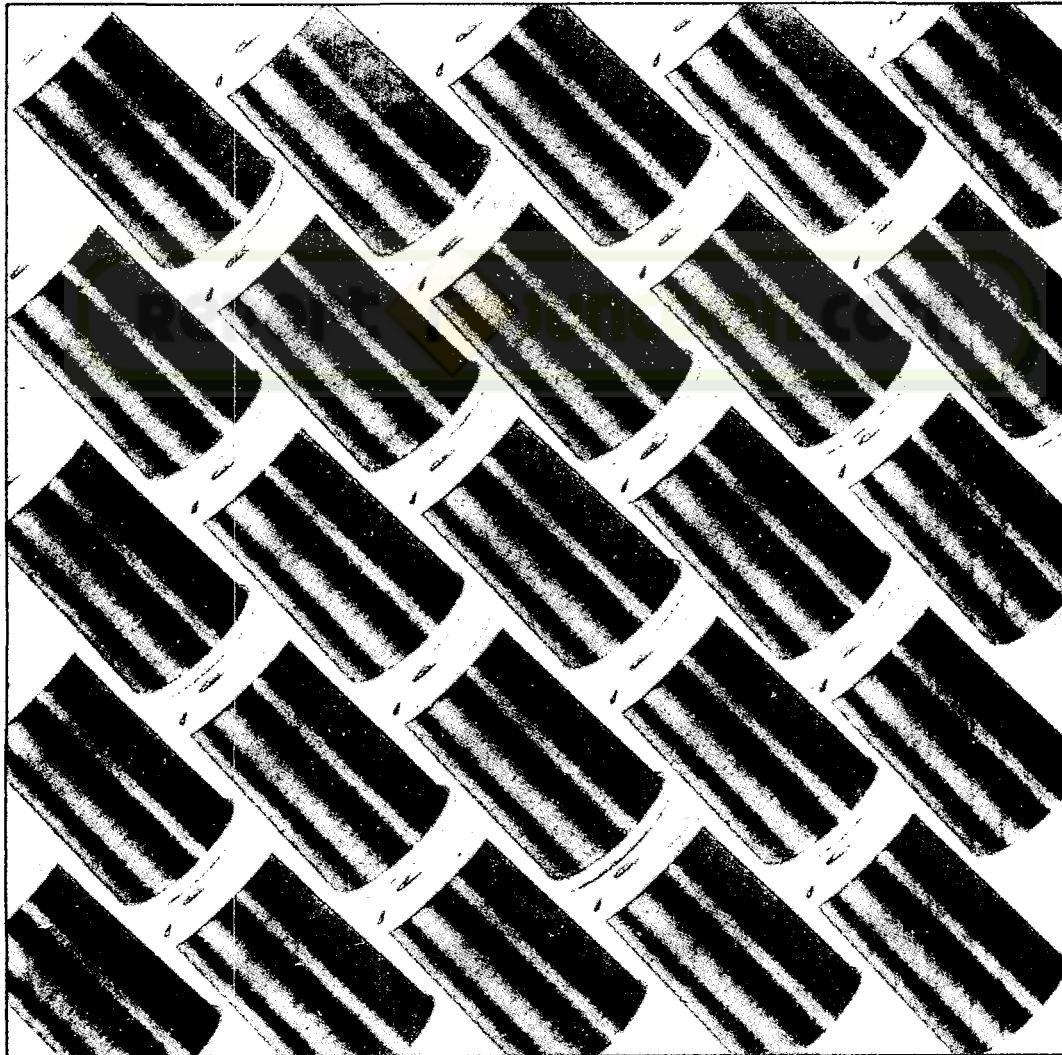


Annual Report

1997 - 98

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AG	✓
AGM	✓	✓	SEI	✓
YE	✓	✓		✓



PRECISION WIRES INDIA LIMITED





PRECISION WIRES INDIA LTD.

BOARD OF DIRECTORS

- Mr. Mahendra R. Mehta — *Chairman*
Mr. Milan M. Mehta — *Vice Chairman and
Managing Director*
Mr. P.N. Vencatesan
Mr. Vijay M. Crishna
Mr. K.N. Shenoy
Mr. J.V. Mathew — *Nominee of I.D.B.I.*
Mr. Deepak M. Mehta

COMPANY SECRETARY

Mr. S. G. Sathe

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BANKERS

Dena Bank (Industrial Finance Branch), Mumbai

AUDITORS

S.R. Divatia & Co., Chartered Accountants, Mumbai.

REGISTERED OFFICE

Saiman House, J.A. Raul Street,
Off Sayani Road, Prabhadevi, Mumbai - 400 025.

ADMINISTRATIVE OFFICE AND WORKS

Amlı Hanuman (66KVA) Road, Silvassa - 396 230
(Union Territory of Dadra and Nagar Havelı)

REGISTRARS AND TRANSFER AGENTS

✓
13/11/16
Karvy Consultants Ltd.
46, Avenue 4, Street No. 1,
Banjara Hills,
Hyderabad - 500 034



PRECISION WIRES INDIA LTD.

NOTICE TO MEMBERS

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of Precision Wires India Limited will be held at the Hall of Dr. M. Visvesaraya Smarak Mandir, Mogul Lane, Near Matunga (Western Railway) Station, Mumbai - 400 016 on Tuesday 22nd September, 1998 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Report of the Directors, the Report of the Auditors, the Balance Sheet as at 31st March 1998 and the Profit and Loss Account for the year ended on that date.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Milan M. Mehta, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri K. N. Shenoy who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

RESOLVED THAT further to and in partial modification of the resolutions passed at the Extra-ordinary General Meetings held on 23rd February 1991 and on 23rd March 1996, consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company, as the Board of Directors of the Company may decide on all or any of the movable and/or immovable properties, both present and future, of the Company, wherever situate, and/or the whole or substantially the whole of the undertaking or undertakings of the Company and/or conferring power to enter upon and take possession of the assets of the Company together with power to take over the management of the business and concern of the Company in certain events to or in favour of Commercial Banks including Dena Bank, any financial institution/s or any other institutions, or persons, bodies etc., for securing any loan obtained / to be obtained, monies borrowed / to be borrowed and debentures to be issued together with interest, compound interest and/or additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to the lender or lenders with such ranking or in such form and manner as the Board of Directors may determine for the purpose of securing the loans obtained, monies borrowed or debentures issued.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to execute such documents or writings as it may consider necessary, expedient or proper for the purpose of giving effect to this resolution.

By Order of the Board

S.G. Sathe
Company Secretary

Registered Office:
Saiman House, J.A. Raul Street,
Off Sayani Road, Prabhadevi,
Mumbai - 400 025.

24th June, 1998



Notes :

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of business at item No. 6 is annexed hereto.
2. A MEMBER ENTITLED TO VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.
3. Proxy Forms, to be valid and effective, shall be deposited with the Company not later than 48 hours before the time of the Meeting.
4. The Register of Members and the Transfer Books of the Company will remain closed from Monday the 7th September, 1998 to Tuesday the 22nd September, 1998 (both days inclusive).
5. The dividend on Equity Shares, when declared, will be payable on or after 22nd October, 1998, to the Members whose names appear on the Register of Members as on 22nd September, 1998 or to their mandatees, subject to the provision of Section 206 (A) of the Companies Act 1956.
6. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.

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PRECISION WIRES INDIA LTD.

ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956.

Item No. 6

At the time of initial setting up of the project during the year 1992 your Company had availed a Term Loan of Rs. 663 lacs from IDBI/ICICI against which the movable and immovable properties of the Company were mortgaged to IDBI/ICICI by way of First Charge. The balance of outstanding Term Loans from IDBI/ICICI as on 31st March 1998 is Rs. 82.72 lacs.

Your Company at the time of carrying out the expansion during 1994/95, availed further Term Loan of Rs. 443 lacs from State Bank of India (SBI) and the same was to be secured by *Pari Passu* Charge on the fixed assets of the Company and a Resolution under Section 293(1) (a) was passed at the extraordinary general meeting of the Company held on 23rd March, 1996 to create a mortgage on the movable and immovable properties of the Company. The management had thereafter given all the required documents/letters to IDBI and SBI for creation of *Pari Passu* Charge in favour of SBI in this regard. But unfortunately due to some administrative difficulty between IDBI and SBI, *Pari Passu* Charge in favour of SBI could not be created.

The management negotiated with Dena Bank (who was also a constituent of Consortium with SBI for financing the Working Capital of the Company) for taking over fully the balance outstanding Term Loan amount of Rs. 243 lacs from SBI, as on September 1997, and IDBI and ICICI have agreed to grant the *Pari Passu* Charge in favour of Dena Bank in this regard on the movable and immovable properties of the Company. Accordingly Dena Bank, Industrial Finance Branch, took over the balance of the borrowings from SBI in November 1997, with the consent of IDBI and ICICI.

It is felt that though the resolution passed on 23rd March 1996 at the Extra Ordinary Meeting is adequate to cover the above Term Loan borrowing from Dena Bank, for the purpose of abundant caution an appropriate resolution is proposed to be passed at this meeting once again.

Further, on account of expansion and continuous modernisation programme of the Company, the Company may have to borrow in future monies from financial and other institutions and also issue debentures for acquiring assets or to meet the working capital requirements. Such borrowings and debentures are often required to be secured by mortgage and/or charge on the movable and immovable properties of the Company. Hence, the Board has thought it fit to obtain the consent of the members of the Company in accordance with the provisions of Section 293 (1) (a) of the Companies Act, 1956 to mortgage and/or charge the properties of the Company in future also in addition to the mortgages and/or charges already created/to be created whenever the Company is required to create such mortgage and/or charge for borrowing monies or issuing debentures.

Section 293 (1) (a) of the Companies Act, 1956, provides, *inter alia*, that the Board of Directors of a Public Company shall not without the consent of such Company in General Meeting, sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking.



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Since the mortgaging by the Company of its movable and immovable properties as aforesaid in favour of the Bank, institution, body or person may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956 before creation of such mortgage/charge.

The Directors, therefore, commend this resolution for acceptance.

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

All documents relating to the above are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Sundays and Holidays, upto the date of Annual General Meeting.

By Order of the Board

S.G. Sathe
Company Secretary

Mumbai
24th June, 1998.

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PRECISION WIRES INDIA LTD.

DIRECTORS' REPORT

The Directors hereby present the 9th Annual Report of your Company, together with the audited accounts for the year ended 31st March 1998.

1. Financial Results

	Rs.in lakhs	
	1997-98	1996-97
Sales (including Excise Duty)	5643.61	7134.23
Less : Excise Duty	(984.77)	(1383.78)
Sales (Net of Excise Duty)	4658.84	5750.45
Operating Profit	523.03	710.20
Add Other Income	60.11	37.83
Profit before interest, depreciation and Taxes	583.14	748.03
Less : Interest	(134.78)	(234.11)
Less : Depreciation	(98.39)	(94.15)
Profit before taxes	349.97	419.77
Less : Provision for Income Tax	(70.00)	(95.00)
Less : Prior Years' Taxes paid	(1.06)	(11.81)
Profit after taxes	278.91	312.96
Add : Balance brought forward from last account	46.49	63.58
Balance available	325.40	376.54
Which the Directors recommend for appropriation as under :		
(i) Proposed Dividend on Equity Shares		
@ 15% (Previous Year @ 15%)	72.77	72.77
(ii) Corporate Tax on Proposed Dividend	7.28	7.28
(iii) Transfer to General Reserve	200.00	250.00
	280.05	330.05
Balance to be carried forward in Profit & Loss Account	45.35	46.49

2. Operations

Overall industrial growth in the country during 1997-98 was almost static. There was virtually no new investment in the industrial sector and power sector during the above period due to certain developments in the country. This has resulted in a fall in the demand of electrical equipments which has resulted in severe competition and squeeze on the margins. The profitability was further affected due to the fall in price of our principal input, Copper Wire Rods, during the year, resulting into lower sales realisation on the stocks.

During the year under review there was a significant change in the pattern of business whereby some of our customers have preferred to give us more quantity of their own copper wire rods, our principal input,