



ELPRO INTERNATIONAL LTD.

40TH ANNUAL REPORT 2002-2003

BOARD OF DIRECTORS

Mr. R. K. Dabriwala - *Chairman*
Mr. R. N. Dass
Mr. S. K. Bagla
Dr. S. Ramachandran
Mr. R. K. Choudhary
Mr. S. Dabriwala - *Wholetime Director*

KEY MANAGEMENT EXECUTIVES

Mr. Anil Poddar - *Chief Corporate Officer*
Mr. N. Subramanian - *VP (SMC division)*

AUDITORS

M/s A. F. Ferguson & Co.
Chartered Accountants

COMPANY SECRETARY

Mr. P. K. Rajagopal

BANKS

Bank of India
The United Western Bank Limited
State Bank of Hyderabad
Bank of Baroda
Central Bank of India

SHARE TRANSFER AGENT

Sharex (India) Private Limited
17/B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai 400 001

REGISTERED OFFICE

Nirmal, 17th Floor,
Nariman Point,
Mumbai 400 021



Notice is hereby given that 40th Annual General Meeting of the Company will be held on Tuesday , September 30, 2003, at 10.30 A.M. at Walchand Hirachand Hall, Indian Merchants' Chamber, Churchgate, Mumbai- 400 020 to transact following business:

Ordinary Business:

1. To consider and adopt the Balance Sheet of the company as at 31st March,2003, Profit and Loss account for the year ended on that date and the Report of the Auditors and Directors' thereon.
2. To consider and , if thought fit pass the following ordinary resolution for reappointment of retiring director :
" Mr. R.K.Dabriwala be and is hereby appointed as a director."
3. To consider and , if thought fit pass the following ordinary resolution for reappointment of retiring director :
" Mr. R.N.Dass be and is hereby appointed as a director."
4. To consider and , if thought fit pass the following ordinary resolution for reappointment of retiring director :
" Dr. S.Ramachandran be and is hereby appointed as a director."
5. To consider and , if thought fit pass the following ordinary resolution for reappointment of retiring director :
" Mr. S.K.Bagla be and is hereby appointed as a director."
6. To consider and, if thought fit, pass with or without modification the following resolution as ordinary resolution for appointment of auditors other than retiring auditor :

" RESOLVED that M/s RSM & Co., Chartered Accountants , be and is hereby appointed as the auditors of the company from the conclusion of this meeting to the conclusion of next annual general meeting of the company , in place of M/s A.F.Ferguson & Co., Chartered Accountants , the present auditors who have expressed their unwillingness for reappointment.

Resolved further that the board of directors of the company be authorized to fix remuneration of the auditors so appointed including out of pocket expenses for conduct of the audit."

Special Business:

7. To consider and if thought fit , pass with or without modification the following resolution as ordinary resolution :
" Mr.R.K.Choudhary be and is hereby appointed as a director."

By order of the Board of Directors
For Elpro International Limited

Place : Pune

Date : 25.8.2003

P.K.Rajagopal
Company Secretary

Notes

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
- b) The Register of Members and Share Transfer Books will remain closed from Tuesday September 23 ,2003 to Tuesday September 30,2003,(both days inclusive).
- c) Pursuant to provisions of Section 205A of the Companies Act 1956 , as amended , the unpaid dividends for the financial year 1995-96 and thereafter which remain unpaid / unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund constituted in terms of Section 205 C of the Companies Act 1956.

PARTICULARS OF DIRECTORS IN TERMS OF LISTING AGREEMENT :**Mr. R.K.Dabriwala**

Harvard alumni holding several senior management positions. He holds directorship of thirteen companies .

Dr. S.Ramachandran

An academician, a teacher by profession and prolific writer on the subject of management. He was past president of Delhi Management Association, past Vice President of All India Management Association. He is currently a management consultant to several prominent companies and a visiting faculty to management institutes and holding directorship and committee membership in one another company. He has over 30 years experience in marketing and is presently Assistant Governor of Rotary International, Delhi.

Mr. S.K.Bagla

He was former President of East India Jute and Hessian Exchange Limited and Bengal National Chamber of Commerce and Industry and holding directorship of twelve companies.

Mr. R.N.Dass

A science graduate started his career in 1945 with GE in Lahore. He has been associated with GE for over 50 years and has held several key positions, which includes heading sales and marketing of industrial products and medical equipments. He is presently holding directorship in one other company. He was President of IGE(I) Limited for 10 years.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT,1956.**Business 8 :**

Mr.R.K.Choudhary was appointed as an additional director of the company by the board of directors on 26/4/2003 and holds office upto the conclusion of this annual general meeting . Mr.Choudhary is an Advocate with over 40 years of experience and is a senior partner of M/s Khaitan & Co., Advocates , Calcutta He is Chairman of 4 companies and director of 9 other companies . He is eligible for reappointment . The company has received notice under Section 257 of the Companies Act 1956 from a member of the company proposing his candidature as a director of the company liable to retire by rotation in terms of the Articles of Association of the Company.

Except Mr. R.K.Choudhary, none of the director is concerned or interest in this resolution.

By order of the Board of Directors
For Elpro International Limited

Place : Pune
Date : 25.8.2003

P.K.Rajagopal
Company Secretary



Your Board presents this 40th Annual Report together with the audited statements of account for the year ended March, 31, 2003 for your approval.

Particulars	Year ended	(Rs. in Lacs)
	31.03.2003	Year ended 31.03.2002
Gross sales & services	4659	5658
Profit / (Loss) after tax	(146)	92
(Short) / Excess provision of tax for earlier years	(4)	8
Profit of the previous years	629	564
Transfer from Investment Allowance Reserve	20	-
Transfer from Voluntary Retirement Reserve	-	200
Profit available for appropriation	499	864
Transfer to General Reserve	-	200
Dividend and tax thereon	-	35
Profit carried to Balance Sheet	499	629

2. Operations:

Sales & services for the current year was low by 17.6 % to Rs.4659 Lacs, against Rs.5658 Lacs for the previous year. Lower earnings coupled with increase in interest cost due to investment in EOU and provisions for bad debts / advances resulted in loss.

3. Dividend:

Due to loss in current year, your Directors has not recommended any dividend.

4. Disc Project:

The management is continuing its efforts for increased exports.

5. Investments:

a) Elpro Packaging Limited:

Elpro Packaging Limited has reduced its losses, but the improved operations has not resulted in profit yet. The effort of management for alternative business model, is on, as stated in previous year.

b) Elpro Finance Limited:

Your Directors are continuing efforts for restructuring including merger of the company with other healthy company, which could yield results during the year.

c) Your company promoted dot com portal companies have also not performed well and are also being considered for merging with other healthy company which is expected to yield results during the year.

6. Sec 217 Compliance :

Earning and outgo in foreign exchange during the year under report were Rs.385 Lacs and Rs.439 Lacs as against Rs.626 Lacs and Rs.1025 Lacs respectively. Decrease in earnings is due to lower exports.

None of the employees of the Company employed throughout the year were in receipt of remuneration of Rs.24,00,000/- or more per annum or employed for part of the year were in receipt of Rs.2,00,000/- or more per month.

Energy consumption was less by 19% during the year (3735820 KWH in units, previous year 4623000 KWH in units). Steps taken for energy conservation include :

- (a) Time of Day (TOD) pattern of running furnace for magnets.
 - (b) Installation of capacitors of 150KVA for power factor correction.
 - (c) Reinforcement of furnace installation to reduce heat losses.
- Accounts have been prepared as per applicable accounting standards, on consistent policies, reasonable judgements and on a going concern basis. Proper and sufficient care was taken for safeguarding assets of the company and for preventing and deducting fraud and other irregularities.

7. Code of Corporate Governance:

In terms of clause 49 of the Listing agreement with Stock Exchanges a separate report on Corporate Governance along with the auditor's statement thereon is attached hereto.

8. Employee relations:

Employee relations were by and large satisfactory . However, the dialogue is on with union on certain points.

9. Directorate:

The company record appreciation for the immense service rendered by Mr. K.M. Chinnappa , director who resigned during the year under review due to health reasons . Pursuant to Article 143(3), all directors (other than Mr. Surbhit Dabriwala) retire at the annual general meeting and, being eligible, have offered for reappointment. Mr.R. K. Choudhary, Advocate additional director of the company, also being eligible has offered for reappointment.

10. Auditors:

M/s A.F.Ferguson & Co., Chartered Accountants, retiring auditors have communicated their unwillingness to seek reappointment. Notice has been received from a member and as recommended by the Audit Committee of the company in their meeting held on August 13, 2003 , M/s RSM. & Co., Chartered Accountants is proposed to be appointed as the Statutory Auditors of the company .

11. Explanation to the Auditors Remarks:

The view of the board on the remarks by Auditors in para 4 and para 5(f) of their report have been clearly expressed in the relevant notes to accounts being note no. 21 to 25 and 30 which are self-explanatory. Audit committee is regularly reviewing the internal controls and are also taking steps for further strengthening of controls.

12. Acknowledgments:

Your Directors gratefully acknowledge the support extended by shareholders, banks, Government agencies, employees and all other business associates and look forward to their continued support and involvement.

For and on behalf of
the Board of Directors

Kolkata
13.8.2003

R. K. Dabriwala
Chairman



1) Industry structure and developments :

The company is largely dependent on the performance of State Electricity Boards . Despite passing of the Electricity Bill and reform process demand situation has not improved considerably which is affecting the activity of the company. Exports have not shown significant improvement though inroads have been made and would take some more time to stabilize.

2) Opportunities & Threats :

New investments in power sector shall provide opportunity for better performance of the company. Imports particularly from China is a threat on the pricing of the products of the company .

3) Segmentwise performance :

Surge arrestors and Isolators due to improvement in quality and cost control showed reasonable performance. Magnets continued to lose market due to preference of customers for electronic meters. The Company is continuing its efforts to tap export market. Varistors is under strain of prices due to imports .

4) Risks & Concerns and outlook :

Your company continues its efforts to produce good quality products at lower cost by taking all steps to retain the market share. The company recently with a view to control costs have also taken steps by shifting certain uneconomic operations of the company by entering into joint venture with other companies who shall manage those operations at lower costs

5) Internal control system & its adequacy :

Company has adequate internal control system for safeguarding assets of the company and preventing them from unauthorized use or disposition. However the management is being regularly guided by the Audit Committee who review the systems and are taking steps for further strengthening of controls .

6) Human Resource and industrial relations :

Employee relations were cordial except that certain points are under discussion with the union.

Cautionary statement :

Statements in this "Managements' discussion and analysis report "describing the company's projections, estimates, expectations or predictions may constitute " forward looking statements "within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied .

REPORT ON CORPORATE GOVERNANCE

ANNUAL REPORT- 2002-2003

1) **Company's Philosophy:**

Your Company has been following philosophy of good governance policies with transparency to meet its obligation to all stakeholders in balanced and accountable manner.

2) **Board of Directors:**a) **Composition of Board:**

There are presently five Directors on the board of the Company of which two are promoter Directors and three are non-executive independent Directors.

b) **Attendance of each Director at Board Meetings and at last Annual General Meeting:**

Category	Name of Director	Status	No. of Board meetings attended	Attendance at the last AGM
Mr. R.K Dabriwala	Promoter	NED	6	Present
Mr. K.M.Chinnappa (Resigned w.e.f. 29.01.2003)	Independent	NED	1	Absent
Mr. R.N.Dass	Independent	NED	7	Present
Mr. S.K.Bagla	Independent	NED	5	Present
Dr. S. Ramachandran	Independent	NED	6	Present
Mr. S.Dabriwala	Promoter	ED	6	Present

NED- Non executive director

ED- Executive director

c) **Number of other Companies and Committees the Director of the Company is a Director/ Member/ Chairman:**

Name of the Director	Number of other Director-ships @	Other Board Committees	
		Member	Chairman
Mr. R.K Dabriwala	12	None	None
Mr. K.M.Chinnappa (Resigned w.e.f. 29.01.2003)	2	2	None
Mr. R.N.Dass	1	None	None
Mr. S.K.Bagla	12	None	None
Dr. S. Ramachandran	1	1	None
Mr. S.Dabriwala	9	None	None

d) **Details of Board Meeting held during 1st April, 2002 to 31st March, 2003:**

Sr. No.	Date
1	13 th April, 2002
2	10 th July, 2002
3	10 th October, 2002
4	26 th October, 2002
5	15 th November, 2002
6	16 th December, 2002
7	29 th January, 2003

e) **Number of shares held by non- executive directors as at 31st March, 2003:**

Name of the Director	No. of shares
Mr. R. K. Dabriwala	92167
Mr. R. N. Dass	2037
Mr. S. K. Bagla	125

3) **Audit Committee:**a) **Composition, No. of Meetings and Attendance:**

The Audit Committee of the Company comprises of three members, which include two independent non-executive Directors. The Audit Committee meetings were held on 13th April, 2002, 15th November, 2002 and 29th January, 2003, details of attendance are stated below:

Name of the Director	No. of Meetings attended
Mr. S. K. Bagla, Chairman	3
Mr. R. K. Dabriwala	3
Mr. R. N. Dass	3



The senior officials of the Company and representative of Internal Auditors were invitees to the meetings of the Audit Committee.

b) Terms of Reference:

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Agreement.

4) Remuneration of Directors:

The remuneration payable to the wholtime director is approved by the members at the general meeting of the Company. Remuneration to the wholtime director consists of fixed salary and perquisites.

a) Details of remuneration paid to the wholtime director for the period 01.04.2002 to 31.03.2003.

(Rs. in lacs)

Name of Director	Salary & Allowances	Perquisites	Terms of appointment
Mr. Surbhit Dabriwala	3.81	7.60	5 years from 01.08.1999 to 31.07.2004

Notes:

1. The above excludes accrual for gratuity and leave encashment, as it is determined on the basis of actuarial valuation for the Company as a whole.
2. Company does not have a stock option scheme.
3. There is no notice period and no severance fees are payable by the Company.
4. The wholtime director is also entitled to a commission of 1% of net profits of the Company.

b) Remuneration to non- executive directors consists of the sitting fees.

Payments for the period 01.04.2002 to 31.03.2003

Name of Director	Sitting fees
Mr. R. K. Dabriwala	29000
Mr. K. M. Chinnappa (Resigned w.e.f. 29 th January, 2003)	4000
Mr. R. N. Dass	33000
Mr. S. K. Bagla	25000
Dr. S. Ramachandran	24000

5) Shareholders'/Investors' Grievance Committee:

a) Composition:

Shareholders'/ Investors' Grievance Committee comprises of Mr. R N Dass as Chairman and Mr. Surbhit Dabriwala as member of the Committee. The Committee meets to approve transfer, transmission, consolidation, sub- division, issue of duplicate Share Certificates, request for dematerialisation of the Company's shares, redressing of investors' complaints, etc. During the year under report, 16 meetings were held.

b) Compliance officer:

Mr. P K Rajagopal- Financial Controller & Company Secretary

c) Complaints:

42 Complaints were received during the year under review which were solved in due course of time.

d) Pending share transfer:

The number of share transfers received during the year under review and which are pending are Nil.

6) General Body Meetings:

The last three Annual General Meetings of the Company were held as under:

Financial year	Date	Time	Venue
1999- 2000	18.12.2000	10.30 a.m.	Walchand Hirachand Hall, Indian Merchants' Chambers, Mumbai
2000- 2001	28.09.2001	10.00 a.m.	Walchand Hirachand Hall, Indian Merchants' Chambers, Mumbai
2001- 2002	16.12.2002	10.30 a.m.	Walchand Hirachand Hall, Indian Merchants' Chambers, Mumbai

REPORT ON CORPORATE GOVERNANCE (Contd.)

ANNUAL REPORT- 2002-2003

7) Disclosures:

Disclosures regarding materially significant related party transactions:

Transactions of purchase of services, inter- corporate deposits, investments, etc. are entered with related parties. Further, remuneration is paid to directors, dividend is paid on shares held by directors etc. Full disclosures on related party transactions, as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India is given in note no. 26, schedule XXI of the annual accounts.

Disclosures regarding certain non- compliance:

There were no instances of non- compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

8) Means of Communication:

- | | |
|---|---|
| i. Half- yearly report sent to each household of shareholders: | No, as the results of the Company are published in the newspaper every quarter. |
| ii. Quarterly results published in newspapers: | Yes
a) Free Press Journal - Mumbai Edition
b) Navshakti- Mumbai Edition |
| iii. Any website, where results or official news are displayed: | http://www.sebiedifar.nic.in/ |
| iv. The presentation made to the Institutional Investors or to the Analysts. | No presentations have been made to the Institutional Investors or to the Analysts |
| v. Whether Management Discussions & Analysis is a part of Annual report or not: | Yes |

9) General Shareholder Information:

- | | |
|---|---|
| AGM: Date, Time and Venue | 30.09.2003 at 10.30 a.m. at IMC Hall, Mumbai |
| Financial Calendar (Tentative) | i) First Quarter Results- first week of August
ii) Half- Yearly Results- last week of October
iii) Third Quarter Results- last week of January
iv) Results for the year ending on 31 st March- last week of April |
| Book Closure Date | September 23, 2003 to September 30, 2003 (Both days inclusive) |
| Dividend Payment Date | Not Applicable |
| Listing of Stock Exchanges | 1) The Stock Exchange, Mumbai
2) Pune Stock Exchange Limited
3) Kolkata Stock Exchange Limited
The Company has paid the listing fees for the period 1 st April, 2002 to 31 st March, 2003 |
| Stock Code- Physical | 504000 on Mumbai Stock Exchange |
| ISIN Number for NSDL & CDSL | INE579B01013 |
| Market Price Data:
High, Low during each month in the last financial year. | Please see Annexure A |
| Stock Performance | The performance of Company's shares relative to the BSE Sensex is given in Annexure B |
| Registrar and Transfer Agents | Sharex (India) Private Limited |
| Share Transfer System | All the transfer received are processed by Registrar and Transfer Agents and approved by the Shareholders'/ Investors' Grievances Committee of the Company |