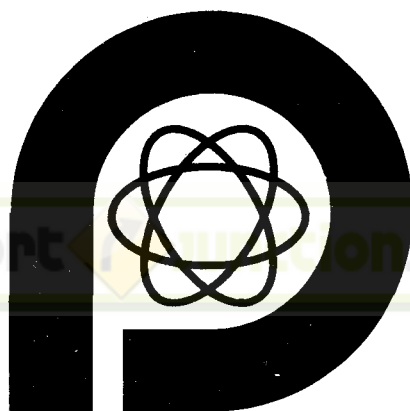


TWELTH ANNUAL REPORT

2003-2004



PROCAL ELECTRONICS INDIA LIMITED

TWELTH ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS

SHRI MAHENDRA KUMAR BOTHRA

CHAIRMAN
& MANAGING DIRECTOR

SHRI DHARMENDRA SHARMA

DIRECTOR

SHRI SHREYANSH DASSANI

DIRECTOR

SHRI SURESH KUMAR IYER

DIRECTOR

BANKERS

CANARA BANK

AUDITORS

JAIN & KOTHARI
CHARTERED ACCOUNTANTS

SHARE TRANSFER AGENTS

SATELLITE CORPORATE SERVICES PVT. LTD.
A-60/1223, AZAD NAGAR II, 3RD FLOOR,
VEERA DESAI ROAD, ANDHERI (WEST),
MUMBAI 400 053.

REGISTERED OFFICE

1, TYRE TERRACE
205/207, LAMINGTON ROAD,
MUMBAI 400 007.

WORKS

- 1) 44/45, PRAGATI INDUSTRIAL ESTATE,
66 KVA SUBSTATION ROAD,
AMLI, SILVASSA.
- 2) SHED NO. L/200/1/3/6,
ROAD NO.2, GIDC, SACHIN,
SURAT, GUJRAT.
- 3) 23/25/27&28, AMLI INDUSTRIAL ESTATE,
66 KVA SUBSTATION ROAD,
AMLI, SILVASSA.

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PROCAL ELECTRONICS INDIA LIMITED

Regd. Office: 1, Tyre Terrace, 205/207, Lamington Road, Mumbai 400 007.

NOTICE

Notice is hereby given that the **Twelfth Annual General Meeting** of the members of Procal Electronics India Limited will be held at Navyojana Sadan, Near Diana Talkies, Tardeo, Mumbai 400 034 on Friday 31st, December, 2004 at 10:30 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2004 and the Profit & Loss Account for the year ended on that date and Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Dharmendra Sharama who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shreyansh Dassani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT the share holders hereby take into consideration that pursuant to the SEBI (De-listing of Securities) Guidelines 2003, the Company's name was then de-listed from the Ahmedabad Stock Exchange with effect from 31st March, 2004 and de-listing from the Calcutta Stock Exchange is under process.”

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to:
 - a. intimate to the Company / their Depository Participant (“DP”), changes, if any, in their registered address at an early date;
 - b. quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence;
 - c. bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.



Procal Electronics India Ltd.

3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
4. All documents referred in the Notice and Explanatory Statement will be available for inspection by the members at the Registered Office of the Company on all working days upto the date of this Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5

The SEBI came out with the De-listing Guidelines 2003, which helped many listed companies to de-list their securities from one/more/all of the exchanges on which the respective company's securities are listed, voluntarily after complying with the required guidelines.

Previously, the Company's equity shares were listed on The Stock Exchange, Mumbai (BSE), The Stock Exchange, Ahmedabad (ASE) and The Calcutta Stock Exchange Association Limited. The Company took the advantage of the above said Guidelines and had already de-listed its shares from The Ahmedabad Stock Exchange and is in the process of De-listing its Ordinary (Equity) Shares from The Calcutta Stock Exchange Association Limited.

The Company's securities would continue to be listed on The Stock Exchange, Mumbai (BSE) the Regional Stock Exchange. With the nationwide and extensive network of trading terminals set up by the BSE, investors will have access to online dealings in the Company's securities and therefore, in accordance with the said guidelines, an exit opportunity is not required to be given to the shareholders.

The proposed **Voluntary De-listing** would further contribute to the cost savings.

The proposed De-listing of the Company's equity shares on the said Stock Exchanges will not be pre-judicial to or affect the interest of the investors.

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

By order of the Board,

Registered Office :
1, Tyre Terrace,
205/207, Lamington Road,
Mumbai 400 007.
Date : December 3rd 2004

MAHENDRA KUMAR BOTHRA
Chairman & Managing Director

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PROCAL ELECTRONICS INDIA LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors in present herewith the Twelfth Annual Report together with the Statement of Accounts for the year ended March 31, 2004.

FINANCIAL RESULTS

	2003-04 (Rs. in lacs)	2002-03 (Rs. in lacs)
Sales and Other Income	19.64	295.24
Profit/(Loss) before Depreciation	(76.18)	(35.37)
Less : Depreciation	44.85	61.00
Profit/(Loss) before Tax	(121.03)	(96.37)
Add : Deferred Tax (Net) revert back for the year	----	(18.17)
Profit/(Loss) after Tax	(121.03)	(114.54)
<u>Less Exceptional Item/Prior period adjustment</u>	<u>(55.94)</u>	<u>(18.75)</u>
	(176.97)	(133.29)
Profit/(Loss) brought forward from previous year	(25.64)	107.65
Balance carried to Balance Sheet	(202.61)	(25.64)

MANAGEMENT DISCUSSION AND ANALYSIS

a) Financial Performance and Operations Review:

Sales and other income for the year amounted to Rs. 19.64 Lacs compared to Rs. 295.24 Lacs for the previous year. During the year under review, your Company has made a loss before tax of Rs. 121.03 Lac against loss of Rs. 96.37 Lacs in the previous year.

During the year under report, the company has not carried out any manufacturing activity & very little trading activity due to closure of the units in view of non-viability and abrupt withdrawal of buy back arrangement by the major buyer leading to financial crunch. The company has incurred substantial cash losses during the year and in previous year.

b) Industry Structure and Threats:

During the year under review, severe competition from low priced imports and reduction in import duties for finished products coupled with financial constraints has resulted in sizable drop in sales and overall performance of the Company.

c) Outlook:

The management is hopeful of reviving the business by starting the trading & agency business during the current year. The Management is also trying to tie up for sales with alternative customers under their brand, which would enable us to revive the production at economical levels.



Procal Electronics India Ltd.

- d) Human Resources:
Your Company continued to have cordial and harmonious relations with its employees at all levels.
- e) Internal Control Systems:
The Company has an adequate internal control system including suitable monitoring procedures commensurate with its size and nature of the business.

DIRECTORS

Mr. Dharmendra Sharma retires by rotation at the ensuing Annual General Meeting and, being eligible, he has offered himself for re-appointment.

Mr. Shreyansh Dassani retires by rotation at the ensuing Annual General Meeting and, being eligible, he has offered himself for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT :

Your Directors confirm that:

- (i) in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of Profit or Loss of the Company for that period.
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the requirement of listing agreement with the Stock Exchanges, your Company has complied with the requirements of Corporate Governance in all material.

A report on Corporate Governance together with a certificate of its compliance from the Statutory Auditors, forms part of this report.

FIXED DEPOSITS

The Company has no fixed deposits.

AUDITORS

M/s. Jain & Kothari, Chartered Accountants, Mumbai retire as auditors and, being eligible, offer themselves for re-appointment.

You are requested to appoint Auditors and to fix their remuneration.

AUDIT REPORT

Note to point No. 6 (f) of Auditors Report.

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- (i) As the management is hopeful of reviving the business by starting the trading & agency business during the current year., the accounts are prepared on going concern basis despite of closure of unit and absences of substantial business activities.
- (ii) As the Company is negotiating with the bank and the liability, if any, shall be provided in the year of settlement. Therefore no provisions has been made in the accounts for the interest liability on various Bank Loans as the loan accounts have been classified as NPA by the Company's bankers Canara Bank and accordingly stopped charging interest.

CONTINGENCY

The Commissioner of Central Excise & Customs has raised a demand amounting to Rs. 1,65,20,069/- towards various duties, fine & penalty, due to the non fulfilment of export obligations & the closure of unit II of Silvassa. The company is going to appeal the demand with appropriate authority.

The Auditors' Report read with the notes to the accounts referred to therein are self-explanatory and, therefore, do not call for any further comments.

EMPLOYEES

The Company does not have any employee whose particulars is required to be given pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

During the year, the Company had strict control on wasteful electrical consumption. Light and power were switched off whenever not necessary.

The Company does not need any technology for its existing business.

There was no Foreign Exchange Earnings / Foreign Exchange Outgo during the financial year.

LISTING

The Equity Shares of the Company are listed on Mumbai and Calcutta Stock Exchanges. The Company has paid the Annual listing fees to all the three Stock Exchanges for the year 2003-2004.

The Company is in the process of voluntary De-listing of its equity shares from the Culcutta Stock Exchange as per the SEBI (De-listing of shares) guidelines 2003.

The respective resolution is given in the Notice.
You are requested to pass the respective resolution.

ACKNOWLEDGMENTS

Your Directors convey their gratitude to Canara Bank for their continued assistance and support. The Directors also wish to place on record their admiration and appreciation of the hard work put in by all the staffs and workers of the Company.

FOR AND ON BEHALF OF THE BOARD

Date: 3rd December 2004

MAHENDRA KUMAR BOTHRA
Managing Director



Procal Electronics India Ltd.

ANNEXURE

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, given below is a report on the Corporate Governance in the Company:

A. MANDATORY REQUIREMENTS

1. Company's philosophy of Corporate Governance is to ensure:

- i) that the Board and top management of the Company are fully apprised of the affairs of the Company that is aimed at assisting them in the efficient conduct of the Company's business so as to meet Company's obligation to the shareholders.
- ii) that the Board exercises its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- iii) that all disclosure of information to present and potential investors are maximized.
- iv) that the decision making process in the organization is transparent and are backed by documentary evidences.

2. Board of Directors

The present strength of the Board of Directors of the Company is 4 Directors of which 1 is promoter Managing Director and other 3 are non-executive independent directors with independent judgment in the deliberation and decisions of the Board.

● Attendance of each Director at the Board Meetings and last AGM

In total 7 Board Meetings were held during the Financial Year 2003-04. The last AGM of the Company was held on 30th September 2003.

Name of the Director	Category	No. of board mtgs Attended	Attendance at last AGM
Mr. Suresh Kumar Iyer*	Non Executive Director	3	Yes
Mr. Shreyansh Dassani	Non-Executive Director	7	Yes
Mr. Mahendra Kumar Bothra	Managing Director	7	Yes
Mr. Dharmendra Sharma	Non-Executive Director	7	Yes

* Mr. Suresh Kumar Iyer was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 30th July 2003, which was effective from 7th August 2003.

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Number of other Companies or Committees the Director is a Director/Member

Name of the Director	No. of other public limited Companies in which Director	No. of Committees in which Member (other than Procal)
Mr. Suresh Kumar Iyer	Nil	Nil
Mr. Shreyansh Dassani	Nil	Nil
Mr. Mahendra Kumar Bothra	Nil	Nil
Mr. Dharmendra Sharma	Nil	Nil

Number of Board Meetings and their respective dates

7 Board Meetings were held during the Financial Year 2003-04. The dates on which the said meetings were held are as follows:

30 th April, 2003	31 st May, 2003	31 st July, 2003	07 th August, 2003
8 th September, 2003	31 st October, 2003	31 st January, 2004	

Notes on Directors seeking re-appointment:

Mr. Dharmendra Sharma

Mr. Dharmendra Sharma is a Graduate in Science and having good technical knowledge. He has over 5 years of experience in the electronics industry.

Mr. Shreyansh Dassani

Mr. Shreyansh Dassani is a Graduate in Commerce. He has over 5 years of experience in the electronics industry. This experience of his will be of immense benefit to the company.

3. Audit Committee

Terms of Reference & Composition, Name of Members and Chairman:

The Audit Committee of the Company comprises of Mr. Suresh Kumar Iyer, Chairman of the Committee & Mr. Shreyansh Dassani & Mr. Dharmendra Sharma, all being independent Directors with independent judgments in the deliberation and decisions of the Board as well as Audit Committee. The Managing Director along with the Statutory Auditors is invitee to the meeting. The terms of reference to this Committee covers all the matters specified under Section 292 A of the Companies Act, 1956 and also all the matters listed under the Listing Agreement with Stock Exchanges.



Procal Electronics India Ltd.

Audit Committee meetings and the attendance during the financial year 2003-2004.

There were two meetings of the Audit Committee during the Financial Year 2003-04 as the audit committee was formed on 7th August 2003 only.

Name of the Director/Member	No. of Audit Committee mtgs attended
Mr. Suresh Kumar Iyer	2
Mr. Shreyansh Dassani	2
Mr. Dharmendra Sharma	2

4. Remuneration to Directors

The Company has formed a remuneration committee comprising of Mr. Shreyansh Dassani and Mr. Dharmendra Sharma, independent non-executive directors to function in the matters specified in the clause 49 of the listing agreement.

The company is going in losses since the year 2001, hence the Managing Director and other directors have agreed not to take any remuneration/sitting fees from the company till it records losses. Thus, there were no meetings of the said committee during the year 2003-04.

5. Shareholders / Investors Grievance Committee

Details of the Members, Compliance Officer, No. of complaints received and pending, No. of transfers pending as on close of the financial year:

This Committee functions under the Chairmanship of Mr. Dharmendra Sharma, Non-Executive Independent Director. Mr. Mahendra Kumar Bothra, Managing Director and Mr. Suresh Kumar Iyer, Non-Executive Independent Director are the other Members of the Committee. Mr. Mahendra Kumar Bothra is the Compliance Officer of the Company.

During the year, the company received 34 complaints/correspondence / query from the shareholders, mostly regarding Demat query and Change of Address, all of which are attended to.

During the year 23800 shares were received for transfer and all the transfers were duly transferred except 400 shares which were received on the last day of the month.

The Registrar and Share Transfer Agent of the company is M/s. Satellite Corporate Services Pvt. Ltd., Mumbai.