corporate and/or to such other persons/entities/institutions which the Board may deem fit, whether shareholders or not through Public Issue, Right Issue or Private placement basis or by combination of the above modes in one or more tranches, at such price and at such ratio as the Board in its absolute discretion deem fit, however keeping in mind the terms and conditions as prescribed/may be prescribed by the SEBI or the Reserve Bank of India (RBI) and also subject to the guidelines

issued/may be issued by SEBI and RBI governing private placement of shares.

FURTHER resolved that the additional equity shares so allotted shall rank pari passu with the existing equity shares of the Company except that they shall rank for dividend, pro rata from the date of allotment.

FURTHER resolved that the Board/Committee be and is hereby authorised to issue and allot substantial no. of equity shares proposed for issue to Foreign Direct Investors/Overseas Corporate Bodies, to any one or a few of them as may be determined by the Board/Committee if such allotment is expedient and is in the best interest of the Company.

FURTHER resolved that for the purpose of giving effect to the above resolution the Board/Committee be and is hereby authorised to do all such things and acts as may be necessary and expedient and to settle any matter that may arise in connection therewith".

 By Order of the Board

M. Chandrappa
General Manager & Secretary

Bangalore, August 20, 1998.

The logo for ELECTREX, featuring the word "ELECTREX" in a bold, stylized font with a lightning bolt graphic integrated into the letter "X".

NOTES

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th September to 26th September 1998 (both days inclusive). The dividend warrants will be issued to the Members whose names appear in the Register of Members on 26th September 1998.
3. As required under the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Amendment Rules, 1988 the unpaid/unclaimed dividend for the financial year ended 31st March 1995 will be due for transfer to the Central Government Account before 24.9.1998.
4. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items No. 6 to 12 is annexed hereto.

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956 the following Explanatory Statement set out the material facts relating to the Special Business under items No.6 to 12 of the Notice dated 20th August 1998.

Item No.6

Shri Nimish Shah was appointed by the Board of Directors as Additional Director on 24th March 1998. He holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956 the Company has received a notice along with deposit from a Member signifying his intention to propose the candidature of Shri Nimish Shah for the office of the Director.

Shri Nimish Shah is an MBA from Saint Xavier College, Graham School of Management, Chicago IL, U.S.A. and has long experience in Financial Management and Taxation. At present he is the Vice-Chairman of Fortune Financial Services (India) Ltd, Mumbai.

The Board consider it desirable that the Company should continue to avail itself of his services as a Director.

None of the Directors except Shri Nimish Shah is concerned or interested in the said resolution.

ITEM NO.7

Shri Jaidev Masand was appointed as Additional Director on 24th March 1998 to hold office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956 the Company has received a notice along with deposit from a Member signifying his intention to propose the candidature of Shri Jaidev Masand for the office of the Director.

Shri Masand holds B.Sc (Eng) Mech degree and has more than 38 years experience in Engineering Industry including 1 year assignment each in U. K & U S A.

The Board consider it desirable that the Company should continue to avail itself of his services as a Director.

None of the Directors except Shri Jaidev Masand is concerned or interested in the said resolution.

ITEMS 8, 9 & 10

The present Authorised Share Capital of the Company is Rs.500000000 divided into 25000000 Equity Shares of Rs.10/- each and 2500000 Preference Shares of Rs.100/- each. As of now 19,75,000 No.of preference shares have been issued and paid up. As the response to subscribe to the Preference Shares continues to be good, it is proposed to increase the authorised preference share capital to Rs.300000000 instead of the existing Rs.250000000 and reduce the Equity share capital from Rs.250000000 to Rs.200000000. Consequently Clause V of the Memorandum of Association and Article 3 of the Articles of Association relating to share capital require to be amended as set out in Resolution Nos 9 and 10.

The Directors commend the resolution to the Shareholders for their approval.

None of the Directors is concerned or interested in the said resolution.

ITEM NO.11Private Placement of Preference Shares

At the last AGM held on 26.9.97, approval of the shareholders had been obtained to issue 15,00,000 Cumulative Non-Convertible Preference Shares of the face value of Rs.100/- each. Earlier at the EGM held on 16.6.97 approval had been obtained to issue 10,00,000 Cumulative Non-Convertible Preference Shares of the face value of Rs.100/- each.

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Out of the total 25,00,000 Cumulative Non-Convertible Preference Shares of an aggregate value of Rs.25 crores, the Company has so far allotted 19,75,000 Preference Shares of an aggregate value of Rs.19.75 crores leaving a balance of 5,25,000 Preference Shares.

The Company is confident of raising further funds by issue of Preference Shares as the response from Financial Institutions/Banks is positive. The funds so raised is proposed to be utilised for repayment of high cost debt and for general corporate purposes including investment in balancing plant and machinery and to provide margin towards working capital requirements etc.

The Directors commend the Special Resolution for your approval.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of shares which may be allotted to them in the proposed issue.

12. At the Extra-Ordinary General Meeting held on 20th April 1998 approval of the shareholders had been obtained to issue and allot not more than 80,00,000 equity shares to the Indian Public, existing Shareholders, Foreign Institutional Investors, Foreign Collaborators, Mutual Fund, Overseas Corporate Bodies, Financial Institutions, Bodies Corporate etc, through Public Issue, Right Issue or Private Placement basis or combination of the above modes in one or more tranches. The Company could issue and allot only 15,86,200 Equity Shares and the time frame fixed by the Securities and Exchange Board of India expired on 20th July 1998. In view of this fresh approval of the shareholders is again sought empowering the Board to issue and allot not more than 95,00,000 equity shares to the above entities by any or combination of the above modes.

As regard pricing of the shares on private placement basis, in terms of the existing SEBI guidelines, issue of shares can be made at a price not less than the higher of the following:

- a) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the six months preceding the relevant date.
- b) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

The relevant date for this purpose mean the date 30 days prior to the date of this General Meeting.

Your Directors commend the Special Resolution for your approval.

The Directors of the company may be deemed to be concerned or interested in the resolution to the extent of shares that may be subscribed by them in the proposed issue.

