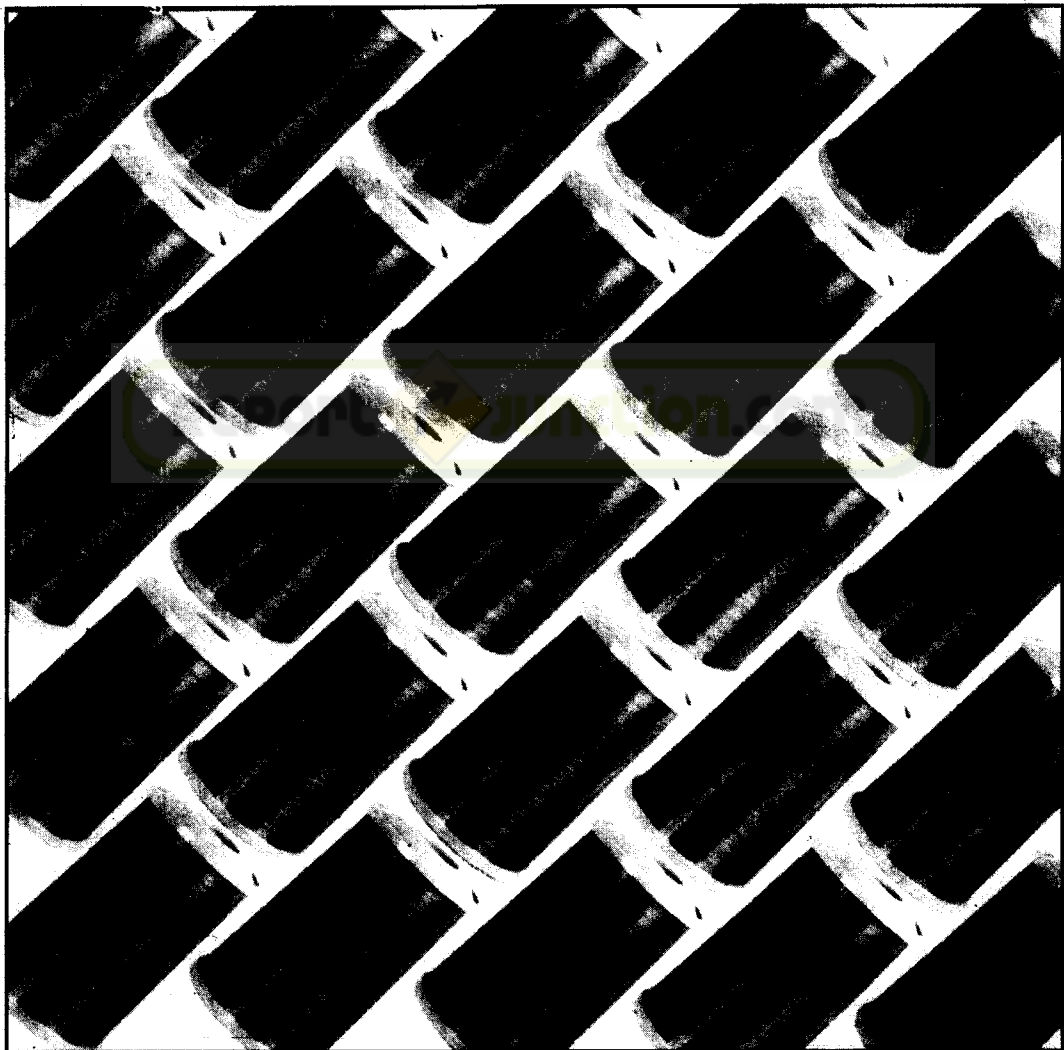


15th  
Annual Report  
2003-2004



PRECISION WIRES INDIA LIMITED

Rupees in Lacs

**Financial Highlights**

|   | 2003/04 | 2002/03 | 2001/02 | @ 2000/01 | 1999/00 |
|---|---------|---------|---------|-----------|---------|
| Equity Share Capital (Paid up)                                  | 1046.36 | 1046.36 | 1046.36 | 1046.36   | 485.22  |
| Reserves & Surplus  | 6336.41 | 5416.43 | 4651.37 | 4620.72   | 1846.73 |
| Provision for Deferred Tax<br>for the year - Liability/(Assets) | (7.63)  | 110.76  | 97.30   | -         | -       |
| Current Assets  | 7855.33 | 6663.48 | 6037.27 | 5227.21   | 2040.87 |
| Current Liabilities   | 4338.43 | 3658.54 | 3182.86 | 3018.01   | 1476.44 |
| Inventories   | 1829.82 | 1742.37 | 1258.21 | 1126.65   | 470.51  |
| Sundry Debtors  | 4554.57 | 3408.22 | 3335.15 | 3054.75   | 1383.22 |
| Creditors   | 4108.51 | 3339.01 | 3154.69 | 2802.95   | 1234.71 |
| Secured Loans   | 810.00  | 645.15  | 815.41  | 955.81    | 121.92  |
| Interest Paid   | 63.25   | 89.10   | 180.42  | 125.84    | 40.17   |
| Depreciation  | 367.26  | 326.97  | 308.01  | 243.96    | 109.25  |
| Income Tax  | 484.29  | 465.54  | 269.46  | 296.67    | 132.87  |
| Dividend %  | 30      | 25      | 17      | 17        | 17      |
| Book Value of Shares Rs.  | 70.56   | 61.77   | 54.45   | 54.15     | 48.07   |
| E.P.S. Rs.  | 12.18   | 10.13   | 8.05    | 9.19      | 8.93    |
| No. of Shareholders   | ** 9889 | **11041 | **11338 | 11455     | 11599   |

\*\* Approximate

@ Figures for the year 2000/01 and subsequent thereto are after amalgamation.



## PRECISION WIRES INDIA LIMITED

### BOARD OF DIRECTORS :

|                       |                                       |
|-----------------------|---------------------------------------|
| Mr. Mahendra R. Mehta | - Chairman and Managing Director      |
| Mr. Milan M. Mehta    | - Vice Chairman and Managing Director |
| Mr. Deepak M. Mehta   | - Whole-time Director                 |
| Mr. P. N. Vencatesan* |                                       |
| Mr. Vijay M. Crishna* |                                       |
| Mr. A. P. Kothari*    |                                       |
| Mr. P. R. Merchant*   |                                       |

\* Independent, Non-Executive Directors.

**COMPANY SECRETARY :** Mr. Sanjaya Kunder

**BANKERS :** Bank of Baroda, Palej 392 220, Dist. Bharuch

**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 :

#### UNIT I:

Plot Survey No. 125  
Amli Hanuman (66KVA) Road,  
Silvassa - 396 230.  
(Union Territory of Dadra and Nagar Haveli)

### PALEJ UNIT: ATLAS WIRES

Plot No. 3, G.I.D.C.,  
N.H. No. 8, Palej 392 220  
Dist. Bharuch (Gujarat)

### UNIT II: ATLAS WIRES

Plot Survey No. 125  
Amli Hanuman (66 KVA) Road,  
Silvassa 396 230.  
(Union Territory of Dadra & Nagar Haveli)

### REGISTRARS AND TRANSFER AGENTS:

Sharepro Services  
Satam Estate, 3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.

The Company's Equity Shares are listed on the following Stock Exchanges:

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Fort, Mumbai 400 023.

National Stock Exchange of India Ltd.,  
Exchange Plaza, Plot No. C/1,  
G Block, Bandra-Kurla Complex,  
Bandra (E), Mumbai 400 051.

---

## NOTICE TO MEMBERS

---

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of Precision Wires India Limited will be held at, the Hall of The Mysore Association, 1<sup>st</sup> Floor, 393, Bhaudaji Road, Maheshwari Udyan (King Circle), Matunga (Central Railway) Mumbai-400 019 on Thursday, the 19<sup>th</sup> August, 2004 at 3.00 P.M to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To confirm the payment of Interim dividend and to declare a Final dividend on Equity Shares.
- 3) To appoint a Director in place of Shri Ashwin P. Kothari who retires by rotation and is eligible for reappointment.
- 4) To appoint a Director in place of Shri Pratapbhai R. Merchant who retires by rotation and is eligible for reappointment.
- 5) To appoint S R Divatia & Co., Chartered Accountants, as the auditors of the company and fix their remuneration.
- 6) To consider and if thought fit, to pass with or without modifications the following Resolution as a Special Resolution:

"RESOLVED THAT in supersession of the Resolution passed at the Annual General Meeting of the Members held on 22<sup>nd</sup> September, 2003 consent of the Company be and is hereby accorded, pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may, in its discretion, think fit, notwithstanding that the money or monies to be so borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the company's Bankers in the ordinary course of business) together with the sums already borrowed may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes, provided however, the sums so borrowed and, remaining outstanding on account of principal shall not, at any time, exceed Rs. 200 Crores (Rupees Two Hundred Crores only).

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals and sanctions as may be necessary or required under Law and further to and in partial modification of the Resolution No. 6 passed by the Company in its Annual General Meeting held on 26<sup>th</sup> September, 2001, appointing Shri Milan M Mehta as Managing Director of the Company

for a period of five years with effect from 1<sup>st</sup> April 2001, on the terms and conditions as set out therein and as contained in the Appointment Letter dated 22<sup>nd</sup> January 2001 and further to and in partial modification of the Resolution No. 7 passed by the Company in its Annual General Meeting held on 28<sup>th</sup> September, 2002 for increase in the salary of Shri Milan M Mehta from Rs. 1,00,000/- (Rs. One Lakh only) per month to Rs 1,50,000/- (Rs. One Lakh Fifty Thousand only) per month with effect from 1<sup>st</sup> August 2002 for the remaining period of his current tenure of office as Managing Director, that is from 1<sup>st</sup> August 2002 to 31<sup>st</sup> March 2006 as set out in the Supplemental Appointment Letter dated 22<sup>nd</sup> June 2002, the Company hereby approves within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, the further increase in the salary of Shri Milan M Mehta from Rs. 1,50,000/- (Rs. One Lakh Fifty Thousand only) per month to Rs 2,00,000/- (Rs. Two Lakh only) per month increasing thereby proportionately all benefits, related to the quantum of Salary with effect from 1<sup>st</sup> September, 2004 and revision in the terms of the commission payable to him at the end of Financial Year ending 31<sup>st</sup> March 2005 and onwards for the remaining period of his current tenure of office as Managing Director, that is till 31<sup>st</sup> March 2006 and other Terms and Conditions remaining unchanged as set out in the Draft Second Supplemental Appointment Letter submitted to this Meeting and for identification, signed by the Chairman which this Second Supplemental Appointment Letter is hereby specifically approved with liberty and powers to the Board of Directors to alter, vary and modify the terms and conditions of the said second Supplemental Letter in such manner as may be agreed between the Board of Directors and Shri Milan M. Mehta within and in accordance with and subject to the limits and conditions prescribed in Schedule XIII to the Companies Act, 1956 or any amendments, modifications or re enactment made thereto from time to time and, if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Shri Milan M. Mehta.

RESOLVED FURTHER THAT subject to the provision of Section 198 and Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Shri Milan M. Mehta as Managing Director by way of salary, perquisites, commission and other allowances shall not exceed 5 % of net profits of the Company computed under section 198 of the Companies Act, 1956 and 10 % of such net profits for all such managerial personnel of the Company together in that financial year.

RESOLVED FURTHER THAT notwithstanding anything stated hereinabove, wherein any financial year of the company during the currency of tenure of Shri Milan M. Mehta as Managing Director of the company, the company has no profits or its profits are inadequate, the remuneration, perquisites and other allowances shall be governed by and paid in accordance with the limits and conditions prescribed in

---

**NOTICE TO MEMBERS**

---

Section II of Part II of the Schedule XIII to the Companies Act, 1956, as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and they may take such steps necessary, expedient or desirable in the best interest of the Company.

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals and sanctions as may be necessary or required under Law and further to and in partial modification of the Resolution No. 6 passed by the Company in its Annual General Meeting held on 28<sup>th</sup> September, 2002, appointing Shri Deepak M. Mehta as Whole Time Director of the Company for a period of five years with effect from 1<sup>st</sup> August, 2002, on the terms and conditions as set out therein and as contained in the appointment letter dated 10<sup>th</sup> May 2002, the Company hereby approves within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, the increase in the salary of Shri Deepak M. Mehta from Rs. 1,50,000/- (Rs. One Lakh Fifty Thousand only) per month to Rs 2,00,000/- (Rs. Two Lakh only) per month increasing thereby proportionately all benefits, related to the quantum of Salary with effect from 1<sup>st</sup> September, 2004 and revision in the terms of the commission payable to him at the end of Financial Year ending 31<sup>st</sup> March 2005 and onwards for the remaining period of his current tenure of office as Whole Time Director, that is till 31<sup>st</sup> July 2007 and other Terms and Conditions remaining unchanged as set out in the Draft Supplemental Appointment Letter submitted to this meeting and for identification, signed by the Chairman which Supplemental Appointment Letter is hereby specifically approved with liberty and powers to the Board of Directors to alter, vary and modify the terms and conditions of the said Supplemental Letter in such manner as may be agreed between the Board of Directors and Shri Deepak M. Mehta within and in accordance with and subject to the limits and conditions prescribed in Schedule XIII to the Companies Act, 1956 or any amendments, modifications or re enactment made thereto from time to time and, if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Shri Deepak M. Mehta.

RESOLVED FURTHER THAT subject to the provision of Section 198 and Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Shri Deepak M. Mehta as Whole Time Director by way of salary, perquisites, commission and other allowances shall not exceed 5 % of net profits of the Company computed under section 198 of the Companies Act, 1956 and 10 %

of such net profits for all such managerial personnel of the Company together in that financial year.

RESOLVED FURTHER THAT notwithstanding anything stated hereinabove, wherein any financial year of the company during the currency of tenure of Shri Deepak M. Mehta as Whole Time Director of the Company, the Company has no profits or its profits are inadequate, the remuneration, perquisites and other allowances shall be governed by and paid in accordance with the limits and conditions prescribed in Section II of Part II of the Schedule XIII to the Companies Act, 1956, as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and they may take such steps necessary, expedient or desirable in the best interest of the Company.

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals and sanctions as may be necessary or required under Law and further to and in partial modification of the Resolution No. 8 passed by the Company in its Annual General Meeting held on 22<sup>nd</sup> September, 2003, re appointing Shri Mahendra R. Mehta as Chariman and Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> October, 2003, on the terms and conditions as set out therein and as contained in the Re-appointment letter dated 22.09.2003, the Company hereby approves within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, the revision in the terms of the commission payable to him at the end of Financial Year ending 31<sup>st</sup> March 2005 and onwards, for the remaining period of his current tenure of office as Chairman and Managing Director, that is till 30<sup>th</sup> September 2008 and other Terms and Conditions remaining unchanged as set out in the Draft Supplemental Appointment Letter submitted to this meeting and for identification, signed by the Chairman which Supplemental Appointment Letter is hereby specifically approved with liberty and powers to the Board of Directors to alter, vary and modify the terms and conditions of the said Supplemental Letter in such manner as may be agreed between the Board of Directors and Shri Mahendra R. Mehta within and in accordance with and subject to the limits and conditions prescribed in Schedule XIII to the Companies Act, 1956 or any amendments, modifications or re enactment made thereto from time to time and, if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Shri Mahendra R. Mehta.

RESOLVED FURTHER THAT subject to the provision of Section 198 and Section 309 and other applicable provisions,

## NOTICE TO MEMBERS

if any, of the Companies Act, 1956, the remuneration payable to Shri Mahendra R. Mehta as Chairman & Managing Director by way of salary, perquisites, commission and other allowances shall not exceed 5 % of net profits of the Company computed under section 198 of the Companies Act, 1956 and 10 % of such net profits for all such managerial personnel of the Company together in that financial year.

RESOLVED FURTHER THAT notwithstanding anything stated hereinabove, wherein any financial year of the company during the currency of tenure of Shri Mahendra R. Mehta as Chairman & Managing Director of the Company, the Company has no profits or its profits are inadequate, the remuneration, perquisites and other allowances shall be governed by and paid in accordance with the limits and conditions prescribed in Section II of Part II of the Schedule XIII to the Companies Act, 1956, as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and they may take such steps necessary, expedient or desirable in the best interest of the Company.

By order of the Board

Sanjaya Kunder  
Company Secretary

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

Mumbai,  
25<sup>th</sup> June 2004.

### Notes :-

- 1) An Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 ('the Act') in respect of business under Item Nos. 6,7,8 & 9 and relevant details in respect of Item Nos. 3 and 4 pursuant to Clause 49 of the Listing Agreements are annexed hereto.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 10<sup>th</sup> August, 2004 to Thursday the 19<sup>th</sup> August, 2004 (both days inclusive).
- 4) Members are requested to advise, indicating their folio number, the change of their addresses, if any, to Sharepro Services, Satam Estate, 3<sup>rd</sup> floor, above Bank of Baroda, Cardinal Gracious Road, Andheri (East), Mumbai-400 099, the Registrar and Share Transfer Agents of the Company.
- 5) The Final Dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 19<sup>th</sup> August 2004.
- 6) In accordance with the provisions of Section 205A of the Act, the company has transferred unclaimed dividend relating to the year ended 31<sup>st</sup> March, 1995, to the General Revenue account of the Central Government. Members who have valid claims to the unclaimed dividend referred to above may claim the same from the Central Government in the prescribed manner.

- 7) Pursuant to the provision of Section 205A of the Companies Act, 1956, as Amended to date, dividends for any financial year which remain unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, Dividend for the Financial Year 31.03.1996, have been transferred to IEPF of the Central Government.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :

| Financial Year ended | Date of declaration of Dividend | Last date for claiming unpaid Dividend | *Proposed date for transfer to IEP fund |
|----------------------|---------------------------------|--|---|
| 31.03.1997           | 23-08-97                        | 22-08-04                               | 21-09-04                                |
| 31.03.1998           | 22-09-98                        | 21-09-05                               | 21-10-05                                |
| 31.03.1999           | 23-07-99                        | 22-07-06                               | 21-08-06                                |
| 31.03.2000           | 04-04-00 (Interim)              | 03-04-07                               | 03-05-07                                |
|                      | 23-09-00                        | 22-09-07                               | 22-10-07                                |
| 31.03.2001           | 26-09-01                        | 25-09-08                               | 25-10-08                                |
| 31.03.2002           | 24-01-02 (Interim)              | 23-01-09                               | 22-02-09                                |
| 31.03.2003           | 22-09-03                        | 21-09-10                               | 21-10-10                                |

\* Indicative dates, actual dates may vary.

Shareholders who have not yet encashed the Dividend Warrant(s) so far for the financial year ended 31<sup>st</sup> March, 1997 or any subsequent financial years are requested to send their claims to the Company's Registered Office immediately. It may also be noted that once unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.





## NOTICE TO MEMBERS

Details of the Directors seeking Appointment/reappointment at the ensuing Annual General Meeting (in pursuance of clause 49 of the listing agreements).

| NAME OF THE DIRECTOR  | Shri Ashwin P. Kothari   | Shri Pratapbhai R. Merchant   |
|---|--|---|
| DATE OF BIRTH & AGE   | 14 <sup>th</sup> September, 1942<br>AGE: 61 Years  | 02 <sup>nd</sup> March 1935.<br>AGE: 69 years   |
| DATE OF APPOINTMENT   | Appointed as Additional Director on 28.10.1998 and as Director on 23.7.1999 at the Annual General Meeting.   | Appointed as Additional Director on 28.10.1998 and as Director on 23.7.1999 at the Annual General Meeting   |
| EXPERTISE IN SPECIFIC FUNCTION  | Expertise in ferrous and non ferrous Metal & Chemical Industries   | Ex-Banker and has rich experience in Banking Sectors.   |
| QUALIFICATIONS  | S.B.(MIT)  | B.Com., CAIIB-I   |
| LIST OF COMPANIES IN WHICH OUTSIDE DIRECTORSHIP HELD AS ON 31 <sup>ST</sup> MARCH 2004  | a) Aroni Chemical Industries Ltd.<br>b) Four Dimensions Securities (India) Ltd.<br>c) Jacquart Chemicals Industries Ltd.<br>d) Gwalior Chemical Industries Ltd.<br>e) Vidula Traders Ltd.<br>f) Five Star Trading & Investment Co. Ltd.<br>g) Rajshree Holdings Ltd.<br>h) Parke Avenue Engineering Ltd.<br>i) Meenakshi Steel Industries Ltd.<br>j) Jatayu Textiles & Industries Ltd.<br>k) Sunayana Traders & Investment Co.Ltd.<br>l) Essel Mining & Industries Ltd.<br>m) Aditya Birla Health Services Ltd.<br>n) Sambhav Finance & Trading Co. Ltd. | a) Gujarat Setco Clutch Ltd.<br>b) KJMC Asset Management Co. Ltd.   |
| CHAIRMAN AND MEMBER OF THE COMMITTEES OF THE BOARD OF THE COMPANIES ON WHICH HE IS A DIRECTOR AS ON 31 <sup>ST</sup> MARCH 2004 | Nil  | A) Chairman of Audit Committee and Member of Remuneration Committee of KJMC Asset Management Co. Ltd.<br>B) Member of Audit Committee and Shareholders Grievance Committee of Gujarat Setco Clutch Ltd. |

### ANNEXURE TO NOTICE

#### Explanatory statement under Section 173 of the Companies Act, 1956.

##### Item No.6

Under Section 293(1) (d) of the Companies Act, 1956, the Board of Directors can not, except with the approval of the Members in General Meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

In order to meet funding requirements from time to time, it may be necessary for the Company to authorize the Board of Directors of the Company to borrow upto a sum not exceeding Rs.200 Crores (Rs.Two Hundred Crores only) which is in excess of the Paid up Capital and Free Reserves of the Company. The proposed Resolution is enabling in Character.

Your Directors recommend the Special Resolution for approval of Members.

None of the Directors of the Company is concerned or interested in the Resolution.

##### Item No. 7, 8 & 9.

The Remuneration Committee of the Board of Directors of the Company reviewed the remuneration packages of the Working Directors of the Company and felt that considering the overall performance of the Company under their Management and with a view to align such package with the practice prevailing in the corporate world, came to the conclusion, subject to the approval of the Members at a General Meeting, to increase the salary of the two Working Directors namely Shri Milan M.Mehta and Shri Deepak M. Mehta from Rs. 150000 Per Month to Rs. 200000 Per Month and revision in the terms of the Commission payable to all the Working Directors Shri Milan M. Mehta, Shri Deepak M. Mehta and Shri Mehendra R. Mehta and recommended to the Board of Directors to consider and

---

**NOTICE TO MEMBERS**


---

increase in the remuneration as described in the Proposed Resolutions at item Nos. 7,8,& 9. Since Shri Mahendra R. Mehta, Chairman and Managing Director has been re-appointed with the increased Salary from Rs. 150000 to Rs 200000 Per month with effect from 01.10.2003 onwards no increase in his salary was recommended in his case at present. The Principal terms of their revision are as under :

**Salary:**

|                      |  |
|----------------------|--|
| Shri Milan M. Mehta  | Increased from Rs. 150000 per month to 200000 per month increasing thereby proportionately all benefits, related to the quantum of Salary with effect from 01.09.2004 to 31.03.2006 for the remaining period of his term of his appointment. |
| Shri Deepak M. Mehta | Increased from Rs. 150000 per month to 200000 per month increasing thereby proportionately all benefits, related to the quantum of Salary with effect from 01.09.2004 to 31.07.2007 for the remaining period of his term of his appointment. |

**Commission:**

With effect from financial year ending 31<sup>st</sup> March, 2005 till the end of the term of the appointment of respective above mentioned all Working Directors namely Shri Mahendra R. Mehta, Shri Milan M. Mehta and Shri Deepak M. Mehta, be paid a Commission in addition to salary, perquisites and other allowances, at 1% each, of the Net Profit of the Company, computed in the manner laid down in Section 349 of the Companies Act, 1956, subject to provisions of Section 198 and Section 309 and other applicable provisions, if any of the Companies Act, 1956.

Other terms and conditions remain unchanged.

**Memorandum of Interest**

Shri Mahendra R. Mehta, Chairman and Managing Director, Shri Milan M.Mehta, Managing Director and Shri Deepak M.Mehta Whole Time Director are concerned or interested in the Resolution at the Item No. 7, 8 & 9 as also in their relevant Supplemental Appointment letter referred to in each of the said items, as they relate to the terms of their remuneration.

Shri Mahendra R. Mehta, Chairman and Managing Director, Shri Milan M.Mehta, Managing Director and Shri Deepak M.Mehta Whole Time Director are also concerned or interested in the above as they are relatives.

Save as aforesaid, none of other Directors is in any way concerned or interested in the Resolutions at item no 7, 8 & 9 of the accompanying Notice.

The draft of the Supplemental Appointment Letters proposed to be issued to Shri Mahendra R.Mehta, Shri Milan M.Mehta and Shri Deepak M. Mehta referred to in the respective Resolutions at item no. 7, 8 & 9 of the accompanying Notice and Letter of Appointment dated 22<sup>nd</sup> January 2001 and Supplemental Letter of Appointment dated 22<sup>nd</sup> June 2002 of Shri Milan M.Mehta and Letter of Appointment dated 10<sup>th</sup> May 2002 of Shri Deepak M.Mehta and Letter of Re-appointment of Shri Mahendra R.Mehta dated 22.09.2003 are open for inspection by the Members at the Registered Office of the Company between 11.00 A.M and 1.00 P.M on any working day of the Company except Saturday.

This may also be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Your Directors commend the Resolutions as Special Resolution for your approval.

By order of the Board

Sanjaya Kunder  
Company Secretary

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

25<sup>th</sup> June 2004.



## D I R E C T O R S ' R E P O R T

### TO THE MEMBERS

The Directors hereby present the Fifteenth Annual Report of your Company, together with the audited accounts for the year ended 31<sup>st</sup> March 2004.

#### 1. Financial Results

|  | Rupees In Lakhs  |                  |
|--|------------------|------------------|
|  | <u>2003-2004</u> | <u>2002-2003</u> |
| Sales (including Excise Duty)                  | <b>22731.39</b>  | 19641.10         |
| Less : Excise Duty                             | <b>(3287.90)</b> | (2919.89)        |
| Sales (Net of Excise Duty)                     | <b>19443.49</b>  | 16721.21         |
| Operating Profit                               | <b>2077.57</b>   | 2001.09          |
| Add: Other Income                              | <b>103.88</b>    | 51.66            |
| Profit before Interest, Depreciation & Taxes   | <b>2181.45</b>   | 2052.75          |
| Interest                                       | <b>(83.26)</b>   | (89.10)          |
| Depreciation                                   | <b>(367.26)</b>  | (326.97)         |
| Profit before Taxes                            | <b>1750.93</b>   | 1636.68          |
| Provision for Income Tax                       | <b>(489.00)</b>  | (495.00)         |
| Provision for Wealth Tax                       | <b>(0.17)</b>    | (0.21)           |
| Provision for Deferred Tax                     | <b>7.63</b>      | (110.76)         |
| Prior Years' Tax Adjustments                   | <b>4.71</b>      | 29.46            |
| Profit after Tax                               | <b>1274.10</b>   | 1060.17          |
| Add: Balance brought forward from last Account | <b>204.45</b>    | 114.38           |
| <b>Balance available :</b>                     | <b>1478.55</b>   | 1174.55          |

Which the Board of Directors have appropriated as under:

|  |                |        |
|--|----------------|--------|
| (i) Interim Dividend on Equity Shares for the year @13% (NIL)        | <b>136.03</b>  | 0.00   |
| (ii) Proposed Final Dividend on Equity Shares for the year 17% (25%) | <b>177.88</b>  | 261.59 |
| (iii) Corporate Tax on Interim Dividend                              | <b>17.43</b>   | 33.51  |
| (iv) Corporate Tax on Final Dividend                                 | <b>22.79</b>   | 0.00   |
| (v) Transfer to General Reserve                                      | <b>950.00</b>  | 675.00 |
|  | <b>1304.13</b> | 970.10 |
| Balance carried forwarded to Profit & Loss Account                   | <b>174.42</b>  | 204.45 |

#### 2. Dividend

The Directors are pleased to recommend Final Dividend at 17% for the year ended 31<sup>st</sup> March 2004, subject to the approval of Share Holders at the ensuing A.G.M. The Interim Dividend for the year at 13% was paid.

#### 3. Operations

Despite the decline in the production of about 867 MT at Palej Plant, the overall total production of finished goods during the year under review is 12,233 MT (11851), a marginal

increase of about 3%. Sale's Income is more due to increase in the price of our Primary Input, Copper. During 2<sup>nd</sup> half of the year, the price of our Principal Input, Copper was high. Consequently, Inventory, Debtors and Creditors as at 31<sup>st</sup> March 2004 are higher. Interest outflow during the year is marginally lower.

Installed capacity for manufacture of Round Enamelled Copper Wires and Wire Enamels increased during the year.

Demand from Domestic Electric Equipment Sector for our products was good. However, value added is under pressure due to intense domestic competition. Export possibility, therefore were explored further during the year. Your Company is pursuing actively modernization route by deploying cash accruals. Two more Imported Plants are likely to go on stream during 2004-2005 which will further increase installed capacity at Silvassa by about 2600 MT/year.

Your Company has decided to install some capacity for certain range of Wire sizes where our existing exposure is minimal.

For our expanding activities at Silvassa an Agreement to purchase about 1.3 Hectors of Land has been entered into.

Import Duty on Copper continues to be very high (effective rate about 21% ad valorem) as compared with NIL / low tariff prevailing in SAARC, Middle East, Far East and other developing countries. Free Trade Agreements (FTA) permit Duty-Free Import of our finished products into India though such exporting countries have low / Nil Tax on import of Copper. Therefore, Domestic Industry in India does not have level-playing-field.

In the circumstances, either Import Duty on Copper needs substantial reduction and or till such time, import of Enamelled Copper Winding Wires from FTA Countries should not be permitted. It is likely that such import may affect working of your Company.

Despite above constraints, during the year under review performance of your Company is satisfactory.

#### 4. Modernisation:

Your Company continues to commit vigorously resources for modernization at Silvassa Units in phases, by generally deploying internal cash—accruals. Modern Plant & Equipments are ordered regularly, received, installed, erected and commissioned in time as per schedules. Two more Plants are expected to go on stream at Silvassa during the current Fiscal.

Our Palej Unit continues to be low productivity and high cost Unit and requires modernization. The Company has not been able to commit or deploy resources for the purpose as important issues such as productivity norms and manpower-rationalization are yet to be sorted out. Your Company is pursuing the matter including various options available under the circumstances.

#### 5. Listing / Dematerialisation of the Company's Equity Shares

The Equity Shares of your Company continue to be listed

## D I R E C T O R S '   R E P O R T

at the Stock Exchange, Mumbai (BSE) and National Stock Exchange (NSE) and required Annual Listing Fees have been paid and as the same are generally traded on BSE and NSE, at the request of the Company the same were delisted with Ahmedabad and Delhi Stock Exchanges during the year.

The Equity Shares of the Company are compulsorily traded in dematerialized form as prescribed by SEBI. The same are registered with both National Securities Depository Ltd., Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, and Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28<sup>th</sup> Floor, Dalal Street, Mumbai – 400 023, Under ISIN No. INE372C01011, common for both.

### 6. Particulars of Employees:

The particulars of employee who was employed throughout the year and was in receipt of remuneration for the year in the aggregate of not less than Rs.24,00,000 and/or not less than Rs.2,00,000/-per month in respect of those who were employed for part of the year required to be furnished under Section 217 (2A) of the Companies Act, 1956, are given in Annexure I hereto and form part of this report.

### 7. Disclosure of particulars in the Directors' Report:

As required under the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988, the necessary particulars are given in Annexure II hereto and form part of this report.

### 8. Auditors

The Auditors, M/s S.R.Divatia & Company, Chartered Accountants, Mumbai, who had been Statutory Auditors of the Company, hold office until the ensuing Annual General Meeting. Subject to the approval of the Members it is proposed to re-appoint them for the Financial Year 2004-2005. The Auditors have u/s 224 (1B) of the Companies Act, 1956 furnished Certificate of Eligibility for reappointment.

### 9. Corporate Governance:

As required by Clause 49 of the Listing Agreements with Stock Exchanges, a Corporate Governance Report, a Management Discussion and Analysis, and the Certificate of the Auditors of the Company regarding compliance of conditions of Corporate Governance are made a part of the Annual Report. Please refer Annexure III to the Directors' Report.

### 10 Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company based on the representations received from the operating management confirms:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

- ii. that the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2004 and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis.

### 11. Directors

The Remuneration Committee of the Board of Directors of the Company reviewed the remuneration packages of the Working Directors of the Company and felt that considering the overall performance of the Company under their Management and with a view to align such package with the practice prevailing in the corporate world, came to the conclusion, subject to the approval of the Members at a General Meeting, to increase the salary of the two Working Directors namely Shri Milan M. Mehta and Shri Deepak M. Mehta from Rs. 1,50,000 Per Month to Rs. 2,00,000 Per Month and revision in the terms of the Commission payable to all the Working Directors and recommended to the Board of Directors to consider and increase in the remuneration. Since Shri Mahendra R. Mehta has been Re-appointed with the increased Salary from Rs. 1,50,000 to Rs 2,00,000 Per month with effect from 01.10.2003 onwards no increase in his salary was recommended at present.

Keeping in line with the recommendation, appropriate Resolutions are proposed in the Notice convening the Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri A. P Kothari and Shri P. R Merchant retire by rotation and are eligible for reappointment.

### 12. Acknowledgements

The Directors wish to place on record their deep appreciation of the continued assistance and co-operation from Bank of Baroda, the Administration of Union Territory of Dadra and Nagar Haveli, Palej Gram Panchayat and all the Staff and employees of the Company.

For and on behalf of the Board,

**Mahendra R Mehta,**  
Chairman and Managing Director

Mumbai

Dated 25<sup>th</sup> June, 2004.