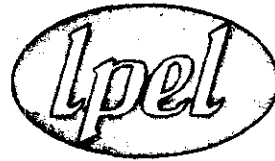


LALIT POLYMERS & ELECTRONICS LIMITED

D-2, M.I.D.C. Area, Jejuri, Pune District



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15TH ANNUAL REPORT 1998-99

LALIT POLYMERS & ELECTRONICS LIMITED

REGISTERED OFFICE & FACTORY

D - 2, M.I.D.C. Area,
Jejuri, Pune District

BOARD OF DIRECTORS

Shri S.J. Chabria
Chairman & Managing Director

Shri S.S. Chabria
Executive Director

Smt L.S. Chabria

Shri H.N Motiwalla

BANKERS

Indian Bank
Union Bank Of India

AUDITORS

M/s. S.H. Sitlani & Company
Chartered Accountants, Mumbai.

**STOCK EXCHANGES WHERE
EQUITY SHARES LISTED**

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

The Stock Exchange, Ahmedabad,
Karnadbeni Complex,
Opp. Sahjanand College,
Panjara Pole, Ambawadi,
Ahmedabad - 380 015.

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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of Lalit Polymers & Electronics Limited will be held on the 28th of December 1999 at 2.00 p.m. at D-2, M.I.D.C., Area, Jejuri, Pune District to transact the following business.

ORDINARY BUSINESS :

1. To receive consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the Financial Year ended on that date together with the report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Smt.L.S. Chabria, who retires by rotation, and being eligible offers herself for re-election.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT the authorised capital of the Company consisting of 40,00,000 Equity Shares of Rs.10/- each amounting to Rs.4,00,00,000/- be increased to Rs.5,00,00,000/- (Rupees Five Crores) to consist of 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and present Clause V of the Memorandum of Association of the Company be deleted and the following be substituted in lieu thereof

"V. The authorised capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each capable of being increased, reduced or modified to any extent in accordance with the company regulations and with the legislative provisions for the time being in force on this behalf."

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

"RESOLVED THAT the present Article 2 of the Articles of Association of the Company be deleted and following be substituted in its place as Article 2.

"The Authorised Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each under the control of Directors."

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

"RESOLVED that Pursuant to Section 81(IA) and other applicable provisions of the Companies Act, 1956 and subject to the provisions of the Articles of Association of the Company, and subject to the requisite approvals, or consent, if any, of the Central Government, the Reserve Bank of India, Banks/Financial Institutions and any other appropriate authorities under any other applicable laws, rules and regulations for the time being in force and further subject to terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them in granting such approvals which the Board of directors be and is hereby authorised to accept, consent of

the Company be and is hereby accorded to the Board of Directors to create, issue/offer and allot, at its sole discretion Equity Shares for an amount not exceeding Rs.1,50,00,000/- (Rupees One Crore Fifty Lacs) either to members, employees, any other individual company or concerns, non-resident Indians, financial institutions, foreign collaborators, other foreign institutional investors, mutual funds, overseas corporate bodies, other bodies corporate, other entities and/or such other person or persons, whether shareholder or not, through rights offer or private placement or preferential allotment or by any one or more of the above modes whether subscribed in Indian or foreign currency and in one or more series

Whether on the same terms and conditions or with varying terms and conditions and whether at one time or from time to time as may be deemed appropriate by the Board."

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

"RESOLVED THAT in accordance with the provisions of Sections 198,269,309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other Act, (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company, be and is hereby accorded to the appointment of Shri Shamsunder J. Chabria, as Chairman & Managing Director of the Company for a further period of two years with effect from 1st April,1999 on the following terms and conditions.

a)Salary - Rs.9,000/- per month. However, where in any financial year closing on and after 1st April, 1999, the Company has no profits or its profits are inadequate the salary shall stand reduced by 10% during such financial year.

b)Commission - 1% on the net profits of the Company for each financial year, subject to a ceiling of 50% of the annual salary or Rs.90,000/- per annum, whichever is less
c)Perquisites - Upto an amount equal to the annual salary or Rs.1,15,000/- per annum, whichever is less, in addition to salary and commission.

(i)Housing - A suitable unfurnished house or House Rent Allowance in lieu thereof, subject to a ceiling of 50% of the salary over and above 10% of the salary to be borne by the Managing Director. In addition, gas electricity, water and furnishings will be

provided by the Company, subject to a ceiling of 10% of the salary.

(ii) Medical Reimbursement - For self and family, subject to a ceiling of one month's salary in a year.

(iii) Leave Travel Concession - One month's salary for self and family once in a year.

(iv) Club Fees - Membership of one club. This does not include admission and life membership fees.

(v) Personal Accident Insurance - Payment of premium is subject to a ceiling of Rs.1,000/- per annum. This coverage includes self, spouse, and dependent children.

(vi) Gratuity - Half month's salary for each completed year of service subject to a ceiling of Rs.1,00,000/-

(vii) Use of car for business purposes.

(viii) Telephone at residence, subject to the condition that long distance personal calls and use of car for private purpose shall be billed by the Company.

Other Terms & Conditions

a) The Chairman & Managing Director shall not be liable to retire by rotation

b) The aforesaid remuneration shall be paid to the Chairman & Managing Director with effect from 1st April, 99.

c) The contract can be terminated with three month's notice on either side.

"RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, perquisites, allowances, etc. within such prescribed limits or ceiling and the agreement between the Company and Shri Shamsunder Chabria be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in the General Meeting.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary expedient or proper and to settle any question or difficulty that may arise in regard to the terms and conditions of the appointment of Shri Shamsunder Chabria, as it may deem fit."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other Act, (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company, be and is hereby accorded to the appointment of Shri Sanjay S. Chabria, as Executive Director of the Company for a further period of two years with effect from 1st April, 1999 on the following terms and conditions:

a) Salary - Rs.7,500/- per month. However, where in any financial year closing on and after 1st April, 1999, the Company has no profits or its profits are inadequate the salary shall stand reduced by 10% during such financial year.

b) Commission - 1% on the net profits of the Company for each financial year, subject to a ceiling of 50% of the annual salary or Rs. 90,000/- per annum, whichever is less.

c) Perquisites - Upto an amount equal to the annual salary or Rs. 1,15,000/- per annum, whichever is less, in addition to salary and commission.

(i) Housing - A suitable unfurnished house or House Rent Allowance in lieu thereof, subject to a ceiling of 50% of the salary over and above 10% of the salary to be borne by the Executive Director. In addition, gas electricity, water and furnishings will be provided by the Company, subject to a ceiling of 10% of the salary.

(ii) Medical Reimbursement - For self and family, subject to a ceiling of one month's

salary in a year.

(iii) Leave Travel Concession - One month's salary for self and family once in a year

(iv) Club Fees - Membership of one club. This does not include admission and life membership fees.

(v) Personal Accident Insurance - Payment of premium is subject to a ceiling of Rs.1,000/- per annum. This coverage includes self, spouse, and dependent children.

(vi) Gratuity - Half month's salary for

each completed year of service subject to a ceiling of Rs.1,00,000/-

(vii) Use of car for business purpose.

(viii) Telephone at residence, subject to the condition that long distance personal calls and use of car for private purpose shall be billed by the Company.

Other Terms & Conditions

a) The Executive Director shall not be liable to retire by rotation

b) The aforesaid remuneration shall be paid to the Executive Director with effect from 1st April, 1999.

c) The contract can be terminated with three month's notice on either side.

"RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, perquisites, allowances, etc. within such prescribed limits or ceiling and the agreement between the Company and Shri Sanjay Chabria be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in the General Meeting.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors be

acts, deeds, matters and things as it may, in absolute discretion, deem necessary, expedient or proper and to settle any question or difficulty that may arise in regard to the terms and conditions of the appointment of Shri Sanjay Chabria, as it may deem fit."

By order of the Board of Directors

(Sanjay S. Chabria)
Executive Director

Registered Office : D-2, M.I.D.C. Area,
Jajuri, Pune District.

Place : Mumbai.

Date : 29.10.99

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The Instrument appointing the proxy must, however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of meeting.
2. The Register of members and the share transfer books of the Company will remain closed from 21st December, 1999 to 28th December, 1999 (both days inclusive)
3. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
4. Shareholders seeking any information with regard to Accounts are requested to write to the company early as to enable the Management to keep the information ready.
5. Members are requested to notify properly any change in their address to the company including the pin code number.
6. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of items 4 and 5 of the Notice is annexed hereto.

ANNEXURE TO THE NOTICE

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

Item No.4 and 5

Your Company, as you are aware, has been referred to the Board for Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act. The funds by way of equity or otherwise to be brought in by the promoters and outside parties who may associate in such rehabilitation process. For this purpose it is necessary to increase the Authorised Capital of the Company from Rs.4,00,00,000/- to Rs.5,00,00,000/-.

The authorised capital of the Company can be increased only by amending the capital clauses in the Memorandum and Articles of Association. The Ordinary and Special resolutions set out in item Nos. 4 and 5 respectively seeks to amend the Memorandum and Articles of Association of the Company, to that effect.

The Special Resolution set out under Item No.6 will enable the Directors to Allot the additional equity shares to the party or parties who may bring in the equity in the course of rehabilitation of the company.

None of the Directors of the Company are in any way interested in the aforesaid resolutions.

Item No.6

Shri Shamsunder Chabria was re-appointed as Chairman & Managing Director with effect from 01.04.97 to 31.03.99. As his term has expired, the Board of Directors recommend adoption of the proposed Resolution appointing him as Chairman & Managing Director with effect from 1st April, 1999 on the terms and conditions more specifically detailed in the resolution. The Board of Directors of your Company, recommend the resolution set out in item no.4 of the Notice for consideration and approval of the shareholders.

Item No.7

Shri Sanjay Chabria was re-appointed as Executive Director with effect from 01.04.97 to 31.03.99. As his term has expired, the Board of Directors recommend adoption of The proposed resolution appointing him as Executive Director with effect from 1st April, 1999 on the terms and conditions more specifically detailed in the resolution. The Board of Directors of your Company, recommend the resolution set out in item no.5 of the Notice for consideration and approval of the shareholders.

By order of the Board of Directors

(Sanjay S. Chabria)
Executive Director

Registered Office: D-2, M.I.D.C. Area,
Jejuri, Pune District.

Place : Mumbai.
Date : 29.10.99

DIRECTORS REPORT

To The Shareholders

The Directors of LALIT POLYMERS & ELECTRONICS LTD are pleased to present herewith the audited Statement of Accounts for the period 1st April 1998 to 31st March, 1999.

You are aware that your Directors have made a reference to B.I.F.R. under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has been declared as a Sick Industrial Undertaking and the Indian Bank has been appointed as Operating Agency who are in the last lap of finalizing the scheme of rehabilitation.

The sickness has not visited the Company due to any inherent weakness in the project of the Company or the management, but affected by outside force beyond control of anyone, it being Narmada Bachao Andolan delaying the G.I.D.C.'s project in which we had a significant share of work. We have lost enough money, time by way of opportunity cost. Instead of focussing on the project, we are left with pursuing an arbitration at our instance to get compensation against losses incurred or suffered by us.

The future appears bright, the economic scene intervening although. This phase of sickness will be overcome shortly and successfully with the business prospect we see in the near future and with the institutional assistance expected.

Due to the continuing losses, the Directors have not recommended any payment of dividend to the shareholders during the year.

DIRECTORS

Mr. Shamsunder J. Chabria, Mr. Sanjay S. Chabria and Mr. H.N. Motiwala continue to remain Directors of the Company. Mrs. L.S. Chabria retires by rotation at the Annual General Meeting and offers herself for re-appointment

AUDITORS

M/s. S.H. Sitlani Company, Chartered Accountants, retire at the Annual General Meeting and offer themselves for re-appointment.

PERSONNEL

There are no employees drawing salary over Rs.25,000/- per month or Rs.3,00,000/- per annum.

ADDITIONAL INFORMATION

The additional information required to be disclosed in terms of Notification 1029 dated 31st December, 1988 issued by the Department of Company Affairs is given as an Annexure to this Report.

ACKNOWLEDGEMENTS

The Directors place on record their sincere appreciation of the support and co-operation extended by various Financial Institutions and Banks and of the devoted efforts of all employees and officers of the Company.

On behalf of the Board of Directors

(S.J. CHABRIA)
Chairman

Place : Mumbai
Date : 06.07.99