

INDO ASIAN

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ANNUAL REPORT

1996-97



INDO ASIAN FUSEGEAR LIMITED

BOARD OF DIRECTORS V.P. Mahendru- Chairman cum Managing Director
 P.K. Ranade- Joint Managing Director
 Vinay Mahendru- Executive Director
 R.C. Bansal- Director
 B. K. Kapoor-Director

GENERAL MANAGER A.K. Ghosh
CORPORATE PLANNING AND FINANCE

SR. MANAGER (LEGAL) & COMPANY SECRETARY B.S. Bhadauriya

AUDITORS J.C. Bhalla & Co., New Delhi

BANKERS State Bank of Patiala
 State Bank of India
 Canara Bank

CORPORATE OFFICE 207-208, Hemkunt Tower, 98, Nehru Place,
 New Delhi- 110 019

REGD. OFFICE & WORKS- 51 K.M.S., G.T. Karnal Road, Murthal, Distt. Sonapat, Haryana
WORKS- Nakodar Road, Jalandhar, Punjab

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of **INDO ASIAN FUSEGEAR LIMITED** will be held on Tuesday, the 30th September, 1997 at 9:00 AM at 51 KMs. G.T. Karnal Road, Murthal, Distt. Sonapat, Haryana, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account of the Company for the year ended on that date together with the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Sh. V. P. Mahendru, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. P. K. Ranade, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. **To consider and, if thought fit, to pass, with or without modification(s), the following as SPECIAL RESOLUTION:-**
 "RESOLVED THAT pursuant to the provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be, and is hereby authorised to give any guarantee(s) or provide any security(ies) on behalf of the company in connection with a loan or loans made by any other person to, or to any other person by, any Body(ies) corporate with whom the Company has business relation, from time to time on such terms and conditions as the Board of Directors may deem fit provided that the aggregate amount of all such guarantees given or security(ies) provided in respect of any loan or loans outstanding at any time shall not exceed Rs. 10 Crores at any such time."

Regd office :
 51 KMs. G T-Karnal Road,
 Murthal, Distt. Sonapat,
 Haryana.
 Dated : 16th August, 1997

By order of the Board

(B. S. BHADAURIYA)
 SR. MANAGER (LEGAL) & COMPANY SECRETARY

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
3. Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Special business set out under item No. 5 is annexed herewith.
4. Members who are holding shares in identical names in more than one folio are requested to write to the Company enclosing the Share Certificate(s) to enable the Company to consolidate their holdings under one folio.
5. Members are requested to notify any change in their addresses, specifying the full address in block letters with the Pin Code of the Post Office.
6. Entry in the Meeting Hall shall be strictly restricted to Members/valid proxies only carrying the Attendance Slips.
7. Members are requested to bring their copy of Annual Report at the Meeting as extra copies will not be supplied at the venue of the Meeting.

INDO ASIAN FUSEGEAR LIMITED**INDO ASIAN**

8. Members seeking further information on the accounts or any other matter are requested to write to the Company at least 15 days before the meeting so that the relevant information can be kept ready at the meeting.
9. Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 27th September, 1997 to Tuesday, the 30th September, 1997 (both days inclusive), for the purpose of Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5 :**

The Company is associated with several body(ies) corporate by having regular dealings with them for purchase and supply of substantial quantities of the products. By virtue of such association, the company is sometimes called upon to assist these body(ies) corporate by giving guarantee(s) or providing security (ies) in connection with loans made by any other person(s) to, or to any other person(s) by such body(ies) corporate.

Your Directors consider that sometimes it is in the interest of the Company to give such guarantee(s) or provide such security(ies). It may not be possible for the Company to obtain permission of the members every time such transaction takes place, especially in view of the time factor involved. It is therefore, proposed to obtain a general permission from the members of the Company in this behalf by means of a "Special Resolution."

As per Section 370 (1) of the Companies Act, 1956, giving of such guarantee(s) or providing any security(ies) is required to be authorised by a "Special Resolution" of the Company. It is further explained that once the members approve the maximum limits upto which the Company can give such guarantee(s) or provide such securities, no separate special resolution is required for each of the guarantee(s) or security(ies) that may be given or provided within such limits.

The Board of Directors recommend the "Special Resolution" for the approval of members.

Any Director of the Company may be deemed to be interested or concerned in this resolution to the extent that he may be a Director or member of the body corporate or bodies corporate which may be connected with the Company in the manner aforesaid.

Regd office :
51 KMs. G T Karnal Road,
Murthal, Distt. Sonapat,
Haryana.
Dated : 16th August, 1997

By order of the Board

(B. S. BHADAURIYA)
SR. MANAGER (LEGAL) & COMPANY SECRETARY

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Fourteenth Annual Report and Audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS AND OPERATIONS

	<u>For the year ended 31.3.1997</u> (Rs. in lacs)	<u>For the year ended 31.3.1996</u> (Rs. in lacs)
a) Profit before tax	192.49	161.91
b) Less : Provision for taxation	45.00	43.50
Tax Paid for earlier years	-	0.01
c) Profit after tax	<u>147.49</u>	<u>118.40</u>
d) Add : Profit brought forward from previous year	<u>103.13</u>	<u>59.73</u>
e) Surplus available for appropriation	<u>250.62</u>	<u>178.13</u>
f) Transfer to General Reserve	59.90	75.00
g) Retained Profit carried forward to the following year	<u>190.72</u>	<u>103.13</u>
	<u>250.62</u>	<u>178.13</u>

Your Company continued its progressive growth and has done well to close the year. The Directors are happy to report that during the year under review, your Company achieved a healthy increase in production and sales. The gross revenue increased by over 25% to Rs.3121.05 Lacs for the year 1997 against Rs.2490.03 Lacs in 1996. The profit before tax was Rs.192.49 Lacs for the current year as against Rs.161.91 Lacs for the previous year.

During the year under review, the Electrical Industry was under tremendous pressure due to severe compression of demand as a consequence of less than 50% achievement in the addition to planned power generating capacity. This resulted in negative growth for the industry and also lower investments in industries. The operating margins in the industry generally were under pressure during the year.

Sales performance across all the major product categories was in line with the expectations, both on the domestic front, as well as exports. The Company achieved a record level of exports during the year. At Rs.1478.17 Lacs exports now constitute 47% of your Company's revenue.

The Company's overall sales and profits progress during 1996-97 is thus considered very satisfactory. The current year has started well and your Directors are confident of another year of success.

DIVIDEND

Keeping in view the funds requirement for setting up Compact Fluorescent Lamp Plant at Noida as stipulated by Industrial Development Bank of India, while sanctioning the financial assistance for the CF Lamp Project, your Directors consider it necessary to conserve all the resources of the Company and therefore do not recommend dividend for the year ended 31st March, 1997.

FUTURE PROSPECTS

Power constitutes the basic and essential input for rapid economic development. In fact the country's industrial growth is directly linked with power supply prospects. The Government of India has planned to install additional power generating capacity 1,00,000 Mw, during the next two five year plans.

As we all know, power is a highly capital intensive industry. Any damage to the equipment therefore means not only loss of generation of power but also enormous financial loss. Protection of equipment is imperative. Wherever a fault or a short circuit occurs, the destructive capabilities of the enormous energy of the power system may cause extensive damage to the

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equipment, severe drop in voltage and loss of revenue due to interruption of service. In India power transmission and distribution is highly inefficient. Electricity lost during transmission runs higher than 22% compared with world average of 10%. Possibility of such faults and losses may be minimised by adopting good quality of protection devices.

Your Directors are of the opinion that the demand for Company's present products viz electrical protection devices is expected to grow fast due to increased emphasis on good quality of electrical protection devices required for proper transmission and distribution of power to reduce the risk factor from short-circuit and consequent serious accidents.

Further, to encourage the importance and spirit of energy conservation, the Company is introducing energy saving Compact Fluorescent Lamps for domestic, commercial and industrial sectors. With the introduction of energy saving compact fluorescent lamps, INDO ASIAN has kept up its long standing reputation of introducing world class technology into the country to manufacture innovative products. Your Company has made a very significant strategic foray in lighting market in India-a major thrust area in the Company's growth map for the year 2000.

Your Directors, therefore, look forward to the future with great confidence.

COMPACT FLUORESCENT LAMP PROJECT

Your Directors are happy to inform that the foundation stone for Compact Fluorescent Lamps Plant was laid by Sh. V. P. Mahendru, Chairman-cum-Managing Director in April'97. INDO ASIAN is working assiduously towards setting up the CFL Plant for the manufacture of energy saving Compact Fluorescent Lamps. A project team of the finest calibre has been constituted to ensure timely implementation of the project. Civil construction and arrival of imported equipments at CFL Plant are in full progress.

A highly sophisticated and fully automatic plant has been acquired from Korea Advanced Lighting Co. Ltd. (KAL), Seoul, Korea, one of the leading manufacturers of CFL manufacturing plants in the world. A group of technical experts from KAL will shortly arrive in India and assist INDO ASIAN for successful installation and commissioning of the Plant.

Your Directors are of the opinion that the CFL plant will start commercial production in the current financial year and add substantially to the turnover of the Company.

As you will see, the above indicates the considerable commitment of your Company towards continued investment and rapid growth, a policy which is fully endorsed by your Directors.

HUMAN RESOURCES DEVELOPMENT

INDO ASIAN believes that all round growth and development of manpower is precursor to total employee and customer satisfaction and optimum business results.

The all pervasive urge for excellence at INDO ASIAN, the pursuit of consistent growth through amicable work environment, and the open door policy, stem from our belief in the abundant potential of our people. INDO ASIAN's ongoing endeavour to build a work culture of trust and empowerment has emerged into a cordial industrial relations climate in the organisation.

Your Directors are thankful to the personnel at all levels for maintaining the pace and commitment towards building a better future of INDO ASIAN.

DIRECTORS

Sh. V. P. Mahendru and Sh. P. K. Ranade, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

FIXED DEPOSITS

The Company has no unclaimed or overdue deposits during the year under Report.

AUDITORS

The Auditors of the Company J.C. Bhalla & Co., retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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The observations of Auditors are explained in the appropriate notes to the Accounts.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC., AND EMPLOYEES

Information required under section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and information as per Section 217 (2-A) of the companies Act, 1956, read with companies (Particulars of Employees Rules, 1975) as amended from time to time, forms part of this Report. However, as per the provisions of Sections 219 (1) (b) (iv), the Report and Accounts are being sent to all members of the Company excluding the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, and the statement of particulars of employees. Any member interested in obtaining such particulars may inspect the same at the Registered office of the Company or write to the Company Secretary for a copy.

ACKNOWLEDGEMENT

Your Directors take this opportunity to offer their sincere thanks to various Departments of the Central and State Government, Financial Institutions and Banks for their valued contribution and support and also the contribution of all employees to the Company.

On behalf of the Board,

Regd office :
51 KMs. G T Karnal Road,
Murthal, Dist. Sonapat,
Haryana.
Dated : 16th August, 1997

(V.P. MAHENDRU)
CHAIRMAN CUM MANAGING DIRECTOR

