

ELEVENTH ANNUAL REPORT

2002-2003



PROCAL ELECTRONICS INDIA LIMITED

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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, VEERA DESAI ROAD,
ANDHERI (WEST), MUMBAI 400053

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. Offices: 1, Tyre Terrace, 205/207, Lamington Road, Mumbai-400 007.

NOTICE

Notice is hereby given that the **Eleventh Annual General Meeting** of the Members of the Procal Electronics India Ltd. will be held at Navyojana Sadan, Near Diana Talkies, Tardeo, Mumbai - 400 034 on Tuesday, September 30, 2003 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, 2003 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 Auditors until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Dharmendra Sharma who was appointed as an Additional Director of the Company by the Board of Directors and holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose Mr. Dharmendra Sharma as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation."

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

"RESOLVED THAT Mr. Suresh Kumar Iyer who was appointed as an Additional Director of the Company by the Board of Directors and holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose Mr. Suresh Kumar Iyer as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309 and Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accord its approval to the appointment of Mr. Mahendra Kumar Bothra as the Managing Director of the Company for a period of 5 years commencing 1st February 2003 on the terms and conditions to be set out by the Board Of Directors from time to time."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the SEBI (De-listing of Securities) Guidelines 2003, the Company hereby approves of the Voluntary De-listing of Equity Shares of the Company from The Stock Exchange, Ahmedabad and The Calcutta Stock Exchange Association Ltd. and the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matter and things including execution of any documents for this purpose."



Procal Electronics India Limited

NOTES

8. 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.
9. The Register of Members and Share Transfer Books of the Company will remain closed from 30th September 2003 to 3rd October 2003, both days inclusive.
10. 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 Identify and Client Identify number in their correspondence;
 - c. bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
11. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
12. 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. 4

Mr. Dharmendra Sharma was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company with effect from 1st February 2003. He holds office only upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Dharmendra Sharma as a candidate for the office of Director of the Company.

Mr. Dharmendra Sharma is a graduate in Science from the University of Bombay and has a good technical hold in the Electronics Industry with an experience of around 5 years in this field.

The Board recommends his appointment as a Director.

None of the Directors of the Company except Mr. Dharmendra Sharma is interested or concerned in passing of this resolution.

Item No. 5

Mr. Suresh Kumar Iyer was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company with effect from 7th August 2003. He holds office only upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Suresh Kumar Iyer as a candidate for the office of Director of the Company.

Mr. Suresh Kumar Iyer is a graduate in Commerce from the University of Bombay. Mr. Iyer has a great experience of about 15 years as he was an employee of the company till March 2003.

Board recommends his appointment as a Director.

None of the Directors of the Company except Mr. Suresh Kumar Iyer is interested or concerned in passing of this resolution.

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Item No. 6

At the meeting of the Board of Directors of the Company held on 31st January 2003, Mr. Mahendra Kumar Bothra have been re-appointed as the Managing Director of the Company for a further period of 5 years with effect from 1st February, 2003.

These appointments are subject to compliance with Sections 198, 269, 309 and Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 and also subject to the approval of the shareholders. Mr. Mahendra Kumar Bothra, who is one of the promoters, have agreed not to take any remuneration from the Company for his services when the Company is passing through a difficult phase i.e. reporting losses and also agreed on the terms and conditions to be set out by the Board of Directors from time to time.

Except Mr. Mahendra Kumar Bothra, Managing Director none of the other Directors of the Company may be considered to be interested or concerned in the appointment.

Item No. 7

The SEBI has come out with the De-listing Guidelines 2003, which helps the 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.

Presently, the Company's equity shares are listed on The Stock Exchange, Mumbai (BSE), The Stock Exchange, Ahmedabad (ASE) and Calcutta Stock Exchange Ltd. In accordance with the above said Guidelines, the Company is in the process of applying to the following 2 Stock Exchanges for De-listing its Ordinary (Equity) Shares:

1. The Stock Exchange, Ahmedabad
2. 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 trading volumes on the above 2 Stock Exchanges is substantially low and the shares of Procal Electronics India Limited at these Stock Exchanges are traded infrequently. The annual recurring listing fees paid to the said 2 Stock Exchanges therefore do not now offer corresponding benefits to the Company/its investors in the changed scenario of the said available network of the BSE. The continued listing on the above 2 Stock Exchanges is not longer required and/or necessary and 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.

Registered Office :

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

Date : September 8, 2003.

By order of the Board,

MAHENDRA KUMAR BOTHRA
Chairman & Managing Director



Procal Electronics India Limited

PROCAL ELECTRONICS INDIA LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors in present herewith the Eleventh Annual Report together with the Statement of Accounts for the year ended March 31, 2003.

FINANCIAL RESULTS

	2002-03 (Rs. in lacs)	2001-02 (Rs. in lacs)
Sales and Other Income	295.24	393.94
Profit/(Loss) before Depreciation	(35.37)	(73.81)
Less : Depreciation	61.00	78.92
Profit/(Loss) before Tax	(96.37)	(152.73)
Add : Deferred Tax (Net) revert back for the year	(18.17)	22.98
Less : Earlier year Interest on tax	-	5.20
	(114.54)	(134.95)
Less : Provision for Tax	-	-
Add : tax for the earlier year w/back	2.74	0.28
Profit/(Loss) after Tax	(111.80)	(134.67)
<u>Less Exceptional Item</u>		
Provision for Diminution in value of Investment	(21.49)	-
	(133.29)	(134.67)
Profit/(Loss) brought forward from previous year	107.65	247.12
Less:- Opening deferred tax liability (net)	-	(4.80)
Balance carried to Balance Sheet	(25.64)	107.65

MANAGEMENT DISCUSSION AND ANALYSIS

a) Financial Performance and Operations Review:

Sales and other income for the year amounted to Rs. 295.24 Lacs compared to Rs. 393.94 Lacs for the previous year. There is a decrease of 37.35% in turnover from Rs. 320.71 Lacs to Rs. 200.93 Lacs. During the year under review, your Company has made a loss before tax of Rs. 96.37 Lacs against loss of Rs. 152.73 Lacs in the 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:

We are trying to tie up for sales with alternative customers under their brand, which would enable us to revive the production at economical levels.

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.

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DIRECTORS :

Mr. Dharmendra Sharma was appointed as an Additional Director of the Company with effect from 1st February 2003 and holds office till the conclusion of ensuing Annual General Meeting. Being eligible, he has offered himself for appointment as a Director of the Company.

Mr. Suresh Kumar Iyer was appointed as an Additional Director of the Company with effect from 7th August 2003 and holds office till the conclusion of ensuing Annual General Meeting. Being eligible, he has offered himself for appointment as a Director of the Company.

Shri Suresh J. Bhagwat has resigned as Whole-time Director and Director with effect from 1st November 2002.

Mr. Mahendra Kumar Bothra 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 :

1. in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. the Directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of Profit or Loss of the Company for that period.
3. 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.
4. 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 aspects, *except that Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee are formed after year ended 31st March 2003 hence during the year there are lack of Compliance with the said condition.*

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 AND AUDIT REPORT

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

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.

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



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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, ABSORPTIONS 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.

- (1) Foreign Exchange Earnings : Rs. 18.84 Lacs
- (2) Foreign Exchange Outgo : Rs 31.25 Lacs

LISTING

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

The Board of Directors propose to voluntary de-list the Equity Shares of the Company from the Ahmedabad and Calcutta Stock Exchanges as per the SEBI (De-listing of Section) Guidelines 2003.

The respective resolution is given in the Notice.

You are requested to pass the respective resolution as a special 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

**MAHENDRA KUMAR BOTHRA
MANAGING DIRECTOR**

Date: September 8, 2003

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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 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

With the induction of Mr. Suresh Kumar Iyer as a Director of the Company with effect from 7th August, 2003, 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.

Mr. Dharmendra Sharma replaced Mr. Suresh J. Bhagwat, the Whole Time Director of the Company since 1993, who resigned on November 1, 2002. The Contract of the Company with Mr. Bhagwat was till February 1, 2003. Mr. Dharmendra was then appointed as an Additional Director, with effect from February 1, 2003.

Mr. Manak Chand Bothra resigned as Director of the Company with effect from 3rd July 2002.

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

In total 8 Board Meetings were held during the Financial Year 2002-03. The last AGM of the Company was held on 30th September 2002.

Name of the Director	Category	No. of Board Mtgs Attended	Attendance at last AGM
Mr. Suresh Kumar Iyer*	Non Executive Director	---	No
Mr. Suresh J. Bhagwat**	Whole Time Director	6	Yes
Mr. Shreyansh Dassani	Non-Executive Director	8	Yes
Mr. Mahendra Kumar Bothra	Managing Director	8	Yes
Mr. Dharmendra Sharma***	Non-Executive Director	2	No
Mr. Manak Chand Bothra****	Non-Executive Director	1	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.

** Mr. Suresh J. Bhagwat resigned as a Whole Time Director at the meeting held on 30th October 2002, which was effective from 1st November 2002.

***Mr. Dharmendra Sharma was appointed in place of Mr. Suresh J. Bhagwat at the meeting held on 30th October 2002, with effect from 1st November 2002.

****A resignation letter dated 3rd July 2002 was received from Mr. Manak Chand Bothra, Director of the Company at the meeting held on 8th July 2002.



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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. Suresh J. Bhagwat	Nil	Nil
Mr. Shreyansh Dassani	Nil	Nil
Mr. Mahendra Kumar Bothra	Nil	Nil
Mr. Dharmendra Sharma	Nil	Nil
Mr. Manak Chand Bothra	Nil	Nil

● Number of Board Meetings and their respective dates

8 Board Meetings were held during the Financial Year 2002-03. The dates on which the said meetings were held are as follows:

30 th April, 2002	8 th July, 2002	30 th July, 2002	24 th August, 2002
11 th October, 2002	30 th October, 2002	11 th November, 2002	31 st January, 2003

● Notes on Directors seeking appointment/re-appointment:

Mr. Mahendra Kumar Bothra

Mr. Mahendra Kumar Bothra is a graduate in Commerce. He is also first generation entrepreneur. He is a Director on the Board of Directors of the Company since 9th April 1992 and has been the Managing Director of the Company since 28th December 1992. He has over 17 years of experience in the electronics industry. His vast experience will be of immense benefit to the company.

Mr. Dharmendra Sharma

Mr. Dharmendra Sharma is appointed as an Additional Director with effect from 1st February 2003. Prior to this he was appointed as a Whole-time Director in place of Shri Suresh J. Bhagwat to fill the casual vacancy created due to the latter's resignation. He is a Graduate in Science and having good technical knowledge. He has over 5 years of experience in the electronics industry.

Mr. Suresh Kumar Iyer

Mr. Suresh Kumar Iyer is appointed as an Additional Director with effect from 7th August 2003. Mr. Iyer is a Graduate in Commerce. He was earlier the employee of the company till March 2003. He has over 15 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 has been formed at the meeting of the Board of Directors of the Company held on 7th August 2003.

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.

● Audit Committee meetings and the attendance during the financial year 2002-2003.

There were no meetings of the Audit Committee during the Financial Year 2002-03 as the audit committee was formed on 7th August 2003 only.