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SIXTEENTH ANNUAL REPORT

2007-2008

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PROCAL ELECTRONICS INDIA LIMITED

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SIXTEENTH ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

SHRI MAHENDRA KUMAR BOTHRA	CHAIRMAN & MANAGING DIRECTOR
SHRI DHARMENDRA SHARMA	DIRECTOR
SHRI SURESH KUMAR IYER	DIRECTOR
SHRI PRADEEP KOTHARI	DIRECTOR

BANKERS

CANARA BANK

AUDITORS

JAIN & KOTHARI
CHARTERED ACCOUNTANTS

SHARE TRANSFER AGENTS

SATELLITE CORPORATE SERVICES PVT. LTD.
B-302, SONY APARTMENT, OPP. ST. JUDE HIGH SCHOOL,
OFF ANDHERI KURLA ROAD, JARIMARI, SAKINAKA,
MUMBAI 400 072.

REGISTERED OFFICE

FLAT NO 5, AGARSEN NAGAR, UPPER GOVIND NAGAR,
OPP. UPVAN TOWER, MALAD - EAST,
MUMBAI 400 097.

WORKS

1) 44/45, PRAGATI INDUSTRIAL ESTATE,
   66 KVA SUBSTATION ROAD,
   AMLI, SILVASSA.

2) SHED No. I/200/1/3/6,
   ROAD NO.2, GIDC, SACHIN,
   SURAT, GUJARAT.

3) 23/25/27 & 28, AMLI INDUSTRIAL ESTATE,
   66 KVA SUBSTATION ROAD,
   AMLI, SILVASSA.

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PROCAL ELECTRONICS INDIA LIMITED

Regd.Office : Flat No 5, Agarsen Nagar, Upper Govind Nagar, Opp. Upvan Tower, Malad - East, Mumbai 400 097.

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Procal Electronics India Limited will be held at Flat No 5, Agarsen Nagar, Upper Govind Nagar, Opp. Upvan Tower, Malad - East, Mumbai 400 097.on Tuesday, 30th September 2008, 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, 2008 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 Mahendra Kumar Bothra who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri Suresh Kumar Iyer 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.

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.

3. All documents referred in the Notice 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.

By order of the Board,

MAHENDRA KUMAR BOTHRA
Chairman & Managing Director

Registered Office :
Flat No. 5, Agarsen Nagar,
Upper Govind Nagar,
Opp. Upvan Tower, Malad (E),
Mumbai 400 097.

Place : Mumbai
Date : 05/09/2008

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DIRECTORS' REPORT TO THE MEMBERS

Your Directors in present herewith the Sixteenth Annual Report together with the Statement of Accounts for the year ended March 31, 2008.

FINANCIAL RESULTS

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Sales and Other Income	2.37	6.14
Profit/(Loss) before Depreciation	(102.85)	(102.88)
Less : Depreciation	14.44	18.80
Profit/(Loss) before Tax	(117.29)	(121.68)
Less: Provision for FBT	(0.01)	(0.01)
Profit/(Loss) after Tax	(117.30)	(121.69)
Less Exceptional Item/Prior period adjustment	NIL	NIL
	(117.30)	(121.69)
Profit/(Loss) brought forward from previous year	(568.79)	(447.10)
Balance carried to Balance Sheet	(686.09)	(568.79)

MANAGEMENT DISCUSSION AND ANALYSIS

a) Financial Performance and Operations Review:

Sales and other income for the year amounted to Rs 2.37 Lacs compared to Rs. 6.14 Lacs for the previous year. During the year under review, your Company has made a loss before tax of Rs. 117.29 Lacs against loss of Rs. 121.68 Lacs in the previous year.

During the year under report, the Company has not carried out any manufacturing activity. It has only carried out small activity of trading in calculators out of stock of the Company. 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.

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c) Outlook:

The management is still hopeful and trying for reviving the business by starting the trading & agency business.

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. Mahendra Kumar Bothra retires by rotation at the ensuing Annual General Meeting and, being eligible, he has offered himself for re-appointment.

Mr. Suresh Kumar Iyer 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 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 aspects.

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

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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.

(i) As the management is hopeful of reviving the business by starting the trading & agency business , 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.

(iii) The Management has so far not taken any steps for assessment of valuation of the assets for the requirement of AS 28 – impairment of assets but in near future the management will do the necessary requirement for the same.

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 has already filed an appeal against the demand with an 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.

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

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

LISTING

The Equity Shares of the Company are listed on Mumbai, Stock Exchange. The Company has paid the Annual listing fees to Stock Exchanges for the year 2007-2008.

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

MAHENDRA KUMAR BOTHRA
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Date:05/09/2008

DECLARATION

To,

The Members of the Procal Electronics India Ltd.

With respect to Clause 49 of the Listing Agreement with the Stock Exchange, this is to declare that the Code of Conduct envisaged by the Company for Members of the Board and all the members of the Board and Senior Management Personnel of the Company have complied with Senior Management Personnel respectively.

MAHENDRA KUMAR BOTHRA
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Date: 05/09/2008

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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 appraised 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.

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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 6 Board Meetings were held during the Financial Year 2007-08. The last AGM of the Company was held on 31st December 2007

Name of the Director	Category	No. of board mtgs attended	Attendance at last AGM
Mr. Suresh Kumar Iyer	Non Executive Director	5	Yes
Mr. Pradeep Kothari*	Non-Executive Director	1	Yes
Mr. Mahendra Kumar Bothra	Managing Director	6	Yes
Mr. Dharmendra Sharma	Non-Executive Director	6	Yes

* Mr. Pradeep Kothari, was appointed as a Director of the Company in the last AGM held on 31/12/2007 to replace Mr. Dassani, due to his death.

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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 No. of Committees in which	Companies in which Director Member (other than Procal)
Mr. Suresh Kumar Iyer	Nil	Nil
Mr. Pradeep Kothari	Nil	Nil
Mr. Mahendra Kumar Bothra	Nil	Nil
Mr. Dharmendra Sharma	Nil	Nil

- **Number of Board Meetings and their respective dates**

6 Board Meetings were held during the Financial Year 2007-08. The dates on which the said meetings were held are as follows:

30th April, 2007	31st July, 2007	21st August, 2007	31st October, 2007
29thNovember, 2007	31st January, 2008		

- **Notes on Directors :**

Mr. Mahendra Kumar Bothra

Mr. Mahendra Kumar Bothra is a Graduate in Commerce and having good technical knowledge. He has over 17 years of experience in the electronics industry.

Mr. Suresh Kumar Iyer

Mr. Suresh Kumar Iyer is a Graduate in Commerce and having over 12 years of experience in the electronics industry. His experience 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. Pradeep Kothari & 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 Exchange.

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Audit Committee meetings and the attendance during the financial year 2007-08
There were Five meetings of the Audit Committee during the Financial Year 2007-08

Name of the Director/Member	No. of Audit Commiteee mtgs attended
Mr. Suresh Kumar Iyer	5
Mr. Pradeep Kothari	1
Mr. Dharmendra Sharma	5

4. Remuneration to Directors

The Company has formed a remuneration committee comprising of Mr. Suresh Kumar Iyer 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 2007-08

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 2 complaints/Correspondence/Query from the shareholders, regarding the non acceptance of the Annual Report, both of which are attended to. During the year 28 transfers for 4500 shares were received & except one due to discrepancies in the transfer deed, all other transfers were duly made in time.

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

6. General Body Meetings

AGM for the financial year ended	Date & time of AGM	Address
31st March,2007	Monday 31st December 2007 at 10.30 am	Navyojana Sadan, Nr. Diana Talkies, Tardeo, Mumbai 400 034.
31st March, 2006	Saturday 30th September 2006 at 10.30 am	Navyojana Sadan, Nr. Diana Talkies, Tardeo, Mumbai 400 034.
31st March, 2005	Saturday 30th December 2005 at 10.30 am	Navyojana Sadan, Nr. Diana Talkies, Tardeo, Mumbai 400 034.

All the resolutions, set out in the respective notices calling the AGM were passed by the shareholders. No postal ballots were used for voting at these meetings. At the forthcoming AGM, there is no agenda that needs approval by postal ballot.

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