

Millars

Millars India Limited

(Formerly known as The Acme Manufacturing Co. Ltd.)

**Annual Report
2002-2003**

BOARD OF DIRECTORS

ASHOK J. PATEL

CHAIRMAN

ANAND J. VASHI

VINOD N. JOSHI

R. S. MALVADE (Up to 29.04.2003)

Nominee - Bank Of India

R. S. Arrora (From 26.06.2003)

Nominee - Bank Of India

N.V. Subramanyam

Nominee - BIFR

AUDITORS

SHAH & CO.

SOLICITORS

GAGRAT & CO.

BANKERS

BANK OF INDIA

BANK OF MAHARASHTRA

REGISTERED OFFICE

**24, KURLA-KIROL ROAD, P.B. NO. 9208,
GHATKOPAR (W.), MUMBAI - 400 086.**

**REGISTRARS &
TRANSFER AGENTS**

**IIT CORPORATE SERVICES LIMITED
PROTOPRIMA CHAMBERS,
2ND FLOOR, SUREN ROAD,
ANDHERI (EAST), MUMBAI - 400 093.**

Millars India Limited

2

NOTICE

NOTICE is hereby given that the EIGHTY THIRD ANNUAL GENERAL MEETING of the Members of MILLARS INDIA LIMITED (Formerly known as The Acme Manufacturing Co. Ltd.) will be held on Monday December 29, 2003 at 11.00 a.m. at Babasaheb Dahanukar Sabha Girha, 6TH floor, Oricon House, 12, K. Dubash Marg, Fort, Mumbai 400 023 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2003 and Profit & Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Ashok J Patel who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mr. Anand J Vashi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to provisions of Section 149 (2A) and all other applicable provisions, if any, of the Companies Act, 1956 the Company be and is hereby authorised to commence business activities as mentioned in sub-clause (34) of Clause III – (Object clause) of the Memorandum of Association of the Company in respect of the companies property at Ghatkopar (West) in Mumbai.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps in this regard to comply with all the statutory and procedural formalities and to all such acts, deeds, things in connection therewith"

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

"RESOLVED THAT in supersession of an Ordinary resolution passed in the Seventy-fourth Annual General Meeting of the Company held on September 21, 1994 the consent of the Company be and is hereby accorded under the provisions of 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 all such sums of money as they may deem fit for the purpose of the business of the Company notwithstanding that money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of the business) will 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 purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs 20 crores including the borrowing by the Company of Rs.7.80 crores in the current year 2003-04 which is hereby approved and ratified."

Mumbai
November 14, 2003
Registered Office :
Kurla-Kirol Road,
Ghatkopar (West),
Mumbai 400 086

By Order of the Board of Directors

Ashok J Patel
Chairman

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd December, 2003 to 29th December, 2003 (both the days inclusive).
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
5. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
6. Members who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrar & Transfer Agents, M/s IIT Corporate Services Ltd., for consolidation of all such shareholdings into one account to facilitate better service. Members are also requested to notify the change, if any, in their address and also correspond in respect of any matter relating to their holding, to the Company's Registrar and Transfer Agents at the following address : IIT Corporate Services Limited, Protoprima Chambers, 2nd floor, Suren Road, Andheri (E), Mumbai 400 093.
7. Individual shareholder can now avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as Societies, Trusts, Bodies Corporate, Partnership firms, Kartas of Hindu Undivided Families and holders of Powers of Attorney. For further details, please contact the Company's Secretarial Department.
8. The unclaimed dividends upto the year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have a valid claim to any of the unclaimed dividends referred to above may claim the same from the Registrar of Companies, Maharashtra in the prescribed manner. In case any assistance is required, please write to our Registrars and Transfer Agents.
9. Members are requested to kindly bring their copies of Annual Report to the Meeting.

Millars India Limited

4

10. The Company's securities are listed on the following Stock Exchanges :

Sr.No.	Name & Address of the Stock Exchange	Name of Security
1	The Stock Exchange, Mumbai Jeejeebhoy Towers, Dalal Street Mumbai 400 001.	Equity
2	The Stock Exchange, Ahmedabad Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad 380 015.	Equity

11. The Company has paid Annual Listing Fees to the above Stock Exchanges upto 31st March, 2004.

12. Office of the Registrar of Companies, Maharashtra has granted extension of the time to hold Annual General Meeting for the period up to 31st December, 2003 vide their letter dated 4th November, 2003

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EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM No. 5**

Members are hereby informed that Notice under postal ballot pursuant to Section 192A of the Companies Act, 1956 have been issued for seeking approval vide the Special Resolution under Section 17 of the Companies Act, 1956 for substituting by way of abundant caution sub-clause 34 of Clause III of the Memorandum of Association of the Company by a new sub-clause 34. At present the Company contemplates merely to enter into an arrangement for developing its property at Ghatkopar, Mumbai jointly with a property developer. By way of abundant caution Members approval is sought pursuant to the provisions of Section 149 (2A) of the Companies Act, 1956. The Board of Directors commends the resolution for your approval.

None of the Directors is personally concerned with or interested in this resolution.

ITEM No. 6

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors, cannot except with the consent of the Company borrow money from time to time, any sum or sums of money which, together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) are in excess of the paid-up share capital and free reserves of the Company i.e to say reserves not set apart for any specific purpose. At the 74th Annual General Meeting of the Company held on 21st September, 1994 the Members had authorised the Board of Directors to borrow money for the purposes of the Company not exceeding Rs.10 crores in the aggregate. In order to enable the Board of Directors as and when required, to meet the requirements of funds for the purposes of the Company, it is proposed to increase the borrowing powers of the Board of Directors to Rs.20 crores (excluding temporary loans) as mentioned in the Resolution at item No.6.

As mentioned in the Directors Report, the Company had to borrow Rs.5.50 crores from outside sources. The Company had also to borrow Rs.2.30 crores from Millars Machinery Co. Pvt. Ltd. (of which almost entire share capital is owned by Mr. Ashok J. Patel and his family members) at 14% per annum rate of interest. This became necessary with a view to meet the urgent requirement of funds for Voluntary Retirement Scheme payments and other statutory dues to the workers of the Company at its Ghatkopar factory, Mumbai. For borrowing of the said Rs.5.50 crores from outside sources, Mr. Ashok J. Patel has given a personal guarantee for repayment of such loans. It is therefore necessary to pass the said Resolution to increase the limit of borrowing and to ratify the acts of the Board of Directors of borrowing the said additional funds for urgent requirement of the Company. The Board of Directors of your Company commends the said Resolution for your approval.

Mr. A.J. Patel, Chairman of the Company is deemed to be interested in the said resolution to the extent of the money borrowed from Millars Machinery Co. Pvt. Ltd. of which almost entire share capital is owned by him and his family members. He has also given personal guarantee for the said Rs.5.50 crores borrowed by the Company.

Except Mr. Ashok J. Patel, none of the other Directors is personally concerned or interested in the said Resolution.

Mumbai
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By Order of the Board of Directors

Ashok J Patel
Chairman

Millars India Limited

6

REPORT OF THE DIRECTORS

To the Members,

Your Directors present their Eighty Third Annual Report and the Audited Statement of Accounts for the year ended March 31, 2003.

FINANCIAL RESULTS

	<u>2002-2003</u> (Rs. In Lacs)	<u>2001-2002</u> (Rs. In Lacs)
Sales and other Income	774.05	741.75
Surplus on sale of Wadala Property	-	950.74
	<u>774.05</u>	<u>1692.49</u>
Profit/(Loss) before Interest, Depreciation & Taxation	(152.10)	251.09
i) Interest	88.74	60.44
ii) Depreciation	16.64	25.29
iii) Taxation	-	-
	<u>(257.48)</u>	<u>165.36</u>
Profit/(Loss) after interest, Depreciation and Taxation	(257.48)	165.36
Balance brought forward from the previous year	(1208.87)	(1374.23)
Balance Carried to Balance Sheet	<u>(1466.35)</u>	<u>(1208.87)</u>

DIVIDEND

In view of the loss, the Board of Directors are unable to recommend any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is included in this report.

OPERATIONS

Sales and other income for the year ended 31st March, 2003 was Rs. 774.05 lacs as compared to previous year Rs. 741.75 lacs. Company has incurred a loss of Rs. 257.48 lacs as against profit in the previous year of Rs. 165.36 lacs due to surplus on sale of Wadala Property for Rs. 950.74 lacs.

The Directors are pleased to state that the loss for the current six month period ended on 30 September, 2003 is Rs. 59.07 lacs as against Rs. 119.62 lacs for the corresponding period of the previous year which indicates the sign of revival.

FIXED DEPOSITS

The total amount of Fixed Deposit as on 31st March, 2003 was Rs. 95.85 Lacs. All Depositors have consented for reduced rate of interest and such interest has been paid up to 31st March 2003. The Company, will repay Fixed Deposit as stipulated in the Rehabilitation Scheme sanctioned by BIFR. The Company has paid the interest due on Fixed Deposit on 30th September, 2003.

STATUS OF REHABILITATION SCHEME (SRS)

As per the Sanctioned Rehabilitation Scheme ("SRS") dated 13-7-2001 sanctioned by BIFR the Company has taken various steps for restructuring and reorganising the operations to return the Company to profitability. Some of the important actions contemplated in the SRS are reduction in labour and wage cost, shifting the manufacturing operations to Karamsad, forming Asset Sale Committee, reducing the financial burden on the Company by bringing interest free funds from Promoters and retiring the loan from Development Credit Bank.

Various steps taken till date by the Company in accordance with SRS are as under:

- 1) 195 employees of the Ghatkopar factory in Mumbai accepted the Company's Voluntary Retirement Scheme and were paid in full on June 30, 2003.
- 2) Manufacturing activities of the Construction Machinery and Crane Divisions is centralised at the Karamsad factory in Gujarat from October 2003.
- 3) The Company has closed down its Project division completely except supply of parts and services to the existing customers.
- 4) The Promoters have brought in the full amount envisaged in the SRS.
- 5) The Company has fully repaid the loan from the Development Credit Bank.
- 6) As Stipulated in the SRS the Company has constituted an Asset Sale Committee (ASC) for sale of its assets.
- 7) The Company has received approvals from Bank of India and Bank of Maharashtra, the Secured creditors of our Company, to raise funds through sale or development of the Ghatkopar property to finance the Voluntary Retirement Scheme mentioned in (1) above.
- 8) Bank Of India the Monitoring Agency appointed by BIFR and Bank of Maharashtra have approved the decision to develop the Ghatkopar property jointly with M/S Skyline Residency Pvt. Ltd. (Skyline).

DEVELOPMENT OF GHATKOPAR PROPERTY

In view of the manufacturing operations at Ghatkopar, Mumbai being discontinued the land of Ghatkopar factory can be profitably developed to reduce Company's losses. The Company invited offers for sale/development of the land. The offers received were scrutinised in a most transparent and fair manner by the Asset Sale Committee. Based on Asset Sale Committee's recommendation the Board of Directors accepted the offer of M/S Skyline Residency Pvt. Ltd. for joint development of Ghatkopar property, which was considered financially and commercially more beneficial to the Company.

Millars India Limited

8

RESOLUTIONS BY POSTAL BALLOT

The development of the Ghatkopar land by granting joint development rights to M/s. Skyline requires shareholders approval by way of an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956. Further, the present sub-clause (34) of Clause III of the Memorandum of Association of the Company confers a power on the Company to develop, manage and improve the Company's properties and undertakings. As a matter of abundant caution it is desirable to amend this clause as mentioned in the Notice of Postal Ballot.

As per Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules 2001, the consent for these two resolutions is sought by Postal Ballot.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The system and procedures of the Company are designed to ensure adequate internal controls to give true and accurate information to the Management. It also ensures compliance with all laws and regulations in achieving Company's business and social objectives. The Management Information Systems are also effective and adequate to give timely and accurate information for decision making.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The relations with the Company's employees are cordial.

OUTLOOK

The Company has borrowed Rs.7.8 crores to pay the final dues to its employees at its Ghatkopar factory under the Voluntary Retirement Scheme. The operational economies achieved from concentrating the manufacturing activities in Karamsad are already being felt and will be partially reflected during the current year and full benefits will be seen next year.

The Company's main focus will be on Construction Machinery which has good prospects in view of huge investments being made in infrastructure projects. The Company continues to receive enquiries for Cranes in view of its reputation but shall be selective in accepting the orders.

SEGMENTWISE PERFORMANCE

The Company has identified two reportable Business Segments. A brief summary of key financial indicators is given below:

<u>Segment-wise</u>	<u>Construction Equipment</u>	(Rs. in lacs)
		<u>Crane</u>
Revenue	565.81	160.55
Result	(50.98)	(165.45)
Capital Employed	23.30	(493.37)

CORPORATE GOVERNANCE

A report on Corporate Governance and a Certificate from the Auditor's of the Company as prescribed under Clause 49 of the Listing Agreement are furnished as part of the Annual Report.

REGISTRAR AND SHARE TRANSFER AGENT

As per SEBI directions, the Company has appointed I.I.T. Corporate Services Limited as Registrar and Transfer Agent for both physical and demat equity shares with effect from 1st January, 2003.

DISCLOSURES**PARTICULARS OF EMPLOYEES**

As there are no employees getting remuneration exceeding the prescribed limits, particulars of employees as required under Section 217(2A) of the Companies Act, 1956 as amended, read with the Companies (Particulars of Employees) Rules, 1975 are not given.

DIRECTORS

Mr. Ashok J. Patel, a Director of the Company retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Anand J. Vashi, a Director of the Company retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have 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 as at 31st March, 2003 and of the results of the Company for the period from 1st April, 2002 to 31st March, 2003;
- c) that they have taken proper and sufficient care 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;
- d) that they have prepared the annual accounts on a going concern basis.

AUDITORS

The notes referred to by the Auditors in their report to the Shareholders, are in the opinion of the Board, self-explanatory.