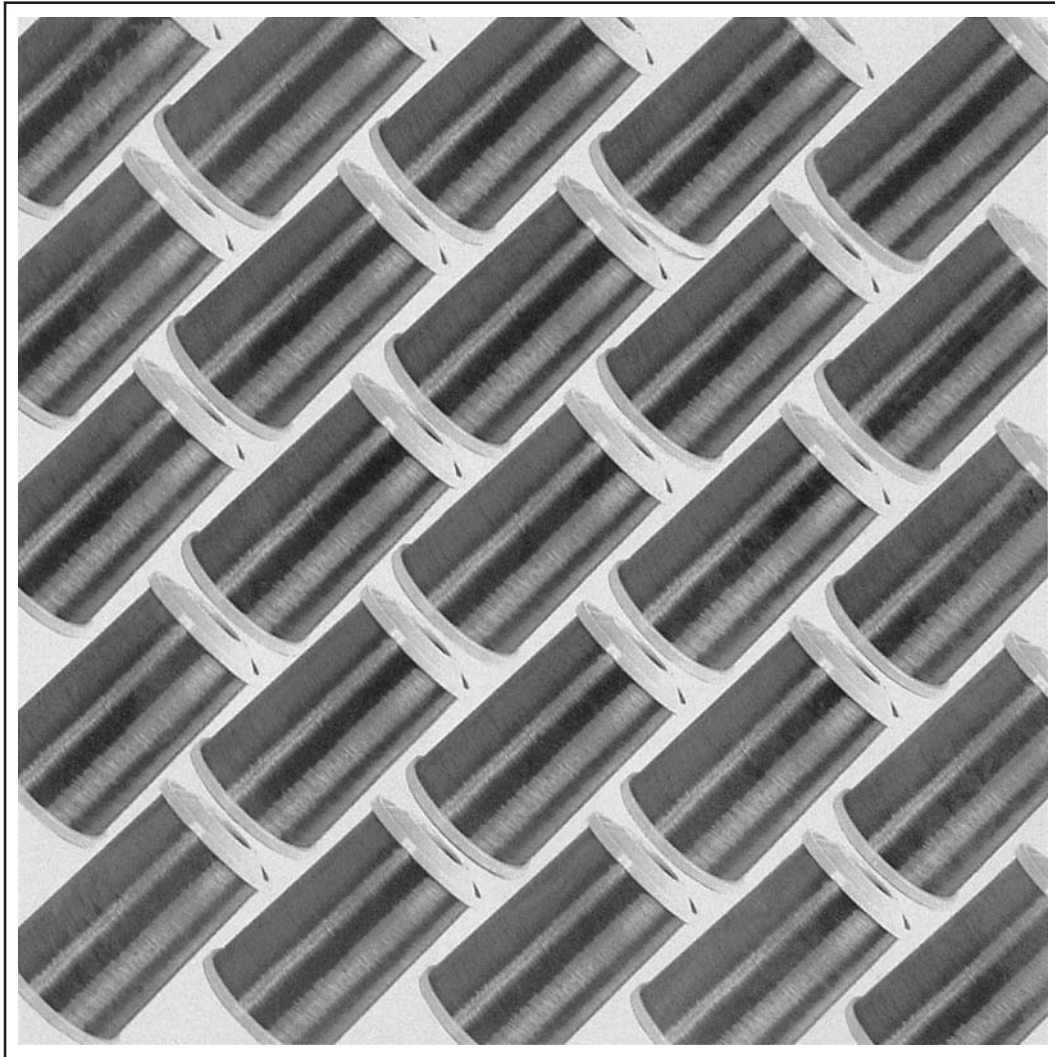


20th

Annual Report  
2008-2009



PRECISION WIRES INDIA LIMITED

**Financial Highlights**

Rupees in Lacs

	2008/09	2007/08	2006/07	2005/06	2004/05
Equity Share Capital (Paid up)	1156.36	1156.36	1046.36	1046.36	1046.36
Reserves & Surplus	13023.26	13015.32	9938.94	8734.27	7347.02
Provision for Deferred Tax for the year - Expense/(Income)	74.63	200.97	324.38	184.70	55.63
Current Assets	16263.92	22037.92	19180.25	14921.13	10980.90
Current Liabilities	7704.37	11868.96	11108.52	10854.76	6595.64
Inventories	4247.26	5430.45	3598.28	3375.98	2026.87
Sundry Debtors	7865.63	11546.42	11121.88	7993.86	5855.99
Creditors	6938.09	11352.26	10606.99	10410.63	6341.06
Secured Loans	6024.97	7338.04	6086.19	3554.44	1144.08
Interest Paid	398.42	463.19	525.56	150.91	91.10
Depreciation	1032.22	900.25	751.30	463.70	460.51
Income Tax	15.60	722.23	543.14	634.45	676.03
Dividend paid      Rs. Per Equity Share	0.80*	3.6	3.5	3.5	3.4
Book Value of Shares      Rs.	122.62	122.55	104.99	93.44	80.08
E.P.S.      Rs.	1.00	15.16	16.04	17.25	14.64
No. of Shareholders	7951	7884	7259	7825	8857

\* Proposed



## PRECISION WIRES INDIA LIMITED

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### BOARD OF DIRECTORS :

Mr. Mahendra R. Mehta	–	Chairman and Managing Director & CEO
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.

<b>COMPANY SECRETARY</b>	:	Mr. S. G. Sathe
<b>BANKERS</b>	:	Bank of Baroda, Palej 392 220, Dist. Bharuch, Gujarat BNP Paribas, Fort, Mumbai
<b>AUDITORS</b>	:	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. 125/2, Amlī Hanuman (66KVA) Road,  
Silvassa - 396 230.  
(Union Territory of Dadra & Nagar Haveli)

### PALEJ UNIT : ATLAS WIRES

Plot No. 3, GIDC, N.H. No. 8,  
Palej - 392 220, Dist. Bharuch (Gujarat)

### UNIT II : ATLAS WIRES

Plot Survey No. 125/2, Amlī Hanuman (66KVA) Road,  
Silvassa - 396 230.  
(Union Territory of Dadra & Nagar Haveli)

### REGISTRARS AND TRANSFER AGENTS :

Sharepro Services (India) Private Limited  
Samhita Warehousing Complex, Warehouse No. 52 & 53, Plot No. 13AB,  
2nd Floor, Sakinaka, Mumbai - 400 072.  
Tel. No. : (022) 67720400 • Fax No. : (022) 67720416  
Email Id : sharepro@shareproservices.com

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

Bombay Stock Exchange Ltd. (BSE)  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 023.

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

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**NOTICE TO MEMBERS**


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NOTICE is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of Precision Wires India Limited will be held on 19<sup>th</sup> September, 2009 at 2.30 pm at the Hall of The Mysore Association, 1<sup>st</sup> Floor, 393, Bhau Daji Road, Maheshwari Udyan (King Circle), Matunga (Central Railway) Mumbai - 400 019, to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To declare a dividend on equity shares.
- 3) To appoint a Director in place of Shri P. N. Vencatesan who retires by rotation under Article 128 of Articles of Association of the Company and is eligible for reappointment.
- 4) To appoint a Director in place of Shri Pratapbhai R. Merchant who retires by rotation under Article 128 of Articles of Association of the Company and is eligible for reappointment.
- 5) To appoint S. R. Divatia & Co., Chartered Accountants, as the Auditors of the Company and fix their remuneration.

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

**“RESOLVED THAT** M/s. S. R. Divatia & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration, and Service Tax, thereon, as may be fixed by the Board of Directors of the Company in addition to reimbursement of the travel and other out of pocket expenses incurred by them.”

**Special Business:**

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 or any statutory amendment or modifications thereto and subject to such sanctions and approvals as may be necessary in law, the Company hereby approves the re-appointment of Shri Milan M. Mehta as Vice Chairman and Managing Director of the Company for a period of Three years with effect from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2012, on remuneration and the terms and conditions as set out in the Letter of Appointment dated 28.01.2009, a copy whereof initialed by the Chairman for the purpose of identification has been placed before the Meeting, which Letter of Appointment dated 28.01.2009 is hereby specifically approved and sanctioned with the liberty to the Board of Directors (which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter, vary and modify the terms and conditions of the said appointment and/or remuneration including commission, perquisites and other allowances and/or the letter of appointment in such manner as may be agreed to 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 statutory amendments and modifications thereto, and if necessary as may be stipulated by the Central Government and as may be agreed to accordingly between Board of Directors and Shri Milan M. Mehta.

RESOLVED FURTHER THAT subject to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Shri Milan M. Mehta as Vice Chairman & Managing Director by way of salary, perquisites, commission and other allowances shall not exceed five percent of the net profits of the company computed under Section 198 of the Companies Act, 1956 and if the company has more than one managerial personnel, ten percent of such net profits for all such managerial personnel of the Company together in that financial year.

RESOLVED FURTHER THAT notwithstanding anything stated hereinabove if in any financial year of the company during the currency of tenure of Shri Milan M. Mehta as Vice 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 may take such steps considered necessary, expedient or desirable in the best interest of the Company, for the purpose of giving effect to this Resolution.

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 and subject to such sanctions and approvals as may be necessary or required under law and as approved by a Resolution of the Remuneration Committee of the Company at its meeting held on 27<sup>th</sup> January, 2006 and in accordance with the letter of appointment issued to Shri Milan M. Mehta by the Company on 28<sup>th</sup> January, 2006 and as approved by a Special Resolution passed at the Extraordinary General Meeting of the Company held on 22<sup>nd</sup> May, 2006, the Company hereby approves the payment of Minimum Remuneration in accordance with Schedule XIII to the Companies Act, 1956 and as set out in detail in the Explanatory Statement under Section 173 of the Companies Act, 1956 annexed to this notice, to Shri Milan M. Mehta, Vice Chairman and Managing Director of the Company, for the year 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009, and further approves the payment of contribution for the same period by the Company to provident fund on account of Shri Milan M. Mehta, which amount does not form a part of the Minimum Remuneration as provided in the said Schedule.



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**NOTICE TO MEMBERS**

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act 1956 and subject to such sanctions and approvals as may be necessary in law and as approved by a Resolution of the Remuneration Committee of the Company at its meeting held on 11<sup>th</sup> June, 2007 and in accordance with the letter of appointment issued to Shri Deepak M. Mehta by the Company on 12<sup>th</sup> June, 2007 and in accordance with a Special Resolution passed at the Meeting of the Company held on 26<sup>th</sup> September, 2007, the Company hereby approves the payment of Minimum Remuneration in accordance with Schedule XIII to the Companies Act, 1956 and as set out in detail in the Explanatory Statement under Section 173 of the Companies Act, 1956 annexed to this notice, to Shri Deepak M. Mehta, Whole-time Director of the Company, for the period from 1<sup>st</sup> April, 2008 up to the remainder of his term as Whole-time Director and further approves the payment of contribution by the Company for the said period to provident fund on account of Shri Deepak M. Mehta, which does not form a part of the Minimum Remuneration as provided in the said Schedule.

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act 1956 and subject to such sanctions and approvals as may be necessary in law

and as approved by Resolutions of the Remuneration Committee of the Company at its meetings held on 28<sup>th</sup> June, 2003 and on 28<sup>th</sup> April, 2008 and in accordance with the letter of appointments issued to Shri Mahendra R. Mehta by the Company on 22<sup>nd</sup> September, 2003 & on 28<sup>th</sup> April, 2008 and as approved by Special Resolutions passed at the Annual General Meetings of the Company held on 22<sup>nd</sup> September, 2003 and on 27<sup>th</sup> September, 2008, which relate to the appointment for the period from 1<sup>st</sup> October, 2003 to 30<sup>th</sup> September, 2008 and 1<sup>st</sup> October, 2008 to 30<sup>th</sup> September, 2011, respectively, the Company hereby approves the payment of Minimum Remuneration in accordance with Schedule XIII to the Companies Act, 1956 and as set out in detail in the Explanatory Statement under Section 173 of the Companies Act, 1956 annexed to this notice, to Shri Mahendra R. Mehta, Chairman and Managing Director of the Company, for the year 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009 and for the remainder of his term as Chairman and Managing Director and further approves the payment of contribution by the Company for the said period to the provident fund on account of Shri Mahendra R. Mehta, which does not form a part of the Minimum Remuneration as provided in the said Schedule.

**By Order of the Board**

**S. G. Sathe**  
Company Secretary

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

Mumbai  
29<sup>th</sup> June, 2009

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**Notes :-**

- 1) Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 ('the Act') in respect of Item No. 6 to 9 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 12<sup>th</sup> September, 2009 to 19<sup>th</sup> September, 2009 (both days inclusive.)
- 4) Members are requested to advise, indicating their folio number, the change of their addresses, if any, to Sharepro Services (India) Private Ltd., Samhita Warehousing Complex, Warehouse No. 52 & 53, Plot No.13AB, 2nd Floor, Sakinaka, Mumbai - 400 072, the Registrar and Share Transfer Agents of the Company.
- 5) The Dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid to those share holders whose names stand on the Register of Members as on 19<sup>th</sup> September, 2009.
- 6) Members are requested to note that Dividends not encashed or remaining unclaimed within a period of seven years from the date of transfer to the Company's Unpaid Dividend Account will be transferred under Section 205 A of the Companies Act, 1956 to the Investors Education and Protection Fund (IEPF) established under Section 205 C of the said Act. Accordingly, Dividend for the Financial Year ended up to 31.03.2002 have been transferred to IEPF of the Central Government. Dividend for financial year ended 31.3.2003 declared on 22.9.2003 is due for such transfer to IEPF on or about 21.10.2010.
- 7) Shareholders who have not yet encashed the Dividend Warrant(s) so far for the financial year ended 31<sup>st</sup> March, 2003 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.
- 8) Members are requested to carry their Printed Annual Report at the time of attending the Meeting.

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**NOTICE TO MEMBERS**


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- 9) Brief note on the background and functional experience of Independent Directors proposed to be reappointed at the ensuing Annual General Meeting as per Item Nos. 3 & 4 of this Notice, pursuant to Clause 49 of the Listing Agreement are as under:

<b>NAME OF THE DIRECTOR</b>	<b>Shri. P. N. Vencatesan</b>	<b>Shri Pratap R Merchant</b>
<b>DATE OF BIRTH &amp; AGE</b>	18 <sup>th</sup> August, 1926 Age : 83 Years	2 <sup>nd</sup> March, 1935 Age : 74 Years
<b>DATE OF APPOINTMENT</b>	Appointed as Additional Director on 11.09.1991 and as Director at the Annual General Meeting held on 25.09.1992 and thereafter re-appointed after retirement by rotation from time to time, the last such re-appointment being at the AGM held on 26.09.2007	Appointed as Additional Director on 28.10.1998 and as Director at the Annual General Meeting held on 23.07.1999 and thereafter re-appointed after retirement by rotation from time to time, the last such re-appointment being at the AGM held on 26.09.2007.
<b>EXPERTISE IN SPECIFIC FUNCTION</b>	Renowned Management Consultant	Ex-Banker and has rich experience in Banking & Finance Sectors
<b>QUALIFICATIONS</b>	Chartered Accountant	B.Com., CAIIB-I
<b>LIST OF OTHER COMPANIES IN WHICH DIRECTORSHIP HELD AS ON 31<sup>ST</sup> MARCH, 2009</b>	Mahindra Composites Ltd.	a) Setco Automotive Ltd. b) KJMC Asset Management Co. Ltd. c) Gwalior Chemical Industries Ltd.
<b>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, 2009</b>	Chairman of Audit Committee and Member of Investor Service Committee of Mahindra Composites Ltd.	a) Chairman of Audit Committee and Member of Remuneration Committee of Setco Automotive Ltd. b) Chairman of Audit Committee and Member of Remuneration Committee of KJMC Asset Management Co. Ltd. c) Member of Audit Committee and Member of Remuneration Committee of Gwalior Chemical Industries Ltd.
<b>Shareholding in the Company</b>	NIL	1000

Shri P. N. Vencatesan and Shri Pratap R Merchant are interested in their own re-appointments and none of other Directors are in any way concerned or interested in the said re-appointments.

Your Directors commend your approval to the re-appointments of Shri P. N. Vencatesan and Shri Pratap R. Merchant.





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**NOTICE TO MEMBERS**

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**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 (The Act).****Item No. 6****Re-Appointment of Shri Milan M. Mehta, Vice Chairman & Managing Director.**

The resolution at Item no.6 of the Notice seeks approval of the Members in respect of the re-appointment and payment of remuneration to Shri Milan M. Mehta as Vice Chairman & Managing Director of the Company. The present Term of Office of Shri. Milan M. Mehta as Vice Chairman & Managing Director has expired on 31st March, 2009. The Board of Directors of the Company at its Meeting held on 28th January, 2009 has subject to the approval of the Members of the Company in General Meeting and any other approvals as may be necessary, re-appointed Shri Milan M. Mehta, vide letter of appointment dated 28.01.2009, as Vice Chairman & Managing Director for a further period of Three Years with effect from 01.04.2009 to 31.3.2012.

The Principal Terms and conditions as contained in the said Letter of Appointment dated 28.01.2009 are as under :

**Salary :**

Rs. 4,00,000/- (Rupees Four Lacs) per month,

**Period :**

For 3 Years with effect from 01.04.2009.

**Commission :**

In addition to salary, perquisites and other allowances, Commission at 1% based on the Net Profits 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.

In addition to salary and commission, the following perquisites shall be allowed to Shri Milan M. Mehta.

**Perquisites :**

1. Housing:  
Rent free furnished residential accommodation. In case no residential accommodation is provided by the company the Vice Chairman & Managing Director shall be entitled to house rent allowance as may be approved by the Board of Directors.
2. Medical Re-imbusement:  
Reimbursement of medical expenses incurred for Shri Milan M. Mehta and family.
3. Reimbursement of gas, electricity, water charges and furnishings.
4. Leave travel concession for Shri Milan M. Mehta and family once in a year not exceeding one month's salary for each year. In case leave travel concession is not availed of in any year, the same shall be allowed to be accumulated subject to a maximum of three years.
5. Fees of clubs subject to a maximum of two clubs.
6. Personal accident insurance subject to a maximum premium of Rs 10,000/- per annum.
7. Provision of car for business as well as for personal purposes with driver.
8. Telephone & Internet connection at the residence for business as well as personal use.
9. Provision of services of two domestic servants at his residence or reimbursement of expenses incurred on such two servants at his residence.

10. Earned / Privilege Leave on full pay and allowances : As per Rules of the Company but not more than one month's leave for every eleven months of service shall be allowed.

Shri Milan M. Mehta shall also be paid the following perquisites, which shall not be included in the computation of the ceiling on the remuneration in the event the company has no profit or its profits are inadequate in any financial year during the aforesaid period:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
- c) Encashment of leave at the end of the tenure

Explanation : 'Family' means the spouse, dependent children and dependent parents of the Vice Chairman and Managing Director.

In the event of loss or inadequacy of profits in any financial year of the Company during the currency of tenure of the Vice Chairman & Managing Director, the payment of above Salary and perquisites and other allowances shall be governed by and paid in accordance with the limits and conditions prescribed under Section II of Part II of the Schedule XIII to the Companies Act, 1956 or any amendment thereof.

**Other terms**

- a) As long as Shri Milan M. Mehta is functioning as Vice Chairman & Managing Director of the Company no sitting fees will be paid to him for the meetings of the Board of Directors or any Committee thereof attended by him.
- b) The Vice Chairman & Managing Director shall be entitled to re-imbusement of all actual expenses, including entertainment, traveling, Hotel and other expenses incurred by him in India and abroad exclusively on the company's business.
- c) Either party shall be entitled to terminate this appointment by giving to the other party ninety (90) days' notice in writing without showing any cause.

Further particulars as per Part II, Section II of Schedule XIII to the Companies Act, 1956:

- (i) Remuneration Committee of the Board has approved the terms of remuneration payable to Shri Milan M. Mehta, as mentioned hereinabove at its meeting held on 28th January, 2009, which is in accordance with the provisions of Schedule XIII to the Companies Act, 1956.
- (ii) The company has not made any default in repayment of any of its debts or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of Shri Milan M Mehta.
- (iii) General Information about the Company, the information about the Appointee Shri Milan M Mehta, Other Information and Disclosures as per proviso (IV) of Part II of Section II, section 1 [B] of Schedule XIII to the Companies Act, 1956 are given below along with explanatory statement for Item No. 7, 8 & 9:

## NOTICE TO MEMBERS

Item No. 7, 8 &amp; 9:

Minimum Remuneration paid / payable to Shri Milan M Mehta, Vice Chairman and Managing Director, to Shri Deepak M Mehta, Whole-time Director and to Shri Mahendra R Mehta, Chairman and Managing Director:

Name and Designation of Directors	Shri Milan M Mehta, Vice Chairman and Managing Director	Shri Deepak M Mehta, Whole-time Director	Shri Mahendra R Mehta, Chairman and Managing Director
Minimum Remuneration paid / payable for the period ..	1-4-2008 to 31-3-2008	1.4.2008 to 31.7.2010	1.4.2008 to 30.9.2011
Period of Appointment	1.4.2008 to 31.3.2009	1.8.2007 to 31.7.2010	1.10.2003 to 30.9.2008 AND 1.10.2008 to 30.9.2011
Date of Approval of appointment and Terms by Remuneration Committee of the Company & Board of Directors	27 <sup>th</sup> January, 2008	11 <sup>th</sup> June, 2007	28 <sup>th</sup> June, 2003 AND 28 <sup>th</sup> April, 2008
Date of Letter of Appointment issued by the Company to the Director	28.01.2008	12.06.2007	22.09.2003 AND 28.04.2008
Date of Approval of appointment and Terms by Shareholders of the Company in a Meeting by a Special Resolution.	Extra-ordinary General Meeting held on 22 <sup>nd</sup> May, 2008.	Annual General Meeting held on 26 <sup>th</sup> September, 2007.	Annual General Meetings held on 22.9.2003 and on 27.9.2008.
Minimum Remuneration is paid / payable for 1.4.2008 to 31.3.2009			
Salary paid	Rs. 38,00,000/-	24,00,000/-	25,50,000/-
Perquisites Paid	Rs. 5,76,895/-	7,24,158/-	9,46,175/-
Commission Payable	Rs. 3,40,958/-	3,40,958/-	3,40,958/-
Total	Rs. 45,17,851/-	34,65,114/-	38,37,131/-
Eligible Limit of Minimum Remuneration as per paragraph [B] of Section II of Part II of Schedule XIII to the Companies Act, 1956	Rs. 48,00,000/-	Rs. 48,00,000/-	Rs. 42,00,000/-
Company's contribution to Provident Fund etc, not forming part of Minimum Remuneration	Rs. 4,38,000/-	Rs. 2,88,000/-	Rs. 3,08,000/-
A] Date of Effective Capital	31.3.2005	31.3.2007	31.3.2009*
B] Amount of Effective Capital	Rupees	Rupees	Rupees
i. Paid up Share Capital	10,48,36,230/-	10,48,36,230/-	10,48,36,230/-
ii. Reserves and Surplus	87,34,27,388/-	99,38,93,571/-	54,16,43,281/-
iii. 13% Unsecured Fully convertible Debentures	Nil	19,48,65,000/-	Nil
iv. Long Term Loans	23,78,23,839/-	36,89,86,364/-	109,84,302/-
v. Less: Investments excluding Short term investment for Treasury Management	(18,11,110/-)	(18,10,110/-)	(14,25,978/-)
vi. Less: Miscellaneous Expenditure not written off	(3,52,306/-)	Nil	(35,45,438/-)
Total Effective Capital	1,21,39,24,041/-	1,68,07,71,055/-	65,22,92,399/-
Date of Effective Capital being 31.3.2009 applicable in case of Shri Mahendra R Mehta is ignored as the Effective Capital on that date is greater than as on 31.3.2009, the date considered above			

- REFER ERRATA LAST PAGE -





## NOTICE TO MEMBERS

As per the above sanctions the remuneration payable to Shri Milan M. Mehta -Vice Chairman and Managing Director, Shri Deepak M Mehta - Whole-time Director and Shri Mahendra R Mehta - Chairman and Managing Director (Collectively referred to as "the Managerial Personnel") by way of salary, perquisites, commission and other allowances shall not exceed ten percent of net profits of the Company computed under Section 198 of the Companies Act, 1956 in that financial year, for the Managerial Personnel.

The above sanctions further provide that if in any financial year of the company during the currency of tenure of the Managerial Personnel, 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.

The remuneration paid/payable to the Managerial Personnel by way of salary, perquisites, commission and other allowances for the year 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009 exceeds Ten percent of the net profits of the company computed under Section 198 of the Companies Act, 1956.

However, the Remuneration paid / payable to Shri Milan M. Mehta - Vice Chairman and Managing Director, Shri Deepak M Mehta - Whole-time Director is within the limits of and conditions prescribed for payment of Minimum Remuneration as per paragraph [B] of Section II of Part II of Schedule XIII to the Companies Act, 1956. The Remuneration paid / payable to Shri Mahendra R. Mehta - Chairman and Managing Director is within the limits of Minimum Remuneration, but his appointment for period ending 30<sup>th</sup> September, 2008 was for a period of Five Years, which is not according to conditions prescribed for payment of Minimum Remuneration as above. The Company, therefore, proposes to make an application to the Central Government for approval of the Minimum Remuneration paid / payable to Shri Mahendra R. Mehta.

The Company has not made any default in repayment of any of its debts or debentures or interest payable thereon in the preceding financial year before the date of appointment of the Managerial Personnel.

Other particulars as per Proviso (iii) to paragraph [B] of Section II of Part II of Schedule XIII to the Companies Act, 1956 are as under:

(iii) I : GENERAL INFORMATION as per proviso (IV) of Part II of Section II, section 1 [B] of Schedule XIII to the Companies Act, 1956, applicable to the Managerial Personnel:

- 1) Nature of Industry : The Company is engaged in manufacture of winding wires of copper.
- 2) Date of commencement of commercial production: 31.12.1992.
- 3) In case of new companies, expected date of commencement of activities - not applicable.
- 4) Financial Performance based on given indicators:

	(Rs./Lacs)	
	2008-09	2007-08
Effective Capital	16065.52	17164.00
Net Profit after Tax	116.17	1724.79

- 5) Export Performance & net foreign exchange collaborations

Exports (FOB)	1886.55	839.60
Foreign Exchange Outgo	7744.58	12498.45

- 6) Foreign Investments & Collaborations if any:

The Company has not made any Foreign Investments. Company has Technology Transfer Agreement for Paper Insulated Copper Conductors and Continuously Transposed Copper Conductors with M/s Essex spa, Italy.

(iii) II : INFORMATION ABOUT THE APPOINTEE Shri Milan M. Mehta as per proviso (IV) of Part II of Section II, section 1 [B] of Schedule XIII to the Companies Act, 1956:

- 1) Background Details: Shri Milan M. Mehta holds B.S. (E.E.) qualifications and was Technical Director of Atlas Wires Ltd., prior to joining the Company as Managing Director in April, 1996. He has contributed immensely to the performance of the company over the years and played pivotal part in successful implementation of Expansion Projects undertaken by the Company.

- 2) Past Remuneration: Shri Milan M. Mehta was paid the following remuneration:

	(Rs./Lacs)	
	2008-09	2007-08
Salary	36.00	31.20
Perquisites	5.77	4.94
Commission	3.41	28.42
Contribution to Provident Fund	4.32	3.74
	-----	-----
Total	49.50	68.30
	=====	=====

- 3) Recognition or awards: The company has no information about it.

- 4) Job Profile and his suitability: Having regard to his vast experience as Technical Director of Atlas Wires Ltd and Managing Director of the Company since 1996, the Board of Directors is of the opinion that Shri Milan Mehta is eminently suitable to hold the position and the proposed remuneration is reasonable.

- 5) Remuneration Proposed: As stated in preceding paragraphs, from 1.4.2008 to 31.3.2009.

- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The company has no information to offer, but having regard to the versatile experience and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.

- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel:

Shri Milan M. Mehta is a promoter of the Company holding 8,22,948 fully paid Equity Shares of Rs. 10/-

## NOTICE TO MEMBERS

each, amounting to 7.12% of the paid up capital of the Company. He is son of Shri Mahendra R Mehta, CMD and brother of Shri Deepak M Mehta, Whole-time Director.

(iii) II : INFORMATION ABOUT THE APPOINTEE Shri Deepak M. Mehta as per proviso (IV) of Part II of Section II, section 1 [B] of Schedule XIII to the Companies Act, 1956:

- 1) Background Details : Shri Deepak M. Mehta is a Commerce Graduate and he was Whole-time Director of Atlas Wires Ltd., prior to its amalgamation with Precision Wires India Ltd. He has contributed immensely to the performance of the company over the years and played pivotal part in the growth of the Company.
- 2) Past Remuneration: Shri Deepak Mehta was paid the following remuneration:

	(Rs./Lacs)	
	2008-09	2007-08
Salary	24.00	24.00
Perquisites	7.24	10.24
Commission	3.41	28.42
Contribution to Provident Fund	2.88	2.88
Total	37.53	65.54

- 3) Recognition or awards: The company has no information about it.
- 4) Job Profile and his suitability: Having regard to his vast experience as Whole-time Director of Atlas Wires Ltd., prior to its amalgamation with Precision Wires India Ltd., the Board of Directors is of the opinion that Shri Deepak Mehta is eminently suitable to hold the position and the proposed remuneration is reasonable.
- 5) Remuneration Proposed: 1.4.2008 to 31.7.2010.
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:  
The company has no information to offer, but having regard to the versatile experience and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.
- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel:  
Shri Deepak M Mehta is a promoter of the Company holding 5,32,160 fully paid Equity Shares of Rs. 10/- each, amounting to 4.60% of the paid up capital of the Company.. He is son of Shri Mahendra R Mehta, CMD and brother of Shri Milan M Mehta, Managing Director.

(iii) II : INFORMATION ABOUT THE APPOINTEE Shri Mahendra R Mehta as per proviso (IV) of Part II of Section II, section 1 [B] of Schedule XIII to the Companies Act, 1956:

- 1) Background Details: Shri Mahendra R. Mehta is a Promoter of the Company and also the promoter and Managing Director of Atlas Wires Ltd., which was

merged with the Company in the year 2001. He has vast experience in manufacturing sector for over five decades in general and non-ferrous down-stream products and electrical industry in particular. He has held important positions at Industry Associations such as IEEMA, Bombay Chamber of Commerce and Industry, Winding Wires Manufacturers' Association and MMTC of India Ltd.

- 2) Past Remuneration: Shri Mahendra R Mehta was paid the following remuneration:

	(Rs./Lacs)	
	2008-09	2007-08
Salary	25.50	24.00
Perquisites	9.46	3.25
Commission	3.41	28.42
Contribution to Provident Fund	3.06	4.03
Total	41.43	59.70

- 3) Recognition or awards: The company has no information about it.
- 4) Job Profile and his suitability: Having regard to the vast experience as promoter and Managing Director of Atlas Wires Ltd prior to its amalgamation with Precision Wires India Ltd., the Board of Directors is of the opinion that Shri Mahendra Mehta is eminently suitable to hold the position and the proposed remuneration is reasonable.
- 5) Remuneration Proposed: As stated in preceding paragraphs, from 1.4.2008 to 30.9-2011.
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:  
The company has no information to offer, but having regard to the versatile experience and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.
- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel:

Shri Mahendra R Mehta is a promoter of the Company holding 15,51,635 fully paid Equity Shares of Rs. 10/- each, amounting to 13.42% of the paid up capital of the Company. He is Father of Shri Milan M. Mehta, Managing Director and Shri Deepak M. Mehta, Whole-time Director.

(iii) III : OTHER INFORMATION as per proviso (IV) of Part II of Section II, section 1 [B] of Schedule XIII to the Companies Act, 1956 applicable to the Managerial Personnel:

- 1) Reasons for Loss or Inadequacy of Profits:  
Sudden and steep fall in the price of Copper, our Primary Input, from October 08 onward resulted in losses on sale of our finished product. Also, due to sudden economic slow-down in the 2nd half of the year, our customers deferred taking delivery of our



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**NOTICE TO MEMBERS**

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finished product but we had to take delivery of Copper against our commitments. Due to this mis-match, we were forced to sell our finished product at lower market price which resulted in losses. Furthermore, we incurred losses on inventory of Copper.

- 2) Steps taken or proposed to be taken for improvement: The Company has strengthened its inventory risk mitigation procedures.
  - 3) Expected increase in productivity and profits in measurable terms:  
The volatility in prices of the Company's primary input, copper, continues in international and local markets. Although the economy seems to have overcome the slow-down, it is not possible to accurately predict the future profitability.
- (iii) IV : DISCLOSURES as per proviso (IV) of Part II of Section II, section 1 [B] of Schedule XIII to the Companies Act, 1956 applicable to the Managerial Personnel:
- 1) The Remuneration package of the Managerial Personnel for the year 1.4.2008 to 31.3.2009, is given above.
  - 2) The following information has been disclosed in the Board of Directors' Report under the heading "Corporate Governance" attached to the annual report for the year 2008-09:
    - i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions, etc. of all the directors;
    - ii) Details of fixed component and performance linked incentives along with the performance criteria;
    - iii) Service contracts, notice period, severance fees;
    - iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

**MEMORANDUM OF CONCERN OR INTEREST IN ITEM NUMBERS 6 TO 9 OF THE NOTICE OF THE MEETING:**

Shri Mahendra R. Mehta - Chairman and Managing Director, Shri Milan M. Mehta - Managing Director and Shri Deepak M. Mehta - Whole-time Director are relatives of each other and therefore they may be deemed to be concerned with or interested in the Special Resolutions at item No. 6 to Item No. 9 of the accompanying Notice of Meeting of shareholders to be held on 19.9.2009, as these items relate to Re-appointment of Shri Milan M. Mehta as Vice Chairman & Managing Director and remuneration of Shri Mahendra R. Mehta, Shri Milan M. Mehta and Shri Deepak M. Mehta.

Save as aforesaid, none of other Directors are in any way concerned or interested in the Resolution at item no. 6 to 9 of the accompanying Notice of Meeting of shareholders to be held on 19.9.2009.

**DOCUMENTS OPEN FOR INSPECTION:**

The following documents in relation to Item Nos. 6 to 9 of the accompanying Notice are open for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day of the Company, except Saturday:

- 1) Letter of appointment dated 28.01.2009 issued to Shri Milan M. Mehta, referred to in the item No. 6 of the accompanying Notice.
- 2) Letter of appointment dated 28.01.2006 issued to Shri Milan M. Mehta, referred to in the item No. 7 of the accompanying Notice.
- 3) Copy of Special Resolution passed by Members at an Extra-ordinary General Meeting of the Company held on 22<sup>nd</sup> May, 2006, referred to in the item No. 7 of the accompanying Notice.
- 4) Letter of appointment dated 12<sup>th</sup> June, 2007, issued to Shri Deepak M. Mehta, referred to in the item No. 8 of the accompanying Notice.
- 5) Copy of Special Resolution passed by Members at the Annual General Meeting of the Company held on 26.9.2007, referred to in the item No. 8 of the accompanying Notice.
- 6) Letter of appointment dated 22.09.2003, issued to Shri Mahendra R. Mehta, referred to in the item No. 9 of the accompanying Notice.
- 7) Copy of Special Resolution passed by Members at the Annual General Meeting of the Company held on 22.09.2003, referred to in the item No. 9 of the accompanying Notice.
- 8) Letter of appointment dated 28.4.2008, issued to Shri Mahendra R Mehta, referred to in the item No. 9 of the accompanying Notice.
- 9) Copy of Special Resolution passed by Members at the Annual General Meeting of the Company held on 27.9.2008, referred to in the item No. 9 of the accompanying Notice.

Your Directors commend the proposed Resolutions at item Nos. 6 to 9 of the Agenda as Special Resolutions for your approval.

**By Order of the Board**

**S. G. Sathe**  
Company Secretary

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

Mumbai  
29<sup>th</sup> June, 2009

## DIRECTORS' REPORT

## TO THE MEMBERS

The Directors hereby present the Twentieth Annual Report of your Company, together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

## 1. Financial Results :

	(Rupees in Lacs)	
	2008-09	2007-08
Sales (including Excise Duty)	62877.60	68937.16
Less : Excise Duty	(9255.52)	(11537.75)
Sales (Net of Excise Duty)	<u>53622.08</u>	<u>57399.41</u>
Operating Profit	1565.20	3913.53
Add : Other Income	71.83	97.89
Profit before Interest, Depreciation & Taxes	1637.03	4011.42
Interest	(398.41)	(463.19)
Depreciation	(1032.22)	(900.25)
Profit before Taxes & Extra-ordinary Items	206.40	2647.98
Extra-ordinary Items	-	-
Profit before Taxes	206.40	2647.98
Less:		
Provision for Income Tax	0	(701.00)
Provision for Wealth Tax	(0.20)	(0.31)
Provision for Deferred Tax	(74.63)	(200.98)
Provision for Fringe Benefit Tax	(11.00)	(10.50)
Prior Years' Tax Adjustments	(4.40)	(10.42)
Profit after Tax	116.17	1724.77
Add : Balance brought forward from last Account	389.69	351.95
<b>Balance available : (A)</b>	<b>505.86</b>	<b>2076.72</b>
Which the Board of Directors have appropriated as under :		
(i) Proposed Dividend on Equity Shares for the year @ 8% (@ 36%)	92.51	416.29
(ii) Corporate Tax on Dividend	15.72	70.74
(iii) Transfer to General Reserve	5.00	1200.00
<b>(B)</b>	<b>113.23</b>	<b>1687.03</b>
<b>Balance carried forward in Profit &amp; Loss Account (A) – (B)</b>	<b>392.63</b>	<b>389.69</b>

## 2. Dividend

The Directors are pleased to recommend Dividend @ Rs. 0.80 per equity share for the year ended 31<sup>st</sup> March, 2009, subject to the approval of Shareholders at the ensuing Annual General Meeting.

## 3. Operations

During the year under review, the total production of finished goods was about 21472 MT, an increase of approx. 6%. Sales Income Gross and Net of Taxes was Rs. 62877 lacs and Rs. 53622 lacs respectively. Sales Income is lower during the year because of lower prices

of Copper, our primary input, during the second half of the year and also more production on job work.

During the period July-December '08, there was an unprecedented meltdown in the price of Copper, our primary input. The LME Grade "A" Copper CSP Monthly Average Price between July to December '08 declined sharply from USD 8414 / MT (July '08 LME Grade "A" Copper CSP Average) to USD 3072 / MT (December '08 LME Grade "A" Copper CSP Average). The sharpest and steepest falls in the Copper prices took place between October and December '08.

Due to a sudden economic slowdown from October '08 onwards, many of our customers unilaterally deferred taking delivery of our finished products against their orders. We however, had to take delivery of Copper from the domestic and overseas producers on time, as committed. Due to this mismatch, we had to sell our finished products at low market prices which resulted in losses. Furthermore, we incurred losses on inventory of Copper due to the sharp and steep fall in the price of Copper in the year under review.

Rates of Copper, our principal input, continue to be volatile. To protect the interests of the Company, your Company enters into hedging transactions for Copper, while following all statutory regulations. The net loss on copper hedging transactions squared up during the year under review is Rs. 163 lacs (489 lacs) (rounded off), and the same is included in the Cost of Material Consumed (Schedule 11-B to the Profit & Loss Account for the year). This includes losses on unsquared copper hedging transactions as on 31<sup>st</sup> March, 2008 which were not provided for in FY 2007-08.

During the year, some consignments of our finished goods did not reach the plants of our OEM consumers due to loss enroute. Police complaints have been filed. The goods were insured and pending settlement of insurance claims, an amount of Rs. 33.6 lacs is accounted under Loans and Advances (Current Assets).

Shipments of certain imported capital equipment ordered during April '08 were deferred due to the recession. We plan to receive the equipment in phases commencing from June '09 onwards.

Fiscal and monetary measures taken by our Government to combat the recession and improve domestic as well as external financial conditions may ensure growth in momentum during FY 09-10. Our operations during Q1 ending 31<sup>st</sup> June for the fiscal year 2009-10 are likely to show an improvement in performance.

Pursuant to the amendment to our Technology Transfer Agreement, we have commenced exports to markets in advanced economies. For this purpose, we plan to create additional capacity towards the end of fiscal 2010-11.

Your Company continues to be the market leader in the field of Winding Wires made of Copper in India. We have discharged all our financial obligations on time during this difficult period. The long-term future prospects of the Electrical Equipment manufacturing industry in general and the Power sector in particular continue to be bright.



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**DIRECTORS' REPORT**

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**4. Listing / Dematerialisation of the Company's Equity Shares:**

The Equity Shares of your Company continue to be listed at the Bombay Stock Exchange Ltd, (BSE) and National Stock Exchange of India Ltd (NSE) and required Annual Listing Fees have been paid.

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, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, and Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai - 400 023, Under ISIN No. INE372C01011 common for both.

**5. Particulars of Employees:**

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, particulars of the employees are given in Annexure I hereto and form part of this report.

**6. 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.

**7. 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 2009-10. The Auditors have u/s 224 (1B) of the Companies Act 1956 furnished Certificate of Eligibility for reappointment.

**8. 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.

The Company has framed a Code of Conduct for all its Board Members and Senior Management Personnel of the Company, who have affirmed compliance thereto. The said Code of Conduct have been posted on the Company's website. The Declaration to this effect signed by the CEO are made a part of the Annual Report.

**9. 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 had been followed along with proper explanation relating to material departures;
- ii. that 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 as at the end of financial year ended 31<sup>st</sup> March, 2009 and of the profit of the Company for that period;
- iii. that the directors had 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;
- iv. that the directors had prepared the annual accounts for the year ended 31<sup>st</sup> March, 2009, on a going concern basis.

**10. Directors:**

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

**11. Acknowledgements:**

The Directors wish to place on record their deep appreciation of the continued assistance and co-operation from Bank of Baroda, BNP Paribas, the Administration of Union Territory of Dadra and Nagar Haveli, Palej Gram Panchayat, Shareholders 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 29<sup>th</sup> June, 2009



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**DIRECTORS' REPORT**


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**ANNEXURE I TO DIRECTORS' REPORT**

Particulars of Employees as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2009.

Name	Age (Years)	Qualifications	Designation	Date of Commencement of Employment	Experience (Years)	Remuneration (Gross) Rs.	Last Employment and position held
Shri Mahendra R. Mehta	80	–	Chairman & Managing Director	June 1975	57	41,43,131 #	Chairman & M.D of Erstwhile Atlas Wires Ltd.
Shri Deepak M. Mehta	52	B.Com	Whole-time Director	January 1989	29	37,53,114	Whole time Director of Erstwhile Atlas Wires Ltd.
Shri Milan M. Mehta	46	B.S.(E.E.)	Vice Chairman & Managing Director	April 1996	24	49,49,851 #	Technical Director of Erstwhile Atlas Wires Ltd.

Notes :

- (1) All the above persons are relatives of each other
  - (2) The above employments are contractual in nature.
  - (3) Remuneration (Gross) includes Salary, Commission, taxable value of perquisites and Company's contribution to Provident Fund.
  - (4) Please refer Schedule 14-B, Notes to Accounts, Note 2(M)(C)
- # However as Shri Mahendra R. Mehta and Shri Milan M. Mehta, Managing Directors each, hold more than 5% of the Paid-up Share Capital of the Company, are ineligible on this ground for entitlement to gratuity payment through the Trust created, provision in the current year, therefore, has been made for the gratuity payable to them at 15 days salary for the each year completed, being Rs. 6,05,768/- and Rs. 4,49,995/- for Shri Mahendra R. Mehta and Shri Milan M. Mehta respectively, which is not included above.

**ANNEXURE II TO DIRECTORS' REPORT****1. Conservation of energy :**

A. Energy consumption details in form "A" have not been prescribed for the class of industry to which your Company belongs.

**2. Technology Absorption**

**Efforts made technology absorption - as per Form B are given below :**

**FORM "B"****Research and Development (R&D) :**

- |  |   |
|--|---|
| 1) Special areas in which R & D Carried out by the Company | Development of new types of Insulating varnishes. |
| 2) Benefits derived as a result of the above R & D         | Quality improvement.                              |
| 3) Future plan of action                                   | Please refer 2 (1) above.                         |
| 4) Expenditure on R & D                                    | NIL.  |

**Technology Absorption, Adaptation and Innovation :**

- |   |  |
|---|--|
| 1. Efforts in brief made towards technology absorption and innovation | Manpower Training and application with a view to acquire international quality standards and reduce scrap generated while producing CTC. |
| 2. Benefits derived as a result of the above efforts.                 | Improved productivity and quality of new products introduced in F. Y. 2006-07.   |
| 3. Information about Imported Technology                              | Not Applicable.  |

**3. Foreign Exchange Earnings and Outgo :**

Earnings	Rs. 1886.55 (Rs. 839.60) Lacs
Outgoings	Rs. 7744.58 (Rs. 12498.45) Lacs

**Declaration on Compliance of the Company's Code of Conduct**

This is to certify that the Company has adopted a Code of Conduct for the Members of the Board of Directors and Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them.

Mumbai,  
Dated 29<sup>th</sup> June, 2009

**Mahendra R. Mehta**  
Chairman & CEO





**CORPORATE GOVERNANCE REPORT FOR THE YEAR 1<sup>ST</sup> April, 2008 TO 31<sup>ST</sup> MARCH, 2009  
(ANNEXURE III TO THE DIRECTORS' REPORT)**

(as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges)

**1. A brief statement on Company's Philosophy on code of Corporate Governance:**

The Company continues to remain committed to satisfy the need for transparency in providing the necessary information to Shareholders about the functioning of the Board, the Management and upholding the Corporate Governance practices, within the limits set by the Company's competitive position.

**2. Board of Directors:**

The names and categories of the Directors on the Board, their attendances at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorship and Committee Membership held by them in other companies are as under:

Composition and category of Directors			Member of other Boards or Other Board Committees		Attendance		
Name of Director	Designation	Category	Number of Directorship in other companies*	Number of Board Committee membership held in other companies	Meeting of Board of Directors		AGM Attended
					Held	Attended	
Shri Mahendra R. Mehta	Chairman and Managing Director	Promoter, Executive	-	-	5	5	Yes
Shri Milan M. Mehta	Vice-Chairman and Managing Director	Promoter, Executive	1	-	5	4	Yes
Shri Deepak M. Mehta	Whole-time Director	Promoter, Executive	-	-	5	5	Yes
Shri Vijay M. Krishna	Director	Non-Executive, Independent	4	-	5	-	No
Shri P. N. Vencatesan	Director	Non-Executive, Independent	1	C = 1 M = 1	5	2	Yes
Shri P. R. Merchant	Director	Non-Executive, Independent	3	C = 2 M = 4	5	5	Yes
Shri A. P. Kothari	Director	Non-Executive, Independent	11	C = 1	5	4	No

C = Chairman of Board Committee in other companies

M = Member of Board Committee in other companies

\* Excluding Private, Foreign and Companies registered under Section 25 of the Companies Act, 1956.

Number of Board Meetings held and dates on which held:

Five Meetings of the Board of Directors were held, on 28.04.2008, 26.06.2008, 28.07.2008, 25.10.2008 and 28.01.2009 and the gap between two meetings did not exceed four months. Annual General Meeting (AGM) of the company was held on 27.09.2008.

**3. Audit Committee:**

The Board of Directors had constituted an Audit Committee in the Year 2001.

Brief Description of Terms of Reference are as under:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To fix audit fees of the internal auditors and to approve payment for any other services.
- To meet Statutory Auditors and Internal Auditors, discuss their findings and related matters and to review with the Management the Quarterly Financial Results and also Annual Accounts before same are submitted to the Board for its consideration.
- To look into the various aspects envisaged by relevant SEBI guidelines in this regard.

**The Composition of the Audit Committee and the details of meetings held and attended by the Members are given below:**

During the year, 5 Meetings of the Audit Committee of the Board of Directors were held, on 28.04.2008, 26.06.2008, 28.07.2008, 25.10.2008 and 28.01.2009.

Name of the Members	Category	Audit Committee Meeting	
		Held	Attended
Shri P. N. Vencatesan, Chairman (Chartered Accountant)	Independent, Non-Executive	5	2
Shri P. R. Merchant (Retired Senior Banker)	Independent, Non-Executive	5	5
Shri A. P. Kothari (Technocrat-Entrepreneur)	Independent, Non-Executive	5	4

**4. Remuneration Committee :**

Brief description of Terms of Reference:

The terms of reference of the Remuneration Committee include to determine Company's policy on specific remuneration packages for Executive Directors, including pension rights and compensation payment, after taking into account the financial position of the Company, trends in the industry, appointee's qualifications, experience, past performance, past remuneration etc., and considering interest of the company and shareholders.

Composition, name of members, Chairperson and attendance :

The Remuneration Committee comprises of three Independent & Non-Executive Directors--- Shri P N Vencatesan (Chairman), Shri P R Merchant and Shri A. P. Kothari. During the year 2 (Two) meeting of the Remuneration Committee were held on 28.4.2008 and 28.1.2009.

Shri P R Merchant, & Shri A. P. Kothari attended the Meeting of Remuneration Committee held on 28.4.2008

Shri P. N. Vencatesan, Shri P. R. Merchant, & Shri A. P. Kothari attended the Meeting of Remuneration Committee held on 28.1.2009.

Remuneration Policy:

The Executive Directors' remuneration is approved by the shareholders at their Meetings on the basis of recommendations of the Remuneration Committee and the Board of Directors. The recommendations by these bodies are based on trends in the industry, appointee's qualifications, experience and past performance.

Non-Executive Directors do not receive any remuneration except the sitting fees for attending Meetings of the Board of Directors and / or the Committees of Directors.

Details of remuneration to all the Directors are as under:

[i] Gross Remuneration paid / payable to Executive Directors for financial year 2008-09.

Name of Director and Service Contract	Salary	Commission	Perquisites #	Contribution to PF & Provision for Gratuity	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Shri Mahendra R Mehta (Re-appointed w. e. f. 01.10.2008 for 3 years)	2550000	340956	946175	*911768	4748899
Shri Milan M Mehta (Re-appointed w. e. f. 01.04.2006 for 3 years)	3600000	340956	576895	**881995	5399846
Shri Deepak M Mehta (Re-appointed w. e. f. 01.08.2007 for 3 years)	2400000	340956	724158	288000	3753114

# Perquisites include Reimbursement of medical expenses for self and family, Reimbursement of gas, electricity, water charges and furnishings, Leave travel concession for self and family once in a year not exceeding one month's salary for each year, accumulated subject to a maximum of three years, Fees of clubs subject to a maximum of two clubs, Leave Encashment at end of contract, wages of servants and personal drivers. The above Directors are not entitled to Bonuses, but are entitled to Provident Fund and Retirement Gratuity in accordance with the Law.

\* Includes Provision for Gratuity of Rs. 6,05,768/-,

\*\* Includes Provision for Gratuity of Rs. 4,49,995/-

The variable component of above remuneration is the payment of Commission based on profits of the Company computed as per provisions of Section 198 of the Companies Act, 1956. There is no other performance linked component of the remuneration. The employments are contractual, for a period of three years, terminable by notice in writing of 90 days by either side. No severance fees are payable to any of the managerial personnel. The Company does not have Stock Option plan for its employees or other Managerial Personnel.

Remuneration paid / payable to Shri Mahendra R. Mehta- the Chairman & Managing Director, Shri Milan M. Mehta - the Managing Director & Shri Deepak M. Mehta - the Whole time Director for the year ended 31<sup>st</sup> March, 2009 exceeds 10% of the Profit of the Company as computed under Section 198 of the Companies Act, 1956, by Rs. 84,10,538/-. However, the same is within the minimum remuneration payable as per Schedule XIII of the Companies Act, 1956. The Company has been advised that since the period of appointment of Shri Mahendra R. Mehta was for 5 years upto 30.09.2008, it is necessary to obtain approval of the Central Government for payment of Minimum Remuneration to Shri Mahendra R. Mehta, whereas such approvals are not required in case of Shri Milan M. Mehta & Shri Deepak M. Mehta. The Company accordingly proposes to make and application to the Central Government for the approval of minimum remuneration paid/payable to Shri Mahendra R. Mehta.

No sitting fees are paid to Executive Directors for attending Meetings of Board or Committees of Board.

[ii] Remuneration paid to Non-Executive Directors for financial year 2008-09.

	Shri P. N. Vencatesan	Shri P. R. Merchant	Shri A. P. Kothari
Sitting Fees for attending Board and Committee Meetings	Rs. 39000	Rs. 95000	Rs. 78000

Non-Executive Directors are not paid any other remuneration.

#### 5. Share Transfer & Shareholders'/Investors' Grievance Committee :

Name of non-executive director heading the committee	: Shri P. N. Vencatesan
Name and designation of compliance officer	: Shri S. G. Sathe, Company Secretary
Number of complaints received up to 31.3.2009	: 15 (Fifteen)
Number not solved to the satisfaction of shareholders as on 31.03.2009	: NIL
No of pending complaints	: NIL

The Company has also conducted Secretarial Audit relating to the issue of shares, request for dematerialization of shares, Register of Members and changes in share capital, for every quarter.

**6. a) General Body Meetings :**

- i. Location and time where the last three Annual General Meetings were held & special resolutions passed thereat :

Financial Year	Date	Time	Location	No. of Special Resolutions passed at the AGMs
2007-08	27.09.08	02.30 p.m.	Hall of Mysore Association, 1 <sup>st</sup> Floor, 393 Bhaudaji Road, Maheswari Udyan (KingCircle), Matunga (Central Railway), Mumbai-400019.	ONE
2006-07	26.09.07	02.30 p.m.		TWO
2005-06	31.08.06	10.30 a.m.		NIL

- ii. Resolutions by Postal Ballots, etc. :

No Special Resolutions, requiring voting through postal ballots were put through last year and no such resolutions are proposed to be put through at the ensuing Annual General Meeting of the Company.

**7. Disclosures :**

- i. Materially significant related party transactions:

Transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc. are disclosed in Notes to Accounts as per requirements of Accounting Standard -18. None of these transactions have potential conflict with interest of the Company at large.

- ii. No penalties have been imposed and no strictures have been passed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years and there are no instances of non-compliance of relevant regulatory requirements by the Company.

- iii. As a matter of policy, all employees of the company have free access to all executive and non-executive directors of the company, including the Audit Committee, and are encouraged to report any ultra virus acts or omissions.

- iv. The Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreements . Regarding the status of the compliance with the Non-mandatory requirements of the said Clause, the Company has constituted a Remuneration Committee comprising of Non-Executive & Independent Directors.

**8. Means of communication :**

Quarterly / Annual Results are filed with NSE/BSE and are published in English and Vernacular news papers within the prescribed time limits.

The quarterly and annual financial results are normally published in the Free Press Journal and vernacular "Navshakti" news papers.

The Quarterly Financial Statements, Corporate Governance Reports & Quarterly Shareholding Pattern statements and Annual Report are also available on the EDIFAR website : <http://sebidifar.nic.in> and Financial Statements are also available on the Company's website : <http://precisionwires.com>

**9. General Shareholder Information :**

- i. **Annual General Meeting**

Day, Date, Month & Time : Saturday, 19<sup>th</sup> September, 2009 AT 02.30 P.M.

Venue : Hall of Mysore Association, 1<sup>st</sup> floor, 393 Bhaudaji Road, Maheswari Udyan (KingCircle) Matunga (Central Railway), Mumbai-400019.

- ii. **Financial Calender (tentative)**

Financial Year 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010.

*Quarterly Results:*

Unaudited quarterly results for the first three Quarters will be declared within one month from the close of each quarter. Company generally declares audited results within three months from the end of the financial year and hence it generally does not declare unaudited results for the fourth quarter within one month from end of fourth quarter, as permitted by Clause 41 of the Listing Agreement.

- iii. **Date of Book closure** : From 12.09.2009 to 19.09.2009 (both days inclusive).

- iv. **Dividend payment date** :

Dividend on fully paid Equity shares, subject to the approval of Members at the ensuing Annual General Meeting, Rs. 0.80 per fully paid equity share of Rs. 10/- each shall be paid on or before 19<sup>th</sup> October, 2009.

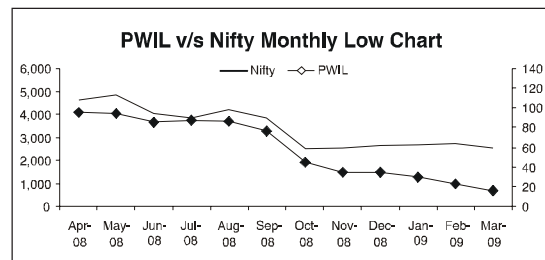
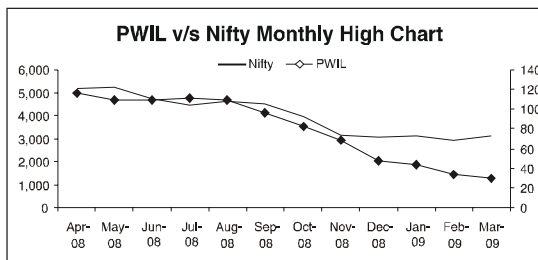
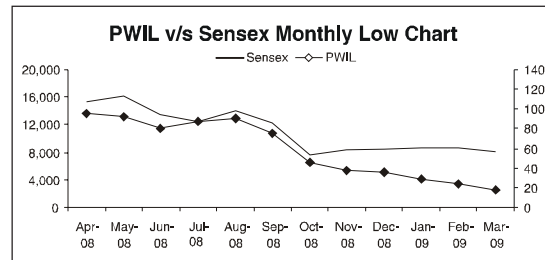
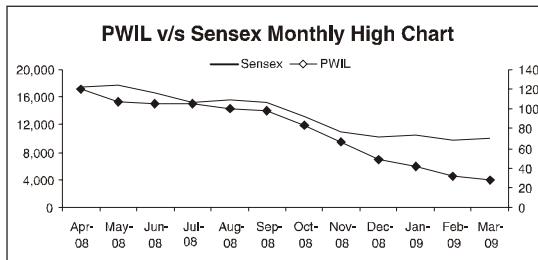
v. **Listing on Stock Exchanges :**

The Equity shares of the Company are listed on Mumbai Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2009-10. The Company's shares are regularly traded on the Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

vi. **Stock Code :** BSE - 523539, NSE SYMBOL - PRECWIRE

vii. **Market Price Data - High, Low during each month in last financial year:**

Month & Year	PWIL @ BSE		SENSEX		PWIL @ NSE		NIFTY	
	High	Low	High	Low	High	Low	High	Low
Apr-08	120.00	95.00	17481	15298	116.00	95.00	5196	4647
May-08	107.00	92.50	17736	16196	108.90	94.20	5228	4835
Jun-08	105.00	80.05	16633	13406	108.95	85.00	4740	4041
Jul-08	104.95	87.15	15130	12514	111.00	87.30	4477	3817
Aug-08	100.00	90.00	15580	14002	109.00	86.35	4620	4214
Sep-08	97.95	75.00	15107	12154	96.00	76.00	4504	3850
Oct-08	83.00	45.50	13204	7697	82.00	45.00	3951	2524
Nov-08	66.40	37.50	10945	8316	68.90	34.55	3148	2553
Dec-08	49.00	36.00	10189	8467	47.85	35.00	3078	2656
Jan-09	42.00	29.00	10470	8632	43.30	29.50	3121	2679
Feb-09	31.75	24.10	9725	8619	34.00	23.30	2948	2734
Mar-09	27.40	17.60	10127	8047	29.40	16.30	3109	2573



ix. **Registrar and Transfer Agents:**

M/s. Sharepro Services (India) Private Ltd.

Samhita Warehousing Complex, Warehouse No. 52 & 53, Plot No. 13AB, 2nd Floor, Sakinaka, Mumbai - 400072.

Tel No. : (022) 67720400 Fax No. (022) 67720416

x. **Share Transfer System :**

Transfers in physical form are lodged with the Company / Transfer Agents. The Transfer Agents have complete computerized facility for processing the transfers. After verification of the transfers lodged in physical form, the transfer agents prepare a statement of transfers which is reviewed by the Shareholders Grievances Committee of Directors and if in order, the transfers are approved, once in a fortnight. The share certificates duly transferred are then sent by the transfer agents to the transferees, which completes the transaction. In case of any complaint from shareholders for delay in transfer, the matter is actively followed up by the company with the transfer agents and the same is resolved to the satisfaction of the shareholder. Transfer of dematerialized shares takes place under the standard system of CDSL / NSDL.

xi. **Distribution of holding as on 31.03.2009:**

No. of Shares		No. of Shareholders		No. of Shares	
From	To	Number	%	Number	%
Less than 501		7290	91.70	924662	8.00
501	- 1000	262	3.30	212182	1.83
1001	- 2000	142	1.79	218350	1.89
2001	- 3000	63	0.79	162599	1.41
3001	- 4000	29	0.36	105529	0.91
4001	- 5000	34	0.43	156814	1.36
5001	- 10000	51	0.64	379884	3.28
10001 & above		79	0.99	9403603	81.32
<b>Total</b>		<b>7950</b>	<b>100.00</b>	<b>11563623</b>	<b>100.00</b>

xii. **Dematerialisation of shares and liquidity:**

The Equity Shares of the Company are in compulsory demat segment. The same are registered with both National Securities Depository Ltd., Trade World, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 and Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th floor, Dalal Street, Mumbai 400 023, under ISIN No. INE372C01011, common for both. 43.21 % of Company's Share Capital are dematerialised as on 31.03.2009.

xiii. **Outstanding GDRs / ADRs / Warrants and Convertible instruments etc -**

The Company has not issued any GDRs or ADRs.

xiv. **Plant Locations:**

Unit I , & Unit II (ATLAS WIRES, SILVASSA) of the Company are located at Plot No. 125/2, Amli Hanuman (66KVA) Road, Silvassa - 396 230 U.T. of Dadra & Nagar Haveli.

PALEJ UNIT (ATLAS WIRES) is located at Plot No. 3, GIDC, National Highway No. 8, Palej - 392 220 Dist. Bharuch, Gujarat.

xv. **Address for correspondence:**

For transfer / dematerialization of shares, and queries relating to share transfer etc., shareholders are requested to directly communicate with the Registrars and Transfer (R & T) Agents at the address given in para ix above. In case their issues are not resolved by R & T Agents in reasonable time, or for any other matter, they may communicate with the company at its Registered Office, at Saiman House, J.A. Raul Street, Sayani Road, Prabhadevi, Mumbai - 400 025. Tel. : 2437 6281 Fax : 2437 0687 Email: investor@grievances@pwil.net; mumbai@pwil.net

**a) Industry Structure & Development:**

The Company produces winding wires made of Copper which are used in the manufacture of both rotating and static electrical equipment. There are a number of players in the industry, many in the SSI sector. Capacities continue to remain fragmented in the country. The overall capacity utilisation is lower than installed capacities.

As compared to the previous year, the production of CTC and PIOC by your Company has increased as quality of these products have been well received by consumers. We plan to expand capacity of CTC by further about 1500 tons / annum by the end of fiscal 2011.

Your Company is engaged in the continuous development of insulating varnish for captive consumption.

**b) Opportunities & Threats:**

As ours is a power-deficit country, massive investment in the power sector, regardless of any change in the political system, is likely to continue. Your Company, therefore, during the last several years has attempted to modernize as well as add new products to its range such as PIOC and CTC. Manufacture of CTC is capital intensive and has a longer gestation period. The process yields higher scrap generation during the initial production period of at least about 5 years until the manpower is fully trained.

Despite the global fiscal upheaval leading to a worldwide recession, India is, as an emerging economy, expected to witness reasonable growth. Export potential of our new products is significant. Despite the economic slowdown, the long-term view offers good opportunities.

Your Company's debt equity ratio at the end of FY 2008-09 is only 0.44 despite the adverse performance in the year under review due to the global recession and commodity market meltdown. We have an opportunity, therefore, to launch expansion projects in certain key areas.

**Areas of Threats:**

High volatility in the rates of Refined Copper, our primary input, both in international as well as domestic markets, remains an important concern during the year and is likely to remain so for the foreseeable future until the rates of Copper in the international market stabilise.

Considering the trend in global commodity prices and domestic prices of food products, inflation is expected to rise in 2009-10. Infrastructural growth, including the power sector, needs to be substantially sped up power shortages continue. Legal and grass-root field level administrative reforms are needed.

Import of Winding Wires made of Copper at a preferential tariff should cease. Goods having high input cost and low value addition should be excluded from the list of items which are eligible for import under FTA.

The Industrial Disputa Act needs urgent reform.

**c) Segment-wise or Product-wise performance:**

The Company's core activity is production and sale of only one product i.e. Winding Wires made of Copper. The overall production has increased by about 8% during the year. Scrap generation during production of CTC and PIOC continues to be high. Besides this, production of CTC and PIOC during the year was at satisfactory levels.

The Winding Wire Division of our Palej Unit has been closed during the year under review. This has not affected the overall performance of the Company.

**d) Outlook:**

Fiscal and monetary stimulus measures taken by our Government will ensure riding over the present recessionary trends. Being an Electric-Power-Deficit country, massive investments in the growth of this sector is on a priority agenda of the Government. Our Winding Wires made of Copper are used by the Electrical Equipment manufacturing sector and faster growth of the Electrical Power sector shall also stimulate the growth of our industry. While at present there is a recession in advanced economies, massive fiscal and monetary measures adopted by the western world are bound to cushion the slowdown in growth momentum in the world during the year 2008-10 and 2010-11.

**e) Risks and concerns:**

a. Extremely high volatility in the price of Copper, our primary input, both in the International and Domestic markets.

b. Please also refer to the foregoing Item No. "b)" above.

**f) Internal control systems and their adequacy:**

Commensurate with the size of your Company and the nature of its business, your Company has adequate internal control procedures and regular Internal Audit systems. This has been confirmed by the Auditors in their report to the members.

**g) Discussion on Financial Performance with respect to Operational performance (All figures rounded off):**

During the year under review, Sale Income was marginally lower at Rs. 53622 (57399) lacs. due to increase in jobwork to 9008 (8301) MT. Outflow for Power & Fuel increased to Rs. 1451 (1148) lacs due to an increase in tariff and higher consumption of fuel required for captive power generation. Salaries and wages were higher at Rs. 790 (771) lacs. Outstanding Term Loan as at 31<sup>st</sup> March, 2009 was Rs. 2652 (3008) lacs. Capex during the year was Rs. 1454 (1957) lacs and Technology Transfer fee paid during the year was Rs. 224 (279) lacs. Capital Work in progress as at 31<sup>st</sup> March, 2009 was Rs. 265 (358) lacs. Reserves and Surplus as at 31<sup>st</sup> March, 2009 was Rs. 13131 (13015) lacs.

Unsecured Loans as at 31<sup>st</sup> March, 2009 was Rs. 250 (323) lacs. Inventory has decreased to Rs. 4247 (5431) lacs. Debtors are lower at Rs. 7866 (11546) lacs. Current Liabilities have decreased to Rs. 7596 (11362) lacs. Foreign Exchange Loss is Rs. 69 lacs (32 lacs) on account of Importer/ depreciation of Rupee. Net Loss on Copper Hedging Transactions squared up during the year is Rs. 163.05 lacs (Previous year 499.27 lacs).

**h) Material Developments In Human Resources / Industrial Relations Including number of people employed:**

Industrial relations during the year were generally satisfactory. The existing agreements with the labour at Silvassa Plants expired at the end of September '08. Negotiations are in progress for revision of the wages and salaries with the unions. There is ongoing training in the CTC manufacturing division for reduction of scrap generated during the process.

**i) Cautionary Statements:**

Statements in this Management Discussion and Analysis describing the company objectives, estimates and expectations may be Forward Looking statements within the meaning of applicable laws and regulations. Actual performance may differ substantially or materially from those expressed or implied.

- REFER ERRATA LAST PAGE -





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**AUDITORS' REPORT**

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To the Members of  
PRECISION WIRES INDIA LIMITED

1. We have audited the attached Balance Sheet of Precision Wires India Limited, as at 31<sup>st</sup> March, 2009, the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the "Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes forming part of the accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and
  - (ii) in so far as it relates to the Profit and Loss account, of the profit of the Company for the year ended on that date.
  - (iii) in the case of the Cash Flow statement of the cash flows for the year ended on that date.

**FOR S.R. DIVATIA & CO.**

Chartered Accountants

**Shalin S. Divatia**

Partner

Membership No. 39755

Mumbai,

Dated : 29<sup>th</sup> June, 2009

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our Report on even date :

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventory (except Returnable Plastic Spools lying with Customers) of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loans, secured or unsecured to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loans/accepted fixed deposits from Directors and other parties covered in the register maintained under section 301 of the Act. A total of 7 parties were involved in the aforesaid transactions for amounts aggregating to Rs. 5,00,00,000/-.
- (c) In our opinion and according to the information and explanation given to us the rate of interest and other terms and conditions of the unsecured loans taken/ fixed deposits accepted by the Company are prima facie not prejudicial to the interest of the Company.
- (d) The payment of the Principal and Interest on the loans/fixed deposits is regular and there are no overdue amounts payable in respect thereof.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts/ arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us each of the transactions in excess of Rs 5 lakhs in respect of any party has been made at prices, which are prima facie reasonable having regard to the prevailing market prices, of such goods, materials or services at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us in respect of the deposits from the public and reflected by the Company, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder wherever applicable have been complied with by the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as applicable to it.
- (b) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

Nature of Statute	Nature of Dues	Amount (Rs.)	Forum where dispute is pending
Central Sales Tax Act	Sales Tax	1,14,892/-	Appellate Tribunal
Central Excise Act	Excise Duty	4,55,000/-	CEGAT, Delhi

- (x) The Company does not have accumulated losses, as at 31<sup>st</sup> March, 2009. The Company has not incurred any cash losses during the financial year covered by the audit or in the immediately preceding financial year.



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**AUDITORS' REPORT**

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- (xi) Based on our audit procedures and on the basis of the information and explanations given to us, by the management we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution, bank or to debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/Society. Accordingly in our opinion the provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanation given to us the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet and cashflow statement of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any secured debentures
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR S. R. DIVATIA & CO.**

Chartered Accountants

**Shalin S. Divatia**

Partner

Membership No. 39755

Mumbai,

Date : 29<sup>th</sup> June, 2009

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**S.R. DIVATIA & CO.**  
CHARTERED ACCOUNTANTS

To the Members of  
Precision Wires India Limited

We have examined the compliance of conditions of corporate governance by Precision Wires India Limited ("the Company") for the year ended 31<sup>st</sup> March, 2009, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, of ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

Based on the aforesaid examination, in our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement. We have to state that the records of investor grievances are maintained by the Registrar and Transfer Agents appointed by the Company. The Registrar and Transfer Agents have certified that during the year under review there were no investor grievances pending/unattended to for more than 30 days.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S. R. Divatia & Co.**

Chartered Accountants

**Shalin S. Divatia**

Partner

Membership No. 39755

Mumbai

Dated : 29<sup>th</sup> June, 2009

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedules	Rupees	As at 31/03/2009 Rupees	Rupees	As at 31/03/2008 Rupees
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	1	115,644,230		115,644,230	
Reserves and Surplus	2	<u>1,302,326,436</u>	1,417,970,666	<u>1,301,532,115</u>	1,417,176,345
<b>LOAN FUNDS</b>					
Secured Loans	3		602,496,609		733,804,401
Unsecured Loans	4		25,000,000		32,310,240
Deferred Tax Liability (Net)	5		<u>159,034,090</u>		<u>151,571,433</u>
<b>TOTAL</b>			<u><b>2,204,501,365</b></u>		<u><b>2,334,862,419</b></u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	6	1,919,327,118		1,777,826,110	
Less : Depreciation		<u>(598,933,275)</u>		<u>(497,335,902)</u>	
Net Block		<u>1,320,393,843</u>		<u>1,280,490,208</u>	
Capital Work-in-Progress		<u>26,542,119</u>	1,346,935,962	<u>35,866,527</u>	1,316,356,735
<b>INVESTMENTS</b>	7		<u>1,611,110</u>		<u>1,610,110</u>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories		424,725,354		543,045,557	
Sundry Debtors		786,562,741		1,154,641,993	
Cash and Bank Balances		204,696,014		329,302,603	
Other Current Assets		16,321,563		38,562,239	
Loans and Advances		<u>194,085,890</u>		<u>138,239,375</u>	
		<u>1,626,391,562</u>		<u>2,203,791,767</u>	
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>	9				
Current Liabilities		759,594,181		1,138,161,294	
Provisions		<u>10,843,088</u>		<u>48,734,899</u>	
		<u>770,437,269</u>		<u>1,186,896,193</u>	
<b>NET CURRENT ASSETS</b>	(8-9)		<u><b>855,954,293</b></u>		<u>1,016,895,574</u>
<b>TOTAL</b>			<u><b>2,204,501,365</b></u>		<u><b>2,334,862,419</b></u>
<b>Significant Accounting Policies and Notes on Accounts - Schedule</b>	14				

As per our report of even date.

**For S.R. Divatia & Co.**  
Chartered Accountants

**Shalin S. Divatia**  
Partner  
Membership No. 39755

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

For and on behalf of the Board

**Mahendra R. Mehta**  
Chairman, Managing Director & CEO

**Deepak M. Mehta**  
Whole-time Director

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

**C. Mohandas Pai**  
Chief Financial Officer

**S. G. Sathe**  
Company Secretary

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

**PROFIT AND LOSS ACCOUNT FOR  
THE YEAR ENDED ON 31ST MARCH, 2009**

	Schedules	2008/09 Rupees	2007/08 Rupees
<b>INCOME</b>			
Sales and Processing Income (Gross)	#	6,287,760,309	6,893,715,535
Less : Excise Duty		(925,552,145)	(1,153,774,882)
Sales and Processing Income (Net)		5,362,208,164	5,739,940,653
Other Income	10	7,183,104	9,788,709
		<u>5,369,391,268</u>	<u>5,749,729,362</u>
<b>EXPENDITURE</b>			
Operating Expenses	# 11, 12	5,205,687,731	5,348,587,339
Interest	13	39,841,519	46,319,126
Depreciation & Amortisation	6	103,222,160	90,024,905
		<u>5,348,751,410</u>	<u>5,484,931,370</u>
<b>TOTAL</b>		<u>5,348,751,410</u>	<u>5,484,931,370</u>
<b>Profit before Taxes &amp; Extraordinary Items</b>		<u>20,639,858</u>	<u>264,797,992</u>
Less : Extraordinary Items (Refer Note No. B-11 of Schedule 14)		-	-
<b>Profit before Taxes</b>		<u>20,639,858</u>	<u>264,797,992</u>
Less : Provision for Income Tax		-	(70,100,000)
Less : Provision for Wealth Tax		(20,000)	(31,000)
Add/(Less) : Provision for Deferred Tax		(7,462,657)	(20,097,556)
Add/(Less) : Provision for Fringe Benefit Tax		(1,100,000)	(1,050,000)
Add/(Less) : Income Tax Adjustments (Net)		(439,792)	(1,041,993)
<b>Profit after Taxes</b>		<u>11,617,409</u>	<u>172,477,443</u>
Add : Balance brought forward from Previous Year		38,968,615	35,195,071
Profit Available for Appropriation		<u>50,586,024</u>	<u>207,672,514</u>
<b>Less :</b>			
Transfer to General Reserve		(500,000)	(120,000,000)
Proposed Dividend Rs. 0.80 (Rs. 3.60) per Equity Share		(9,250,898)	(41,629,043)
Provision for Corporate Tax on Proposed Dividend		(1,572,190)	(7,074,856)
Balance carried to Balance Sheet		<u>39,262,936</u>	<u>38,968,615</u>
Earning per Share of Rs.10/- each (in Rs.)			
Basic		1.00	15.16
Diluted		1.00	15.16

(Refer Schedule 14B-Note 16)

# Refer Schedule 14 Note 6, 9

**Significant Accounting Policies and Notes on Accounts - Schedule 14.**

As per our report of even date.

**For S.R. Divatia & Co.**  
Chartered Accountants**Shalin S. Divatia**  
Partner  
Membership No. 39755Mumbai,  
Dated : 29<sup>th</sup> June, 2009

For and on behalf of the Board

**Mahendra R. Mehta**  
Chairman, Managing Director & CEO**Deepak M. Mehta**  
Whole-time DirectorMumbai,  
Dated : 29<sup>th</sup> June, 2009**C. Mohandas Pai**  
Chief Financial Officer**S. G. Sathe**  
Company SecretaryMumbai,  
Dated : 29<sup>th</sup> June, 2009

## SCHEDULES TO BALANCE SHEET

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
12,000,000 (12,000,000) Equity Shares of Rs. 10/- each.	120,000,000	120,000,000
3,000,000 (3,000,000) Unclassified Shares of Rs. 10/- each.	30,000,000	30,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
<b>ISSUED :</b>		
11,565,223 (11,565,223) Equity shares of Rs. 10/- each.	115,652,230	115,652,230
<b>SUBSCRIBED :</b>		
11,563,623 (11,563,623) Equity shares fully paid up	115,636,230	115,636,230
Add : Forfeiture of 1,600 (1,600) Equity shares (Amount originally paid up)	8,000	8,000
<b>TOTAL</b>	<u>115,644,230</u>	<u>115,644,230</u>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Central and State Government Subsidies	2,000,000	2,000,000
Capital Redemption Reserve	11,698,500	11,698,500
Share Premium	183,865,000	183,865,000
General Reserve :		
Balance as per last Balance Sheet	1,065,000,000	945,000,000
Add : Transfer from Profit and Loss Account	500,000	120,000,000
	<u>1,065,500,000</u>	<u>1,065,000,000</u>
Balance in Profit and Loss Account	39,262,936	38,968,615
<b>TOTAL</b>	<u>1,302,326,436</u>	<u>1,301,532,115</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Term Loan		
– From a Bank	265,200,010	300,841,939
– Interest accrued and due to Bank	–	2,257,765
	<u>265,200,010</u>	<u>303,099,704</u>
Working Capital borrowings from Banks	337,296,599	430,704,697
<b>TOTAL</b>	<u>602,496,609</u>	<u>733,804,401</u>
[Refer Note 3 of Schedule 14(B)]		
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Fixed Deposits	25,000,000	–
Unsecured Loan - Bank	–	32,310,240
	<u>25,000,000</u>	<u>32,310,240</u>
<b>SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability arising on account of Depreciation	169,047,308	154,565,576
Unamortized/Unpaid Expenditure	–	94,881
Retirement benefits	–	–
	<u>169,047,308</u>	<u>154,660,457</u>
LESS :		
Deferred Tax Assets arising on account of :		
Unamortized/Unpaid Expenditure	(39,052)	–
Carried forward business loss	(74,06,248)	–
Retirement benefits	(2,567,918)	(3,089,024)
	<u>(10,013,218)</u>	<u>(3,089,024)</u>
<b>TOTAL</b>	<u>159,034,090</u>	<u>151,571,433</u>





SCHEDULES TO BALANCE SHEET

SCHEDULE 6 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions	Sale / Adjustment	As at 31.03.2009	Upto 01.04.2008	For the Year	On Sale / Adjustment	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets :</b>										
Land - Free Hold	12,352,616	11,643,801	-	23,996,417	-	-	-	-	23,996,417	12,352,616
Buildings *	224,427,958	11,202,240	-	235,630,198	39,272,623	7,170,974	-	46,443,597	189,186,601	185,155,335
Plant and Machinery**	1,405,221,914	95,386,273	(2,864,558)	1,497,743,629	403,256,884	73,912,943	(1,037,448)	476,132,379	1,021,611,250	1,001,965,030
Vehicles	8,728,436	41,240	(928,038)	7,841,638	3,731,184	760,352	(473,993)	4,017,543	3,824,095	4,997,252
Office Equipments	17,951,702	4,395,063	(113,346)	22,233,419	14,085,845	2,272,106	(113,346)	16,244,605	5,988,814	3,865,857
Furniture and Fixtures	17,779,065	295,370	-	18,074,435	10,810,920	1,553,480	-	12,364,400	5,710,035	6,968,145
<b>Intangible Assets :</b>										
Technology Transfer Cost	91,364,419	22,442,963	-	113,807,382	26,178,446	17,552,305	-	43,730,751	70,076,631	65,185,973
<b>TOTAL</b>	<b>1,777,826,110</b>	<b>145,406,950</b>	<b>(3,905,942)</b>	<b>1,919,327,118</b>	<b>497,335,902</b>	<b>103,222,160</b>	<b>(1,624,787)</b>	<b>598,933,275</b>	<b>1,320,393,843</b>	<b>1,280,490,208</b>
Previous Year	(1,584,491,898)	(195,698,635)	(2,364,423)	(1,777,826,110)	(408,376,963)	(90,024,905)	(1,065,966)	(497,335,902)	(1,280,490,208)	(1,176,114,935)
Capital Work in Progress (Including Advances on Capital Account)									26,542,119	35,866,527
									1,346,935,962	1,316,356,735

\* Building includes Rs. 1,42,53,393/- (Rs. 14,253,393/-) being the cost of Residential Flats for employees at Palej / Silvassa and includes Factory Building of Winding Wire Division at Palej which is retired from active use, having Net Block of Rs. 32,80,273/-.

\*\* This includes Plant and Machineries at Winding Wire Division at Palej which are retired from active use, having Net Block of Rs. 78,98,559/-.

**As at  
31/03/2009  
Rupees**

**As at  
31/03/2008  
Rupees**

SCHEDULE 7 : INVESTMENTS

(Long Term, other than Trade Investments, at cost, unless otherwise stated)

**Long Term :**

**UNQUOTED**

Government Securities -

6 years National Savings Certificate  
(deposited with Government Authorities)

**9,000**

**9,000**

**Other Investments :**

100 (100) Equity Shares of  
Rs. 10/- each of Mogaveera Co-Op Bank Ltd., fully paid

**1,000**

**1,000**

100 (100) Equity Shares of  
Rs. 10/- each of Jankalyan Co-Op Bank Ltd., fully paid

**1,000**

**-**

**QUOTED**

6,957 (6,957) Equity Shares of Rs. 10/-  
each of Bank of Baroda, fully paid  
(Market Value Rs. 16,31,764/- (Rs. 19,75,092/-))

**1,600,110**

**1,600,110**

**TOTAL**

**1,611,110**

**1,610,110**

## SCHEDULES TO BALANCE SHEET

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
<b>SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>INVENTORIES</b> (At lower of cost or net realisable value)		
Material in Transit	41,038,906	96,266,746
Raw Material	82,961,197	82,134,777
Work in Progress	118,770,598	138,535,974
Finished Goods	101,775,860	164,365,780
Stores, Spares and Consumables	63,579,581	35,072,237
Reels and Packing Material	14,941,121	17,881,300
Copper Scrap	1,658,091	8,788,743
	<u>424,725,354</u>	543,045,557
<b>SUNDRY DEBTORS</b> (Unsecured, Considered Good)		
Outstanding for a period exceeding six months	35,668,088	22,317,269
Others	750,894,653	1,132,324,724
	<u>786,562,741</u>	1,154,641,993
<b>CASH AND BANK BALANCES</b>		
Cash on hand	304,939	358,937
Balances with Scheduled Banks		
In Current Accounts	198,734,914	319,300,378
In Term Deposits		
i) Under lien with Bank	214,131	214,131
ii) Others	-	-
In Margin Money Accounts	117,500	133,122
In Dividend Accounts	2,309,701	2,335,747
Remittance in Transit	3,014,829	6,960,288
	<u>204,696,014</u>	329,302,603
<b>OTHER CURRENT ASSETS</b>		
Interest accrued but not due	23,192	23,192
Export benefits accrued	16,298,371	38,539,047
	<u>16,321,563</u>	38,562,239
<b>LOANS AND ADVANCES</b> (Unsecured, considered good)		
Advances Recoverable in Cash or in kind or for value to be received	64,474,327	43,905,889
Deposits	4,080,231	3,749,181
Advance Payment of Taxes (net)	92,662,834	36,310,330
Balance with Customs and Central Excise Authorities	32,868,498	54,273,975
	<u>194,085,890</u>	138,239,375
<b>TOTAL</b>	<u><u>1,626,391,562</u></u>	<u><u>2,203,791,767</u></u>



## SCHEDULES TO BALANCE SHEET

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
<b>SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors		
(i) Total outstanding dues of micro / small scale industrial undertakings	363,726	1,746,600
(ii) Total outstanding dues of creditors other than small scale industrial undertakings	<u>693,445,690</u>	1,032,041,218
	<b>693,809,416</b>	1,033,787,818
Security Deposits	400,000	600,000
Unclaimed Dividend *	2,309,701	2,335,748
Other Liabilities	<u>63,075,064</u>	101,437,728
	<b>759,594,181</b>	1,138,161,294
<b>PROVISIONS :</b>		
Provision for Income Tax	-	-
Provision for Wealth Tax	20,000	31,000
Proposed Dividend	9,250,898	41,629,043
Provision for Corporate Tax on Dividend	<u>1,572,190</u>	7,074,856
	<b>10,843,088</b>	48,734,899
<b>TOTAL</b>	<u><b>770,437,269</b></u>	<u><b>1,186,896,193</b></u>

\* There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	2008/09 Rupees	2007/08 Rupees
<b>SCHEDULE 10 : OTHER INCOME</b>		
Interest (Tax Deducted at Source Rs. 4,13,776/- (Rs. 1,32,702/-)	3,281,083	1,500,668
Income from Investments *	55,656	3,243,383
Miscellaneous Receipts	3,846,365	3,735,686
Excess / (Short) Provision of Previous Years	-	1,249,035
Profit on sale of assets	-	53,022
Profit on sale of Investment**	-	6,915
<b>TOTAL</b>	<b>7,183,104</b>	<b>9,788,709</b>
* Refer Schedule 14-B Note 11		
<b>SCHEDULE 11 :</b>		
<b>(A) (ACCRETION)/DECRETION TO STOCK</b>		
Stock at close		
Finished Goods	(97,224,587)	(163,371,981)
Copper Scrap	(1,658,091)	(8,788,743)
Wire Enamel	(4,551,273)	(993,799)
	<u>(103,433,951)</u>	<u>(173,154,523)</u>
LESS :		
Stock at commencement		
Finished Goods	163,371,981	93,114,318
Copper Scrap	8,788,743	7,828,325
Wire Enamel	993,799	10,501,641
	<u>173,154,523</u>	<u>111,444,284</u>
<b>(ACCRETION) / DECRETION</b>	<b>69,720,572</b>	<b>(61,710,239)</b>
<b>(B) MATERIAL CONSUMED</b>		
Stock at commencement		
Copper Wire Rods	30,155,166	19,718,472
Work-in-progress	138,535,974	103,419,564
Enamels & Chemicals	45,879,121	45,345,236
Others	6,100,490	7,046,552
	<u>220,670,751</u>	<u>175,529,824</u>
Add : Purchases		
Copper Wire Rods @	4,452,524,995 **	4,844,003,201
Enamels & Chemicals	206,314,800	186,363,666
Others	24,864,507	13,308,955
	<u>4,683,704,302</u>	<u>5,043,675,822</u>
Less : Stock at close		
Copper Wire Rods @	(76,366,506)	(30,155,166)
Work-in-progress	(118,770,598)	(138,535,974)
Enamels & Chemicals	(41,666,253)	(45,879,121)
Others	(5,967,344)	(6,100,490)
[Refer Schedule 14-Note B-2(C)]		
	<u>(242,770,701)</u>	<u>(220,670,751)</u>
	<b>4,661,604,352</b>	<b>4,998,534,895</b>
Cost of Material Purchased and Sold	4,124,528	-
(Accretion)/Decretion in Excise Duty on Closing Stock of Finished Goods	(9,247,899)	673,306
Material Consumed	<u>4,656,480,981</u>	<u>4,999,208,201</u>
<b>Total Material Consumed (A + B)</b>	<b>4,726,201,553 **</b>	<b>4,937,497,962</b>

\*\* Includes Net Loss of Rs.1,63,05,886/- (4,89,27,173/-) on squared up transactions of Hedging of Copper during the year.  
[Refer Schedule 14B-Note 15].

@ Purchases and Closing Stock of Copper Wire Rods includes Material in Transit of 225 MTs amounting to Rs. 410,38,906/-



## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	2008/09 Rupees	2007/08 Rupees
<b>SCHEDULE 12 :</b>		
<b>MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES</b>		
Packing Material Consumed	50,948,238	41,953,763
Stores and Spares	27,528,407	28,211,620
Power and Fuel	145,059,618	114,824,022
Repairs and Maintenance		
Building	1,617,337	2,131,276
Machineries	25,462,747	19,639,424
Other Assets	1,697,984	1,956,007
Payments and provisions for employees		
Salary, Wages, Bonus etc.	72,369,261	68,784,122
Staff and Labour Welfare	1,497,360	1,470,357
Contributions to Provident and other Funds	5,172,065	6,807,686
Directors' Sitting Fees	212,000	212,000
Rent	6,117,214	7,250,909
Rates and Taxes	943,263	1,281,044
Travelling Expenses	4,342,883	4,908,441
Insurance	4,417,018	3,791,019
Freight and Transportation	55,014,356	48,886,341
Commission on Sales	8,482,901	8,987,180
Cash Discount	283,996	–
Other Expenses	50,011,050	46,828,670
Foreign Exchange Loss (net)	17,870,902	3,165,496
Prior Period Expenses	39,959	–
Loss on Sale of Assets (net)	397,619	–
<b>TOTAL</b>	<b>479,486,178</b>	<b>411,089,377</b>
<b>SCHEDULE 13 : INTEREST</b>		
Interest on Fixed Loans	27,027,578	31,222,871
Interest on Debentures	–	4,222,075
Other Interest (Banks & Others)	12,813,941	10,874,180
<b>TOTAL</b>	<b>39,841,519</b>	<b>46,319,126</b>

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**SCHEDULE 14 : SIGNIFICANT ACCOUNTING  
POLICIES AND NOTES ON ACCOUNTS**

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**A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements :**

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

**2. Use of Estimates :**

The preparation of financial statements in conformity with GAAP requires the management of the Company to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. These estimates are based upon management's best knowledge of current events and actions. Difference if any between the actual results and estimates is recognised in the period in which the results are known.

**3. Fixed Assets and Depreciation :**

i. Fixed Assets are stated at cost, net of Modvat/Cenvat credit, where applicable less accumulated depreciation and impairment losses. Cost includes financing and other costs incurred for bringing the assets to its working condition for the intended use. Borrowing costs related to the acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are capitalised. Cost of fixed assets not ready for their intended use before such date are disclosed under capital work in progress.

ii. Depreciation on Fixed Assets (except those described below) is provided on the Straight Line Method at the rates specified from time to time in Schedule XIV to the Companies Act, 1956 which management considers as being representative of the useful economic life of such assets :

The management estimates the useful life of certain assets as follows :

Office Equipments	5 years
Computer	3 years
Furniture and Fixtures	5 years

Technology Transfer Cost is amortised over a period of 6 years.

iii. Depreciation on additions to assets or on sale of assets as the case may be is calculated pro-rata from the month of such addition or upto the month of such sale.

iv. Assets scrapped / discarded from use and held for disposal, if any, are stated at lower of book value or their estimated net realisable value.

**4. Impairment of Assets :**

An asset is treated as impaired when the carrying cost of assets exceeds its estimated recoverable value. The recoverable amount is greater of the Assets' Net Selling Price and Value in Use. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**5. Investments :**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary, if any, in the value of the investments.

**6. Inventories :**

i. Inventories are valued on FIFO basis at lower of cost or estimated net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

ii. In cases where duty paid materials are consumed prior to duty-free import of material for manufacture of products for export, the estimated excess cost of such material over that of duty free materials is carried forward and charged to revenue on consumption of such duty-free materials.

iii. Cost of Work in progress includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

iv. Closing stock of finished goods includes Excise duty payable thereon wherever applicable.

**7. Excise duty :**

Credit availed of Excise duty / Service Tax paid on inputs is reduced from the cost of material / services and is carried forward in Current Assets, Loans and Advances pending utilisation.

**8. Income and Expenditure :**

i. Revenue / Income and Cost / Expenditure are generally accounted on accrual basis as they are earned or incurred, except those with significant uncertainties.

ii. Sales are recognised at the point of despatch of goods to the customers. Sales are net of discounts, sales tax and returns.

iii. Interest income is recognised on time proportion basis.

iv. Dividend on Investments is accounted when received.

v. Insurance claim receivable is recognised in the year of the loss to the extent ascertainable.



**SCHEDULE 14 : SIGNIFICANT ACCOUNTING  
POLICIES AND NOTES ON ACCOUNTS****9. Foreign Currency Transactions :**

- i. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.
- ii. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign transactions are recognised in the Profit and Loss Account.

**10. Forward Contracts :**

Premium or discount on forward contracts are amortised over the life of the contract. Foreign Exchange Forward Contract are re-expressed at the Balance Sheet and Exchange difference between the spot rate at the date of contract and spot rate on the Balance Sheet date is recognised as gain/loss in the Profit & Loss Account, in terms of pronouncement of the Institute of Chartered Accountants of India.

**11. Employees Benefits :**

- i. Gratuity Benefits are accounted for on the basis of amount determined by actuarial valuation made by Life Insurance Corporation of India (LIC) using the Projected Unit Credit Method and are funded accordingly by the approved Trust. Any shortfall between liabilities determined on actuarial basis and funds available is charged to Profit and Loss account. Contribution made to LIC is charged to Profit and Loss Account. In respect of certain employees who are not covered under approved Gratuity Fund, the liability is determined on the basis of Actuarial Valuation and is charged to Profit and Loss Account.
- ii. The Company's provident fund and pension scheme are in form of defined contribution plans where contribution is made to funds / Government managed schemes. These are accounted on accrual basis and charged to the Profit and Loss Account of the year in which the employee renders the related service.
- iii. The monetary value of leave encashment benefit is provided on the basis of actuarial valuation.

**12. Taxes on Income :**

In accordance with Accounting Standard AS 22 - Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the asset can be realised in future.

**13. Provisions, Contingent liabilities and Contingent Assets:**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- (a) the company has a present obligation as a result of a past event
- (b) a probable outflow of resources is expected to settle the obligation; and
- (c) the amount of the obligation can be reliably estimated.

Contingent liability is disclosed in case of

- (a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- (b) a present obligation when no reliable estimate is possible
- (c) a possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**B. NOTES TO ACCOUNTS**

	Rs. Lacs 2008/09	Rs. Lacs 2007/08
<b>1. Contingent Liabilities :</b>		
a. Estimated amount of Contracts remaining to be executed on Capital Account (net of advances paid) and not provided for	493.55	300.13
b. In respect of claims made before Labour Court, Bharuch by workmen of Palej unit whose services have been terminated/retrenched	Not ascertainable	Not ascertainable
c. Guarantees given by Bank to third parties	1113.65	400.15
d. Disputed Income Tax Demands (not acknowledged) against which Company / Department has preferred an appeal	1.09	34.07
e. Disputed Wealth Tax Demands (not acknowledged) against which Company has preferred an appeal	3.40	3.40
f. Disputed demands of Central Excise against erstwhile Atlas Wires Limited pending in Appeal	4.55	4.55
g. Disputed demand of Gujarat Electricity Board pending at Apex Court	4.22	4.22
h. In respect of claim made by supplier not accepted by the Company	1.15	0.00
i. No provision has been made in the accounts for the liability arising on revision, if any, in the salary and wages of the employees of Unit I and Unit II silvassa (due and pending from 1st October, 2008) and the same shall be accounted on determination.		

**SCHEDULE 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**
**2. Information pursuant to part II of Schedule VI.**
**2. (A) Capacities and Production - rounded off to the nearest Metric Ton (MT)**
**I CAPACITY**

	Licensed	MTs.	Installed
a) Winding Wires made of Copper, all types	#	⊗⊗	32820 (27820)
b) Wire Enamels / Resins	#	**	1750 (1750)

NOTES : ⊗ As certified by the Managing Director and accepted by the Auditors.

# Exempted from Licensing requirements.

⊗⊗ Includes 3200 MTs. P.A. Capacity of Winding Wires Division of Patej Unit which has been closed down from Sept. 2008.

\*\* For Wire Enamels/Resins, Capacity clubbed together.

**II PRODUCTION**

Winding Wires Made of Copper (Finished Goods) #

	2008-2009 - MTs.		Total
	Own	Job work basis	
a) Enamelled Round Wires	11859 (13656)	4545 (3818)	16404 (17474)
b) Other - all types	828 (292)	4439 (2496)	5067 (2788)
	12487 (13948)	8985 (5314)	21472 (20262)

# Includes finished material subsequently scrapped during the year 32 MT (48 MT)

c) Bare Copper Wires / Strips (Intermediate products, used for Captive consumption only)

		MTs	
		2008-09	2007-08
Jobwork - Inter Unit	Unit I	134	(78)
	Unit II	757	(147)
	Patej Unit	18	(118)
	Unit III ⊗	0	(4,940)
	Total	909	(5,283)

⊗ since merged with Unit II of the Company w.e.f. 18th April, 2008.

d) Bare Wire for Sale		101
e) Waste & Scrap of Copper generated during process on Total Production of Items covered under a & b above.		1220 (854)
e) Wire Enamels / Resins	⊗	1074 (801)

⊗ Includes 23 (55) MT of Wire Enamels and 15 (9) MTs of Resin Consumed Captively.

**2. (B) Sales and Processing Income**

Sr. No.	Product	M. Tons (Rounded off)	Rupees
1.	Enamelled Round Wires		
	- Own account	11829 (13464)	4,992,704,854 (5,836,526,055)
	- Job work account	4558 (3805)	402,508,896 (397,940,120)
2.	Other - All Types		
	- Own account	828 (301)	238,888,415 (130,658,357)
	- Job work account	4439 (2496)	256,778,996 (146,876,621)
3.	a) Sale of Bare Wire - Own account	1 (0)	355,961 (0)
	b) Bare Copper Wires / Strips (Intermediate products, used for Captive consumption only)		
Jobwork - Inter Unit		MTs	
		2008-09	2007-08
		Unit I	134 (78)
		Unit II	757 (147)
		Patej Unit	18 (118)
	Unit III ⊗	0 (4940)	
	Total	909 (5283)	

⊗ since merged with Unit II of the Company w.e.f. 18th Aprs, 2008.

Inter Unit Jobwork Processing Income, has been excluded from Sales & Processing Income while consolidating Profit & Loss A/c. However, Excise Duty paid thereon included is ....

0  
(59,426,074)

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**SCHEDULE 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**B. NOTES TO ACCOUNTS (Contd.)**

**2. (B) Sales and Processing Income**

Sr. No.	Product	M. Tons (Rounded off)	Rupees
4.	Wire Enamels/Resins #		
a)	Wire Enamel Sale	62 (33)	7,939,904 (4,239,672)
b)	Inter Unit Sale of Captively Produced Enamel from Palej (MT)		
		2008-09	2007-08
	To Unit I	632	469
	To Unit II	420	320
		852	789
c)	Interunit Rectification of Wire Enamels by Palej for Unit II - NIL (18) (MT) #		
	Income in respect of Inter Unit Sale / rectification of Wire Enamel has been excluded from Sales & Processing Income while consolidating Profit & Loss A/c figures. However, Excise Duty paid thereon and included is.....		15,587,627 (15,797,195)
	* No Sales of Resins, but Captive consumption at Palej only		
5.	Total Sale of Waste & Scrap of Copper generated during process	1236.841 (854)	388,970,038 (298,360,854)
6.	Other Miscellaneous Sales		5,267,690 (1,569,870)
7.	Sale Income in respect of Inter Unit Transfer of Boughtout Enamels & Chemicals of Rs. 94,87,171/- (Rs. 1,03,40,641/-) has been excluded from "Sales & Processing Income" while consolidating Profit & Loss Account. However Excise Duty paid thereon and included is.....		948,130 (1,121,518)

**2. (C) Opening and Closing Stock**

Sr No.	Product	Opening Stock		Closing Stock	
		Quantity (M.T.) (Rounded off)	Value Rupees	Quantity (M.T.) (Rounded off)	Value Rupees
1.	Copper	92 (84)	30,155,166 (19,718,472)	130 (92)	35,327,600 (30,155,168)
2.	Material in Transit	288 (85)	96,266,746 (25,546,889)	225 (299)	41,038,906 (96,266,746)
3.	Enamels & Chemicals	407 (352)	45,879,121 (45,345,236)	295 (407)	41,688,253 (45,879,121)
4.	Material under process	404 (317)	136,535,974 (103,419,564)	396 (404)	118,770,598 (138,635,974)
5.	Other Raw Material	44 (40)	8,100,490 (7,046,552)	56 (44)	5,967,344 (6,100,490)
6.	Finished Goods				
	(a) - Winding Wires Made of Copper (All types)	367 (234)	163,371,981 (93,114,319)	293 (397)	97,224,567 (163,371,981)
	(b) - Wire Enamel	9 (84)	993,799 (10,501,641)	30 (9)	4,651,273 (993,799)
7.	Waste & Scrap of Copper generated during process	24 (23)	8,768,743 (7,826,325)	7 (24)	1,858,091 (8,768,743)

**2. (D) Raw Material Consumed**

Sr. No.	Description	M. Tons (Rounded off)	Rupees
1.	Copper		
a)	Own Account	# (14222)	13088 (4,428,079,031) (4,799,460,097)
b)	Received from customers for production of Winding Wires on Job Work basis.	# (8314)	8964 (Not Applicable) (Not Applicable)
c)	For Bars Copper Wire produced		
	For Inter Unit Transfer on Job work basis	Unit I	134 +
	For Inter Unit Transfer on Job work basis	Unit II	769 +
	For Inter Unit Transfer on Job work basis	Palej Unit	18 +
			911 +
			(5,322) (-)
			Fi + Quantity and Value of consumption of 2(D) 1(c) above is included in 2(D) 1(a) and 2(D) 1(b) above, as applicable.
2.	Enamels and Chemicals*	1,609 (1,694)	210,527,668 (185,829,781)
	*Includes chemicals used for production of enamels 839 MT (892 MT) / Rs. 7,78,85,312/- (Rs. 7,78,65,312/-)		
3.	Other Raw Material	184 (100)	24,997,653 (14,255,017)

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**SCHEDULE 14 : SIGNIFICANT ACCOUNTING  
POLICIES AND NOTES ON ACCOUNTS**

**B. NOTES TO ACCOUNTS (Contd.)**

	2008/09 Rupees	2007/08 Rupees
<b>2. (E) Value of Imports calculated on CIF Basis :</b> (Including Material in Transit)		
1. Raw Materials	651,150,405	1,115,775,453
2. Consumable Stores & Spares and Repairs to Plant	27,884,313	5,370,439
3. Capital Goods	53,001,113	38,747,316
<b>2. (F) Value of Raw Materials and Stores &amp; Spares consumed :</b>	<b>Percentage</b>	<b>Value (Rs)</b>
a. Raw Materials :		
Imported	14 (24)	637,600,342 (1,201,250,234)
Indigenous	86 (76)	4,024,004,010 (3,797,284,661)
<b>TOTAL</b>	<b>100</b> (100)	<b>4,661,604,352</b> (4,998,534,895)
b. Stores & Spares :		
Imported	17 (11)	4,743,084 (3,228,611)
Indigenous	83 (89)	22,785,323 (24,983,009)
<b>TOTAL</b>	<b>100</b> (100)	<b>27,528,407</b> (28,211,620)
<b>2. (G) Expenditure in foreign Currency : (Other than Imports, on Accrual basis)</b>	<b>2008/09 Rupees</b>	<b>2007/08 Rupees</b>
Technology Transfer Cost	19,950,000	27,934,352
On hedging of Copper	16,183,948	50,094,604
Testing/Membership Fees	180,239	5,911
Professional Fees	105,975	2,395,327
Travelling	317,323	876,960
Interest on Buyers Credit	4,744,760	8,644,866
Exhibition Expenses	940,305	0
<b>2. (H) Amount of Dividend remitted during the year in foreign currency</b>	<b>NIL</b>	<b>NIL</b>
<b>2. (I) Earnings in Foreign Exchange :</b>		
Export of Goods on FOB Basis	188,654,883	83,960,204
<b>2. (J) Employee benefits :</b>		
1. The Company adopted Accounting Standards (AS15) (Revised 2005) "Employee Benefits" effective from 01.04.07. The disclosures require as per the Revised AS15 are as under :		
A. <b>Defined Contribution Plan :</b> Contribution to Defined Contribution Plan, recognised as expense for the year are as under :		
	<b>2008-09 Rs.</b>	<b>2007-08 Rs.</b>
Employer's Contribution to Provident Fund	2,873,399	2,611,672
Employers Contribution to Employees State Insurance Fund	61,204	76,755
Employers Contribution to Employees Pension Scheme 1995	2,174,819	1,553,383
<b>TOTAL</b>	<b>5,109,422</b>	<b>4,241,810</b>
The above Plans are State Plans and the Company has no obligation to pay future benefits and its only obligation is to pay Contributions as they fall due.		



**SCHEDULE 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**B. NOTES TO ACCOUNTS (Contd.)**

**B. Defined Benefit Plan :**

The employees gratuity fund scheme managed by a Trust is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

1. The Company adopted Accounting Standards (AS15) (Revised 2005) "Employee Benefits" effective from 01.04.07. The disclosures require as per the Revised AS15 are as under :

<b>I. Reconciliation of Opening and closing Balances of Defined Benefit Obligation</b>	<b>Gratuity (Funded) 2008-09</b>	<b>Gratuity (Un-Funded) 2008-09</b>
Present Value of Defined Benefit Obligation as at beginning of the year	10,766,653	1,800,005
Interest Cost	8,61,332	-
Current Service Cost	824,770	449,995
Benefits Paid	(961,020)	-
Actuarial (Gain) /Loss	(1,844,004)	-
Present Value of Defined Benefit Obligation as at end of the year	9,647,731	2,250,000
<b>II. Reconciliation of Opening and closing Balances of Fair Value of Plan Assets</b>		
Fair Value of Plan assets at beginning of the year	11,378,625	-
Expected Return on Plan assets	1,052,523	-
Employer Contribution	0	-
Benefits Paid	(961,020)	-
Actuarial (Gain) / Loss	(47,420)	-
Fair Value of Plan assets at end of the year	11,422,708	-
Actual return on plan assets	1,005,103	-
<b>III. Reconciliation of fair value of assets and obligations</b>		
Fair Value of Plan assets at end of the year	11422708	-
Present Value of Defined Benefit Obligation as at end of the year	9647731	-
Net Liability / (Asset) Recognised in the Balance Sheet-	(1774977)	-
<b>IV. Expenses Recognised During the year</b>		
Current Service Cost	824,770	-
Interest Cost	861,332	-
Expected Return on Plan assets	(1052523)	-
Net Actarial (Gain) / Loss	(1891424)	-
Expenses Recognised During the year in Profit & Loss Account	(1257845)	-
<b>V. Actuarial Assumptions</b>		
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (Per Annum)	8%	8%
Expected rate of Return on Plan assets	9.25%	9.25%
Rate of Escalation in Salary (Per Annum)	4%	4%

Basis used to determine expected rate of return on assets: The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity scheme is invested in a Group Gratuity Cum life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India.

The disclosures in respect of status of defined obligation have been given for the current year and the previous year only since the Company has adopted AS 15 (Revised) in the previous year.

Amounts for the current and previous year are as follows:

	<b>2009</b>	<b>2008</b>
(i) Gratuity (Funded)		
Defined benefit obligation	9,647,731	10,766,653
Plan Assets	11,422,708	11,378,625
Surplus / (deficit)	1,774,977	611,972
Experience adjustments on plan Assets	(47,420)	(35,759)
Experience adjustments on plan Liabilities	(1,844,004)	330,007
(ii) Gratuity (Non Funded)		
Defined benefit obligation	2,250,000	1,800,005
Plan Assets	-	-
Surplus / (deficit)	(2,250,000)	(1,800,005)
Experience adjustments on plan Assets	-	-
Experience adjustments on plan Liabilities	-	-

**SCHEDULE 14 : SIGNIFICANT ACCOUNTING  
POLICIES AND NOTES ON ACCOUNTS**

**B. NOTES TO ACCOUNTS (Contd.)**

	2006/09 Rupees	2007/08 Rupees
<b>2. (K) Remuneration to Auditors (excluding Service Tax) :</b>		
i) Remuneration to Auditors		
(a) Audit Fees	550,000	550,000
(b) Tax Audit Fees	50,000	30,000
(c) Certification Fees	145,460	93,485
(d) Taxation Matters	0	17,500
<b>TOTAL</b>	<u>745,460</u>	<u>710,985</u>
In addition to the above, an aggregate sum of Rs. 40,000/- (Previous Year - Rs. 40,000/-) has been paid/is payable to a partner of the firm of Auditors in his personal capacity for Company Law matters.		
<b>2. (L) Expenses/Debits and (Income / Credits) pertaining to previous year(a) :</b>		
Manufacturing	(54,453)	30,422
Administration & Selling Expenses	(94,412)	1,216,456
Sales Tax	0	(147)
<b>TOTAL</b>	<u>(39,958)</u>	<u>(1,248,035)</u>
<b>2. (M) (a) Computation of profits in accordance with Section 198 of the Companies Act, 1956 :</b>		
Net Profit before Tax	20,639,858	264,797,992
Less :		
Provision for decline in Value of Investment	-	-
Profit on Sale of Assets	-	(53,022)
Profit on Sale of Investments	-	(6,315)
Add :		
Directors' Remuneration *	12,846,095	19,240,010
Directors' sitting fees	212,000	212,000
Loss on Sale of Assets	397,619	-
<b>Net Profit for Section 198 of the Companies Act</b>	<u>34,095,572</u>	<u>284,190,066</u>
10% (10%) of Net Profit as above	<u>3,409,557</u>	<u>28,419,007</u>
Commission payable @ 1% (1%) of Net Profit as above to each of three Directors	1,022,867	8,525,702
- Total 3% (Prev. Year -3%)	-	-
<b>Total Commission for the Year to three working Directors</b>	<u>1,022,867</u>	<u>8,525,702</u>
No adjustment of Depreciation is shown above as the Company depreciates fixed assets based on estimated useful lives not lower than implicit in Schedule XIV to the Companies Act, 1956. Accordingly, rates of depreciation used by the Company are higher than or equal to the minimum prescribed by the Schedule XIV.		
	<u>2006/09</u>	<u>2007/08</u>
	<u>Rupees</u>	<u>Rupees</u>
<b>2. (M) (b) Remuneration paid / payable during the year to Managing / Whole time Directors *</b>		
Salary	8,550,000	7,920,000
Leave Encashment	592,308	315,385
Leave Travel Allowance	712,500	660,000
House Rent Allowance	300,000	300,000
Perquisites	842,420	588,523
Contribution to Provident & Pension Funds	1,026,000	950,400
	<u>11,823,228</u>	<u>10,714,308</u>
Commission	1,022,867	8,525,702
	<u>12,846,095</u>	<u>19,240,010</u>

\* Excluding Provision for Gratuity Rs. 10,55,763/- (Rs. 4,55,770/-) other than on actuarial valuation.

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**SCHEDULE 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**B. NOTES TO ACCOUNTS (Contd.)**

2. (M) (c) The remuneration paid / payable to Shri Mahendra R. Mehta - the Chairman & Managing Director, Shri Milan M. Mehta - the Managing Director and Shri Deepak M. Mehta - the Whole-Time Director for the year ended 31<sup>st</sup> March, 2009 exceeds 10% of the Profits of the Company as computed under Section 198 of the Companies Act, 1956, by Rs.84,10,538/-. However, the same is within the minimum remuneration payable as per Schedule XIII of the Companies Act, 1956. The Company has been advised that since the period of appointment of Shri Mahendra R. Mehta was for Five years up to 30.9.2008, it is necessary to obtain approval of the Central Government for payment of Minimum Remuneration to Shri Mahendra R. Mehta, whereas such approvals are not required in case of Shri Milan M. Mehta and Shri Deepak M. Mehta. The Company accordingly proposes to make an application to the Central Government for the approval of minimum remuneration paid / payable to Shri Mahendra R. Mehta.
3. a) Bank borrowings from Bank of Baroda (Term loan, Working Capital facilities and Buyers' Credit in foreign currency arranged by the Bank) are secured by a first charge by way of Hypothecation of Machinery, Stock-in-Trade, Book debts and Equitable Mortgage of Land & Factory Buildings of the Company, in addition to personal guarantees of three directors.  
b) Bank Borrowings from BNP Paribas (Working Capital facilities and Buyers' Credit in foreign currency arranged by the Bank) are secured by a Second charge by way of Hypothecation of Stock-in-Trade and Book Debts in addition to personal guarantees of three directors.
4. The Company has closed down with effect from 01.09.2008, the Winding Wire Division at Palej which contributed about 6% of the total Production of the Company during the Financial year 2007-08. The Wire Enamel Division at Palej continues to operate. The estimated net realisable value of the Assets as at the balance sheet date of the above closed down Division at the Palej Unit is not less than its Carrying Cost.
5. **Forward Contracts :**  
In respect of the import of raw materials and equipments, the Company used forward cover contracts to hedge its exposure to the movements in foreign currency exchange rates. Such forward covers are used to reduce the risk which may result from foreign currency rates fluctuations and is not used by the company for trading or speculation purposes.

A. Details derivative instruments outstanding (for hedged transactions) as on 31.03.2009 :

Particulars	Amount in Foreign Currency	Equivalent Amount (Rs.)
Buyers Credit	£280,000 (£0)	20,401,080 (0)
Buyers Credit	\$0 (\$1,250,000)	- (49,800,000)

B. Details of foreign currency exposure that are not hedged by derivative instrument or otherwise as on 31.03.2009 :

Particulars	Amount in Foreign Currency	Equivalent Amount (Rs.)
Sundry Creditors	\$133,780 (\$235,259)	6,816,091 (9,386,834)
Sundry Creditors	- (€47,365)	- (2,985,960)
Sundry Creditors	SEK 403,061 (SEK 186,653)	2,486,889 (1,250,792)
Sundry Creditors	- (£175,075)	- (13,936,826)
Sundry Debtors	\$352,675 (\$6,770)	17,968,025 (269,837)
Sundry Debtors	£11,665 (£92,110)	849,908 (7,332,397)
Sundry Debtors	€65,242 (-)	4,402,530 (-)
Advances from Customers	- (\$9,945)	- (396,209)
Other Advances	€92,829 (€75,423)	6,264,081 (4,754,253)
Other Advance	\$41,201 (\$318)	2,099,205 (12,693)
Buyer's Credit	\$2,536,676 (\$4,439,800)	129,243,665 (176,881,632)

**SCHEDULE 14 : SIGNIFICANT ACCOUNTING  
POLICIES AND NOTES ON ACCOUNTS**

**B. NOTES TO ACCOUNTS (Contd.)**

6. In accordance with ASI14 (Revised) on 'Disclosure of Revenue from Sales Transactions' issued by Institute of Chartered Accountants of India, excise duty on sales amounting to Rs. 92,55,52,145/- (Rs.115,37,74,882 /-) has been reduced from sales in Profit and Loss account and (Accretion)/Decretion of Excise Duty on Inventory of Finished Goods amounting to (Rs.92,47,899) /- (Rs.6,73,306 /-) has been accounted in the profit and loss account under Schedule 11 - Material Consumed
7. As the Company operates in the single business segment of Winding Wires made of Copper, there are no reportable segments of business as defined under the Accounting Standard AS 17-Segment Reporting issued by The Institute of Chartered Accountants of India.
8. Disclosure of Transactions with related parties as required under Accounting Standard AS 18 on Related Party disclosures issued by The Institute of Chartered Accountants of India are given below :

Relationship	Key Management personnel and their relatives :	
Chairman & Managing Director Shri Mahendra R. Mehta	Managing Director Shri Milan M. Mehta	Whole Time Director Shri Deepak M. Mehta
Relatives of key management personnel		
Mrs. S. M. Mehta, Wife	Mrs. G. M. Mehta, Wife Master A. M. Mehta, Son Miss M. M. Mehta, Daughter Milan Mahendra Mehta (HUF)	Mrs. S. D. Mehta - Wife Mr. N. D. Mehta, Son Deepak Mahendra Mehta (HUF)

Shri Mahendra R. Mehta and Mrs. S. M. Mehta are parents of Shri Milan M. Mehta and Shri Deepak M. Mehta  
Shri Milan M. Mehta and Shri Deepak M. Mehta are brothers.

- b) The following transactions were carried out with related parties in the ordinary course of business:

Nature of Transaction	2008-09 Rupees	2007-08 Rupees	Related party
Rent Paid	4,752,450	179,200	Relatives
Remuneration #	12,846,095	19,240,010	Key Management Personnel
Unsecured loan taken and Repaid	25,000,000	0	Key Management Personnel
Fixed Deposits taken	25,000,000	0	Relatives

# Refer Schedule 14 B - Note 2M (C)

- c) The Company does not have any subsidiary Company.

9. a) The following being Inter Unit Transactions during the year have been excluded in the Profit & Loss Account.

	2008/09 Rupees	2007/08 Rupees
1. Sales / Purchase & Processing Income etc.		
- Copper Wire Rods	4,103,816	30,325,665
- Enamels, Chemicals etc.	114,853,157	95,460,771
- Stores, Spares & Packing Material	4,267,443	1,660,816
2. Other Income / Other Expenses	744,265	90,000

- b) The profit arising on transfer of material by one Unit to another and in Stock as at 31st March, 2009 has been excluded from the valuation of relevant closing stock in the accounts of the Company.

10. During the year under review, the Company has purchased and sold the following investments :

Sr. No.	Scheme	Face Value	No. of Units Purchased & Sold	Amount Invested
1.	UTI Liquid Cash Plan Institutional (Dividend) Fund	- 1000/-	- (59,986)	- (61,152,982)
2.	UTI Liquid Plus Fund Institutional Plan (Dividend) Fund	- 1000/-	- (168,521)	- (168,537,336)

11. Income from Investments consists of (a) Dividends from Companies Rs.55656 /- (Rs.20,871/-) and (b) Dividends from Units of Mutual Funds - Rs. NIL (Rs.32,22,512/-).

12. (a) Amounts due to Small Scale Industrial Undertakings, and outstanding for a period exceeding 30 days are : 1. G.S. Dies Rs.8,389/- (Rs.107,701/-), 2. Bharat Heaters Rs.NIL (Rs.19,646/-), 3. Sealwell Rs.NIL (Rs. 13,697/-), 4. Xclusive Machineries Pvt Ltd. Rs.46,000/- (Rs.46,000/-), 5. Fox Controls Rs.NIL (Rs.4,393/-) and 6. Rollring Industries Rs.NIL (Rs.31,098/-).



**SCHEDULE 14 : SIGNIFICANT ACCOUNTING  
POLICIES AND NOTES ON ACCOUNTS**

**B. NOTES TO ACCOUNTS (Contd.)**

12. (b) The Company has amounts due to Micro and Small Enterprises under The Micro Small and Medium Enterprises development Act 2006 (MSMED ACT) at the Year End.

i)	The Principal Amount and Interest due thereon remaining unpaid due to supplier Niehoff India Pvt Ltd.	
	Principal Amount outstanding due to quality related dispute	115,475
	Interest	0
ii)	The amount of Interest paid by the Company alongwith the amounts of the payment made to supplier beyond the appointed date for the year ending 31st March, 2009	Nil
iii)	The amount of Interest due and payable for the period of delay for making payment (beyond the appointing date during the year)	Nil
iv)	The amount of Interest accrued and remaining unpaid for the year ending 31st March, 2009	0
v)	The amount of further interest remaining due and payable for the earlier years	Nil

NOTE : The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

13. In view of Accounting Standard Interpretation on Accounting for Fixed Asset AS-10, issued by The Institute of Chartered Accountants of India, during the year, Machinery spares of an aggregate purchase cost of Rs. NIL (Rs.118,84,743/-) which are meant for specific machines and which are not otherwise regularly used, have been capitalised with the cost of relevant Plant and Machinery. Depreciation on the same has been provided on a systematic basis over a period not exceeding the useful life of the principal item of Plant & Machinery. Depending upon the nature of use, at the time of issue of said Spares, the Spares are either capitalised or charged to Profit and Loss Account at Written Down Value of such Spares. Accordingly, the amount of spares issued during the year and capitalised is NIL (Rs. 11,52,654/-) and amount of spares issued during the year and charged to Profit & Loss Account is Nil (Nil).

14. Following Insurance Claims pending settlement, are debited to Insurance Claim Receivable a/c under Schedule-9 "Loans and Advances" as Advances are recoverable in cash or kind for the value to be received. On finalisation of Insurance Claim/ other relevant process appropriate Accounting entries will be passed.

	<b>2008-09</b>	<b>2007-08</b>
	<b>Rs./Lacs</b>	<b>Rs./Lacs</b>
1) In respect of 33.404 M Tons imported Copper Rods lost en-route from JNPT Port to Silvassa factory, reported last year.	95.92	95.92
2) In respect of 5.900 M.Tons of finished goods dispatched to customers and lost en-route during the year.	33.60	0
	<u>129.52</u>	<u>95.92</u>

15. The Net Loss on Copper Hedging Transaction squared up during the year is Rs. 1,63,05,886/- (Previous Year - 4,89,27,173/-) and the same is included in the cost of Material Consumed (Schedule 11-B to the Profit and Loss Account for the year).

16. Earning Per Share (EPS) - EPS is calculated by dividing the profit attributable to the equity shareholders by the average number of equity shares outstanding during the year as stated below.

	<b>2008-09</b>	<b>2007-08</b>
	<b>Rupees</b>	<b>Rupees</b>
a. Profit after tax	<b>11,617,409</b>	172,477,443
b. Weighted Average Number of Shares	<b>11,563,623</b>	11,380,290
c. Basic EPS	<b>1.00</b>	15.16
d. Diluted EPS	<b>1.00</b>	15.16
e. Face value per share	<b>10.00</b>	10.00

17. Figures in brackets pertain to the previous year.

18. Previous year's figures have been regrouped/reworked wherever necessary.

As per our report of even date.

For and on behalf of the Board

**For S.R. Divatia & Co.**  
Chartered Accountants

**Mahendra R. Mehta**  
Chairman, Managing Director & CEO

**C. Mohandas Pai**  
Chief Financial Officer

**Shalin S. Divatia**  
Partner  
Membership No. 39755

**Deepak M. Mehta**  
Whole-time Director

**S. G. Sathe**  
Company Secretary

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details : L31300MH1989PLC54356**Registration No.     -     

State Code (Ref. Code List 1)

         Balance Sheet        

Date Month Year

**II. Capital Raised during the Year (Amount in Rs. Thousands)**

Public Issue

Right Issue

Bonus Issue

Private Placement

       **III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities

Total Assets

        **Sources of Funds**

Paid-Up Capital

Reserves &amp; Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

       **Application of Funds**

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

      **IV. Performance of the Company (Amount in Rs. Thousands)**

Turnover

Total Expenditure

+ Profit / - Loss Before Tax

+ Profit / - Loss After Tax

Earning per Share Rs.

Dividend Rate Rs. per Share

     **V. Generic Names of Three Principal Products / Service of Company**

Product Description

Item Code No. (ITC Code)

The Company deals in only one product.

For and on behalf of the Board

**Mahendra R. Mehta**

Chairman, Managing Director &amp; CEO

**C. Mohandas Pai**

Chief Financial Officer

**Deepak M. Mehta**

Whole-time Director

**S. G. Sathe**

Company Secretary

Mumbai,

Dated : 29<sup>th</sup> June, 2009

Mumbai,

Dated : 29<sup>th</sup> June, 2009



**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST MARCH, 2009**

	Rupees in Lacs		
	31/03/2009		31/03/2008
<b>A. Cash Flow From Operating Activities</b>			
<b>Net profit before tax and extraordinary items</b>	206.40		2,647.98
<b>Add / (Deduct) : Adjustments for</b>			
Interest	398.42	463.20	
Depreciation (net)	1,032.22	900.25	
Preliminary Expenses / Deferred Revenue Written off	-	-	
Amalgamation Expenses Written off	-	-	
(Profit)/Loss on sale of assets	3.98	(0.54)	
Imported Spares Written off	-	-	
(Refer Note No B-13 in Notes to Accounts Sch 14)			
Provision for Loss on Fixed Assets Scrapped / Discarded	-	-	
Profit / Loss on sale/write-off of Investment	-	-	
Provision for Decline in Value of Investments Written Back	-	-	
Income from investments	(0.56)	1,434.06	(32.43)
<b>Operating Profit before working capital changes</b>	<b>1,640.48</b>		<b>3,978.46</b>
<b>Add / (Deduct) Adjustments for :</b>			
Trade and Other Receivables	3,680.79	(422.76)	
Inventories	1,183.20	(1,832.18)	
Trade and Other Payables	(3,785.41)	743.49	
Loans and Advances	5.06	648.30	
Other Current Assets	222.41	1,306.05	133.04
<b>Cash generated from operations</b>	<b>2,946.51</b>		<b>3,248.35</b>
Direct Taxes paid (net of refunds)	(579.32)		(950.88)
<b>Cash flow before extra-ordinary items</b>	<b>2,367.18</b>		<b>2,297.47</b>
Extraordinary items	-		-
<b>Net cash from operating activities</b>	<b>2,367.18</b>		<b>2,297.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES - Inflow / (Outflow)</b>			
Purchase of fixed assets (including Capital Work In Progress)	(1,348.06)	(1,973.37)	
Proceeds from Sale of Fixed assets	6.16	2.00	
Investments in Units of Mutual Funds	(0.01)	(1,182.29)	
Proceeds of sale of investments/Units of Mutual Funds	-	1,785.44	
Income from Investments	0.56	32.43	
<b>Net cash generated /(used) in investing activities</b>	<b>(1,341.36)</b>		<b>(1,335.79)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in / (Repayment of) term loans	(379.00)	(684.83)	
Increase/(Decrease) in Bank borrowings	(1,257.18)	1,811.84	
Interest paid	(398.42)	(463.20)	
Issue of shares/debentures	-	1,948.65	
Fixed Deposit Received / (Repaid)	250.00	-	
(Redemption of shares/debentures)	-	(1,948.65)	
Dividends paid	(487.30)	(471.89)	
<b>Net cash generated/(used) in financing activities</b>	<b>(2,271.89)</b>		<b>191.92</b>
<b>Net increase/(decrease) in cash equivalents</b>	<b>(1,246.07)</b>		<b>1,153.60</b>
<b>Cash and cash equivalents as at 1st April</b>	<b>3,293.03</b>		<b>2,139.42</b>
<b>Cash and cash equivalents as at 31st March</b>	<b>2,046.96</b>		<b>3,293.03</b>

Note : Interest Income represents mainly amounts received from customers for delayed payments and income on Bank-Fixed-Deposits under lien with the Bank. Hence the Interest Income is considered as a part of the operational activities of the Company.

As per our report of even date.

For and on behalf of the Board

**For S.R. Divatia & Co.**  
Chartered Accountants

**Mahendra R. Mehta**  
Chairman, Managing Director & CEO

**C. Mohandas Pai**  
Chief Financial Officer

**Shalin S. Divatia**  
Partner  
Membership No. 39755

**Deepak M. Mehta**  
Whole-time Director

**S. G. Sathe**  
Company Secretary

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

Mumbai,  
Dated : 29<sup>th</sup> June, 2009

**PRECISION WIRES INDIA LTD**

**ERRATA**

The following printing / reporting errors in the circulated Annual Report for Financial Year 2008-09 were put up by the Company Secretary at the Annual General Meeting of the Company held on 19<sup>th</sup> September, 2009 before the Agenda Item No. 1 of the Meeting (Adoption of Balance Sheet and Profit & Loss Account, etc for the Year Ended 31<sup>st</sup> March, 2009) was taken up for discussion. The following corrections in figures were discussed and were unanimously approved by the Members present. These printing / reporting errors do not have any impact on the Balance Sheet and Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2009.

Page No. of Annual Report 2008-09	Paragraph	Printed	To be Read as
06	Company's Contribution to Provident Fund etc, not forming part of Minimum Remuneration of Shri Milan M. Mehta	Column 2 - Rs. 4,38,000/-	Rs. 4,32,000/-
18	Para g) Discussion on Financial performance with respect to Operational Performance	due to increase in jobwork to 9008 ---	due to increase in jobwork to 8997 ---
18	- do -	Reserves and Surplus at 31 <sup>st</sup> March, 2009 was Rs. 13131 - ---	Reserves and Surplus at 31 <sup>st</sup> March, 2009 was Rs. 13023 -- --
18	- do -	Foreign Exchange Loss is Rs.69 lacs ---	Foreign Exchange Loss is Rs.178.71 lacs --
32	Schedule 14-B -Notes to Accounts - 2(A) Production - II (d) Bare Wire for Sale	101 MTs	1 MTs
33	Schedule 14-B-Notes to Accounts- 2(D) Raw Material Consumed -2. Enamels and Chemicals*	* Includes chemicals used for production of enamels 839MT (892MT)/ Rs.7,78,65,312/- (Rs. 7,78,65,312/-)	* Includes chemicals used for production of enamels 1131MT (839MT)/ Rs.11,20,64,456/- (Rs. 7,78,65,312/-)
36	Schedule 14-B-Notes to Accounts- 2(L) Expenses/Debits and (Income/Credits) pertaining to Previous Years :	Administration & Selling Expenses amount Rs. (94,412/-)	Administration & Selling Expenses amount Rs. 94,412/-
		2007-08 - Manufacturing amount Rs. 30,422/-	2007-08 - Manufacturing amount Rs. (30,422/-)
		2007-08 - Administration & Selling Expenses Rs. 12,18,466/-	2007-08 - Administration & Selling Expenses Rs. (12,18,466/-)

For Precision Wires India Limited

*Handwritten Signature*

Managing Director

For Precision Wires India Limited

*Handwritten Signature*  
Company Secretary

Mumbai, 19<sup>th</sup> September, 2009



**BOOK-POST**



*If undelivered, please return to :*

**PRECISION WIRES INDIA LTD.**  
Saiman House, J.A. Raul Street,  
Off Sayani Road, Prabhadevi, Mumbai - 400 025.