



LUMAX INDUSTRIES LIMITED

**1996-97
16th ANNUAL REPORT**

Lumax Industries Limited**BOARD OF DIRECTORS**

Shri S.C. Jain	(Chairman & Sr. Mg. Director)
Shri D.K. Jain	(Vice Chairman & Mg. Director)
Shri Mahesh K. Jain	(Director)
Shri U.K. Jain	(Executive Director)
Shri Rajan Jain	(Executive Director)
Shri P.C. Jain	(Executive Director)
Shri R.P. Aggarwal	(Executive Director)
Shri T. Kamoshita	(Executive Director -Nominee of Stanley, Japan)

SECRETARY

Shri K.V. Vijayan

AUDITORS

M/s K.S. Gupta & Company
Chartered Accountants, Delhi

M/s D.R. Barve & Company
Chartered Accountants, Pune (Branch Auditors)

BANKERS

Punjab National Bank
Syndicate Bank
State Bank of India
ICICI Banking Corporation Ltd.

REGISTERED OFFICE & SHARE DEPT.

2nd Floor, Harbans Bhawan-II
Nangalraya Business Centre, New Delhi - 110 046
Tele : 5500010, 5541975
Fax : 5501233

CORPORATE OFFICE

B-86, Mayapuri Industrial Area,
New Delhi - 110 064

WORKS

- a) B-85, Mayapuri Industrial Area, New Delhi
- b) D-2/43 & D-2/44, MIDC Industrial Area, Chinchwad, Pune
- c) 29, DLF Industrial Estate - II Faridabad
- d) Plot No. 16, Sector 18, Maruti Complex, Gurgaon
- e) Plot No. 78, Sector 6, Faridabad
- f) C-10, MIDC, Waluj, Aurangabad

Sixteenth Annual Report 1996-97

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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ANNUAL GENERAL MEETING ON 21ST JULY, 1997

Lumax Industries Limited

NOTICE TO MEMBERS

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of the Company will be held on **MONDAY THE 21ST JULY 1997 AT 10.30 A.M. AT FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI-110 001** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 1997 and the Directors' and Auditors' Report thereon.
2. To declare the Dividend on Equity Shares and Preference Shares (CCPs)
3. To appoint a Director in place of Shri Mahesh K. Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Umesh Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint statutory Auditors M/s. K. S. Gupta & Co. to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification the following as Ordinary Resolution:-

"Resolved that M/s D.R. Barve and Company, Pune be and is hereby re-appointed as Branch Auditors for the audit of the accounts of Pune and Aurangabad branches of the Company, and the Company hereby authorise the Board of Directors to fix the terms and conditions of their appointment including the remuneration payable to them".

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

"Resolved as a special resolution that pursuant to Section 16 and 94 and other applicable provisions of the Companies Act, 1956 the Authorised Equity Share Capital of the Company be and is hereby increased from Rs.7,90,00,000 (Rupees Seven Crores) divided into 70 lacs Equity Shares of Rs.10/- each to Rs.8,60,00,000/- (Rupees Eight Crores and Sixty Lacs) divided into 86 Lacs Equity Shares of Rs.10/- each and consequently the existing Clause-VII of the Memorandum of Association of the Company be altered by deleting the same and substituting in its place the following as new Clause-VII.

The Authorised Share Capital of the Company shall be Rs.10,00,00,000/- (Rupees Ten Crores) comprising 86,00,000 (Eighty Six Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 80,000 (Eighty Thousand) Cumulative Convertible Preference Shares (CCPs) of Rs.175/- (Rupees One Hundred Seventy Five) each".

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

"Resolved as a special resolution that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the Article No.5 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in its place the following as new Article No.5.

The authorised Share Capital of the Company shall be Rs.10,00,00,000/- (Rupees Ten Crores) comprising 86,00,000 (Eighty Six Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 80,000 (Eighty Thousand) Cumulative Convertible Preference Shares (CCPs) of Rs.175/- (Rupees One Hundred SeventyFive) each with power to increase, reduce, consolidate, sub-divide its capital in accordance with the provisions of the Companies Act, 1956".

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

"Resolved as a special resolution that pursuant to Section 81(1A) and

other applicable provisions if any of the Companies Act, 1956 and the relevant provisions of Foreign Exchange Regulations Act, 1973 (FERA) and subject to the Listing Agreement entered into by the Company with the Stock Exchanges where the Company's shares are listed, guidelines of Securities Exchange Board of India (SEBI) and Reserve Bank of India (RBI) on Preferential Allotment and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval, consent, permission and/or sanction etc. as required under law from RBI and other appropriate authorities and subject to the terms, conditions and modifications as may be made sue-moto by the Board in the larger interest of the Company or imposed by the appropriate authorities, the Board of Directors (hereinafter referred to as Board, which term shall be deemed to include any committee of Directors and/or any Officers of the Company constituted by the Board for giving effect to this resolution) is hereby authorised to offer and issue not exceeding 1.05 million (10.50 lacs) Equity Shares of Rs.10/- each (out of which 0.75 million (7.50 lacs) Equity Shares to issue immediately after receipt of RBI approval) for subscription by the Company's Foreign Collaborator M/s Stanley Electric Company, Japan and its Associate (hereinafter referred to as Stanley) at a price to be decided by the Board which in no case shall be less than the price as stipulated by SEBI/RBI guidelines to enable the said Stanley to hold around 20% of the issued capital of the Company at any given time and such 20% to be computed after giving effect to the said shares proposed to be issued to Stanley.

Resolved further that for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in their discretion, deem necessary or desirable and settle, to any question, difficulty or doubt that may arise in regard to this offer, issue and allotment of the said equity shares".

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

"Resolved as a special resolution that in partial modification of the resolution No.10 passed by the Shareholders of the Company in the AGM dated 30th Sept. 1996 and pursuant to the provisions of Section 370(1)(b) and other applicable provisions if any of the Companies Act, 1956 consent of shareholders be and is hereby accorded to the Board of Directors to give any guarantee or provide any security in connection with loan or loans made by any other person, to or to any other person by, any Body Corporate whether under the same management or not on such terms and conditions as the Board may think fit provided the aggregate of all such guarantee given or security provided and remaining outstanding at any time shall not exceed Rs.400 million" (40 crores).

- 11.(A) To consider and if thought fit to pass with or without modification the following as a Special Resolution :

"Resolved as a special resolution that pursuant to relevant provisions of the Companies Act 1956 or any amendment or re-enactment there to, the consent of the members is hereby accorded to the appointment of Shri. U.K. Jain as Executive Director of the Company for a period of 5 years w.e.f. 1st August 1997 on a basic salary of Rs.20,000 per month in the Grade of Rs.20,000—40,000 togetherwith perquisites and on other terms and conditions as set out in the explanatory statement annexed to this notice.

Resolved further that the Board of Directors are authorised to sanction at their discretion the annual increments within the grade, togetherwith the allowances and benefits as may be applicable to the grades effective from the month of April every year during the tenure as they deem fit and proper".

- (B) To consider and if thought fit to pass with or without modification the following as a Special Resolution :

"Resolved as a special resolution that pursuant to relevant provisions of the Companies Act 1956 or any amendment or re-enactment there



Lumax Industries Limited

to, the consent of the members is hereby accorded to the appointment of Shri. Rajan Jain as Executive Director of the Company for a period of 5 years w.e.f. 1st August 1997 on a basic salary of Rs.15,000 per month in the Grade of Rs.15,000—30,000 togetherwith perquisites and on other terms and conditions as set out in the explanatory statement annexed to this notice.

Resolved further that the Board of Directors are authorised to sanction at their discretion the annual increments within the grade, togetherwith the allowances and benefits as may be applicable to the grade, effective from the month of April every year during the tenure as they deem fit and proper".

12.(A) To consider and if thought fit, to pass with or without modification the following as Ordinary Resolution:-

"Resolved that pursuant to the relevant provisions of the Companies Act, 1956 or any amendment or any re-enactment thereto, the consent of the members is hereby accorded to the re-appointment of Shri P.C. Jain, Executive Director for a period of 5 years upto 31-03-2003 on a basic salary of Rs.20,000 per month in the grade of Rs.20,000 — 40,000 togetherwith perquisites payable with effect from 1st August 1997 on the terms and conditions as set out in the explanatory statement annexed to this notice.

Resolved further that the Board of Directors are hereby authorised to sanction the annual increment within the grade, togetherwith the allowances and benefits as may be applicable to the grade, effective from the month of April every year during the tenure as they deem fit and proper".

(B) To consider and if thought fit, to pass with or without modification the following as Ordinary Resolution:-

"Resolved that pursuant to the relevant provisions of the Companies Act, 1956 or any amendment or any re-enactment thereto, the consent of the members is hereby accorded to the re-appointment of Shri R.P. Aggarwal, Executive Director for a period of 5 years upto 31-03-2003 on a basic salary of Rs.20,000 per month in the grade of Rs.20,000 — 40,000 togetherwith perquisites payable with effect from 1st August 1997 on the terms and conditions as set out in the explanatory statement annexed to this notice.

Resolved further that the Board of Directors are hereby authorised to sanction the annual increment within the grade, togetherwith the allowances and benefits as may be applicable to the grade, effective from the month of April every year during the tenure as they deem fit and proper".

Place : 2nd Floor, Harbans Bhawan-II
Nangalraya Business Centre
New Delhi - 110 046.
Dated : 23rd June, 1997

BY ORDER OF THE BOARD
K. V. VIJAYAN
COMPANY SECRETARY

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf and proxy need not be a member of the company. The Form duly filled up and signed should reach to the Company's Regd. Office atleast 48 hours before the scheduled time of the meeting. Proxy form is attached.
2. Register of members of the Company and the share transfer books will remain closed from 12-07-97 to 21-07-97 (both days inclusive) for the purpose of payment of Dividend.
3. Dividend on shares, as recommended by the Directors, if declared at the meeting will be payable to those members whose names stand on the Register of Members of the Company as on 21-07-97.
4. The members are requested to intimate the company immediately, any change in their registered address.

5. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. The unclaimed dividend amounting to Rs.37,800/- for the period 1992-93 have been transferred to General Revenue Account of the Central Government on 06-11-1996. All those shareholders who have not encashed their dividend warrants have been individually informed about the remittance and requested them to claim the dividend amount from the Registrar of Companies, National Capital Territory, Delhi and Haryana, CGO Complex, Lodhi Road, New Delhi-110 003. The unclaimed dividend for the period 1993-94 is due for transfer to the Central Government in November 1997. Shareholders concerned are requested to write to the company for claiming the dividend before transfer to the Central Government Account.
7. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is furnished here under.

EXPLANATORY STATEMENT

Item No.6

As per Section 228(3) of the Companies Act, 1956, approval of the Members in the Annual General Meeting is required for the audit of Branch Accounts by an Auditor other than the Statutory Auditor. M/s D.R. Barve & Company, Pune has been the Branch Auditors of Pune and Aurangabad Units from the very inception. It is therefore, considered desirable to continue their service as Auditors of the above said units. It is further recommended that the Board of Directors may be authorised to decide the terms and conditions of their appointment including their remuneration.

Item No.7 & 8

In view of the proposed issue of Equity Shares to the Foreign Collaborator, as mentioned at Item No.9 of the Notice, the Authorised Equity Share Capital has to be increased to Rs.860 Lacs from the present level of Rs.700 Lacs.

Consequent on the increase in the Authorised Equity Share Capital, the Memorandum and Articles of Association of the Company will have to be altered so as to reflect the increased Authorised Capital as set out in resolution No.7 & 8 in the Notice.

Item No.9

Your Company is setting up a Modern Plant at Dharuhera, Distt. Rewari (Haryana) with the active participation of our collaborator Stanley. A total investment of Rs.300 million is planned for this project. Part of the funds are proposed to be raised by the allotment of Shares to Stanley and the balance by way of loans from Bank/Institutional Finance and Internal Accruals.

Honourable members are aware that the Company is having Technical Collaboration since 1985 and Financial Collaboration since 1994 with Stanley. They are now keen to increase their equity holding in the Company from the present level of 11.12% of the paid up capital with the object of more investment in the business of the Company for mutual benefit. After the proposed Preferential Issue, their shareholding will be 20% and odd of the Issued Capital. One of their nominee is already in the Board since May 1995. The share price of the proposed issue will be fixed by the Board of Directors which in no case shall be less than the price as per the relevant guidelines of SEBI/RBI.

Out of the proposed issue of 1.05 million shares, 0.75 million shares will be issued immediately after getting the RBI approval since the Company is in need of funds urgently for the Dharuhera Project. The shareholding pattern before and after the proposed Preferential Issue of 0.75 million shares is as under :-



Lumax Industries Limited

	Shareholding before Preferential Issue		Shareholding After Preferential Issue	
	No. of shares	%	No. of Shares	%
1. Promoters & Associates	2,818,425	41.77	2,818,425	37.59
2. Collaborators	750,000	11.12	1,500,000	20.00
3. FIs/NRIs/Mutual Funds and Public	3,179,075	47.11	3,179,075	42.41
Total	6,747,500	100.00	7,497,500	100.00

The Board consider that the proposed issue to collaborator is in the best interest of the Company, keeping in view the need of advanced technology to have an edge on our competitors and to meet ever increasing demand for our products. Therefore, the resolution is recommended for the approval of the members.

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

Item No.10

At the Annual General Meeting held on 30th Sept. 1996 the Company had authorised the Board of Directors to give any guarantee or provide any security from time to time in connection with the loans made by any person to or to any other person by, any Body Corporate upto a limit of Rs.50 million.

In view of the substantial growth in the business activities of the Company the limit of Rs.50 million approved in the last AGM is inadequate and therefore, it is proposed to increase the limit to Rs.400 million.

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

Item No.11 (A) & (B)

Shri. U.K. Jain is the Promoter Director of the Company from the very beginning. He has got 25 years experience in the Auto Ancillary Industries. Shri. Rajan Jain was appointed as a Director in the Company in November 1995 and he takes active interest in the Company's business. In view of the increased activities due to expansion of Business of the Company and establishment of more and more units at different locations, the Board consider the necessity of appointment of additional whole time Directors to look after the day to day management of the Company.

Shri. U.K. Jain and Shri. Rajan Jain are related to other Promoter Directors namely Shri. S.C. Jain, Shri. D.K. Jain and Shri. Mahesh K. Jain. The Board recommend the resolutions for the approval of members.

The remuneration package and other terms and conditions of Shri. U.K. Jain and Shri. Rajan Jain are as follows :

Remuneration :	Shri. U.K. Jain	Shri. Rajan Jain
	(Rs.)	(Rs.)
a) Salary	20,000 p.m. (In the Scale of 20,000-40,000)	15,000 p.m. (In the Scale of 15,000-30,000)
b) Dearness Allowance	1,500	1,500
c) House Rent Allowance	50% of the Basic Salary	50% of the Basic Salary
d) Entertainment Allowance	1,000	1,000
e) Magazine Allowance	500	500
f) Expenses on Gas, Electricity, Water charges and Furnishing Allowances.	1,000	1,000
g) Servant Allowance	750	750

Other Perquisites (Common to both the appointees)

- Medical Reimbursement : Expenses incurred for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years. The Company shall also pay annual premium not exceeding Rs.3000/- towards mediclaim, as per the rules of the Company.
- Leave Travel Concession : For self and family subject to a ceiling of one month salary in a year.
- Club fees : Fees of the Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- Personal Accident Insurance : Annual premium not to exceed Rs.1000/- per annum.

Apart from the above, appointees will be entitled to the Company's contribution to Provident Fund, Superannuation Fund as per the rules of the Company.

Other Terms and Conditions :

- Use of Company's Car with Driver and Telephone at the residence. The perquisite value of these items, will be valued as per the Income Tax Act, if applicable.
- Leave at the rate allowable as per the rules of the Company and encashment at the end of the tenure.
- Reimbursement of expenses incurred in connection with the business of the Company including entertainment expenses.
- Appointees shall not be entitled to any sitting fee for attending the meeting of Board of Directors or Committee thereof.

Item No.12 (A) & (B)

The present term of appointment of Shri P.C. Jain and Shri R.P. Aggarwal, Executive Directors are expiring on 31st March 1998. The Board consider it necessary to re-appoint them for a further period of 5 years upto 31-03-2003 on the revised payment of remuneration and other allowances which shall be effective from 01-08-1997, as set out below.

None of the Directors other than Shri P.C. Jain and Shri R.P. Aggarwal are interested in this resolution. The Board recommend this resolution for the approval of the members.

The remuneration package and other terms and conditions of Shri P.C. Jain and Shri R.P. Aggarwal, Executive Directors are as under :-

Remuneration :	Shri P.C. Jain	Shri R.P. Aggarwal
	(Rs.)	(Rs.)
a) Salary (in the Scale of (Rs.20,000-40,000)	20,000 p.m.	20,000 p.m.
b) Dearness Allowance	1,500	1,500
c) House Rent Allowance	50% of the Basic Salary	50% of the Basic Salary
d) Entertainment Allowance	1,000	1,000
e) Magazine Allowance	500	500
f) Expenses on Gas, Electricity, Water charges and Furnishing Allowances.	1,000	1,000
g) Servant Allowance	750	750

Other Perquisites (Common to both the appointees)

- Medical Reimbursement : Expenses incurred for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years. The Company shall also pay annual premium not exceeding Rs.3000/- towards mediclaim, as per the rules of the Company.
- Leave Travel Concession : For self and family subject to a ceiling of one month salary in a year.
- Bonus : Payment of Bonus as per the rules of the Company.
- Club fees : Fees of the Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- Personal Accident Insurance : Annual premium not to exceed Rs.1000/- per annum.

Apart from the above salary and perquisites appointees will be entitled to the Company's contribution to Provident Fund, Superannuation Fund as per the rules of the Company, to the extent these either singly or put together are not taxable under the Income Tax Act 1961. Gratuity is payable at the rate not exceeding half a month salary for each completed year of service.

Other Terms and Conditions :

- Use of Company's Car with Driver and Telephone at the residence. The perquisite value of these items will be valued as per the Income Tax Act., if applicable.
- Leave at the rate allowable as per the rules of the Company and encashment at the end of the tenure.
- Reimbursement of expenses incurred in connection with the business of the Company including entertainment expenses.
- The appointment shall be terminable by giving three months notice from either side.
- Appointees shall not be entitled to any sitting fee for attending the meeting of Board of Directors or Committee thereof.

Place : 2nd Floor, Harbans Bhawan-II
Nangalaya Business Centre
New Delhi - 110 046.

Dated : 23rd June, 1997

BY ORDER OF THE BOARD
K. V. VIJAYAN
COMPANY SECRETARY



Lumax Industries Limited

DIRECTORS' REPORT

To the Shareholders,

The Board of Directors are happy to present the 16th Annual Report together with Audited Financial Results of the Company for the year 1996-97.

FINANCIAL RESULTS :

	1996-97	1995-96
	Rs. In Million	
SALES (Excluding Excise Duty)	1242.12	1025.06
GROSS PROFIT (Before Interest, Dep. & Tax)	181.32	126.03
(-) Depreciation	27.42	16.96
(-) Interest	18.28	11.73
	135.62	97.34
(+) Balance in the P&L A/c b/f	2.04	3.83
(+) Transfer from Revaluation Reserve	0.60	1.42
(+) Excess provision of the Income Tax written back	—	0.04
NET PROFIT - for appropriation	138.26	102.63

APPROPRIATION :

Provision for Taxation	50.06	40.50
Proposed Equity Dividend	13.08	11.89
Proposed CCP Dividend	1.68	1.68
Debenture Redemption Reserve	0.96	1.52
Transfer to General Reserve	70.00	45.00
Balance retained in P&L A/c	2.48	2.04
	138.26	102.63

DIVIDEND :

An enhanced dividend of 22% (20% for previous year, 1995-96) is recommended on the Equity Shares for the year ended 31st March, 1997 for the approval of members. Considering that, as per the new Income Tax Rules the tax on Dividend is payable by the Company, the effective rate of dividend works out to over 24%.

The Board also recommends 12% Dividend on Cumulative Convertible Preference Shares (CCPs). The CCPs have since been converted to equity shares in April '97.

PERFORMANCE

Your company continued to register growth in Turnover as well as Net profit in the year 1996-97. The turnover of the Company increased from Rs 1025 Million to Rs 1242 Million showing a growth of 21.17%, while net profit showed a greater increase of over 50%, rising from Rs 56.8 Million to Rs 85.6 Million. This has been possible due to higher productivity, greater resource utilisation and improving QCD with the strong support of our collaborator Stanley, Japan.

The earning per share (EPS) of the company has also recorded an increase from Rs.9.28 to Rs.14.10. The book value of the equity shares (excluding revaluation reserve) comes to Rs.59.15 (against Rs.47.15 in 1995-96).

PROSPECTS

The Automotive Sector as a whole, continues to show bright prospects. Most of the new entrants in the vehicle industry have already started production and others have firm plans. Your company has a wide range of products and caters to all segments, be it two-wheelers, passenger cars or light / heavy commercial vehicles. Thus, the Directors feel confident of the company achieving higher growth in the year 1997-98.

EXPANSION

The modernisation of all of our existing plants was completed in 1995-96. To tap the

emerging market of the new generation vehicles to be launched in India and to meet their requirements with respect to technology and quality, your company is building a state-of-the-art manufacturing facility at Dharuhera, Haryana, which will also be equipped with the latest testing equipment. This will not only help the company to maintain its leadership position and strengthen its core-competency, but also give it the confidence to cater to global markets.

The new unit is expected to be in production by Feb.-March'98. Three Japanese from our collaborators have already joined the company on long term basis. They would be guiding in the installation of various facilities and then in production at the new plant with totally Japanese work culture.

DIVERSIFICATION

There is a trend in the Indian scenario that each new vehicle manufacturer brings in its fellow source for supply of various components. In spite of this, your company has been able to secure orders from most of them. However, to continue its leadership position and further strengthen its technical competence in its core business of lighting equipment as well as its other products, the company is planning to enter into Joint-Ventures and / or Technical Collaboration Agreements with world leaders in each field. It also has plans to diversify into manufacture of components related to its existing range.

PREFERENTIAL ALLOTMENT TO COLLABORATORS

M/s.Stanley Electric Company Ltd., Japan and its subsidiary M/s.Thai Stanley, our collaborator is interested in increasing its equity holding to 20% of the total paid-up capital. Accordingly, it is proposed to allot equity shares not exceeding 1,050,000 nos, at a price to be decided by the Board in consultation with Stanley and in no way to be less than the SEBI / RBI stipulated guidelines. For this members approval is sought, in the forthcoming AGM. The Board of Directors consider that the increased equity participation by our Collaborator will be in the interest of the Company and therefore, commend the resolution for approval of Shareholders.

DIRECTORS

In accordance with the provisions of the Companies Act, and the Articles of Association of the Company, Shri Mahesh K.Jain and Shri Umesh Kumar Jain retire by rotation as Directors and being eligible offer themselves for re-appointment.

AUDITORS

Members are requested to approve the re-appointment of M/s.K.S.Gupta & Company (Statutory Auditors) and M/s.D.R.Barve and Company, Pune (Branch Auditors). Necessary Certificate pursuant to Section 224(1B) of the Companies Act, 1956 have since been received from the above said Auditors.

The observations made by the Auditors in their Report are clarified in Notes on Accounts.

OTHER INFORMATION

Disclosure of information regarding Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earning and Outgo under Section 217(1)(e) of the Companies Act, 1956 and particulars of employees under Section 217(2A) are annexed to this report.

ACKNOWLEDGMENT

Your Directors wish to place on record the support and co-operation received from the Customers, Vendors, Financial Institutions and Collaborators. Directors also acknowledge the whole-hearted co-operation and dedicated service of the employees, without which the Company would not have achieved the excellent financial results. Lastly our thanks go to our esteemed Shareholders for their continued support and encouragement.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 30th May, 1997

S.C.JAIN
CHAIRMAN