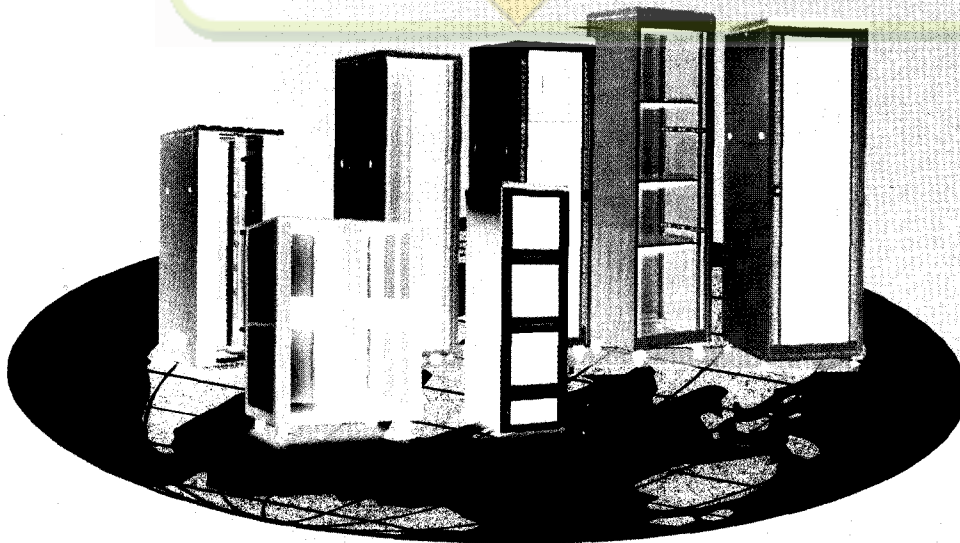


Annual Report 2003-04



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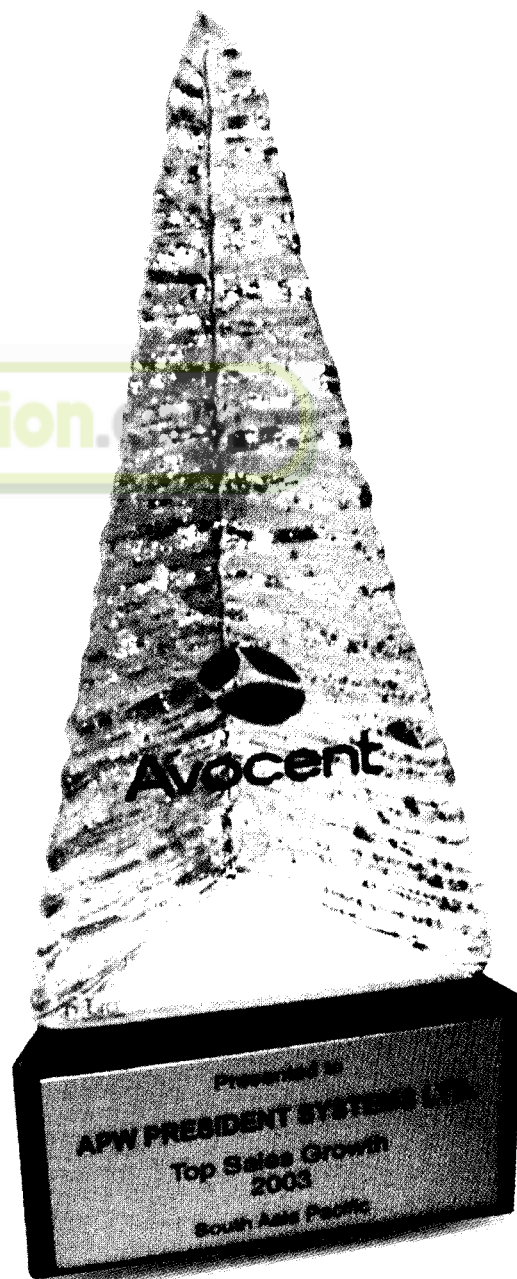
*The first name in
enclosure systems*

Some more feathers in our cap



NCR Trophy for the Best Localisation Support 2003.

Report  Junction



AVOCENT Trophy for
Top Sales Growth 2003.

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Board Of Directors
(As on March 31, 2004)

Richard Carroll
 Elijah A. Elias
 Sudhir Seth
 Ashok D. Kunte
 Marc Rutty
 Jan Buis
 Shailesh Hemani
 Lakshman Bhatia
 S. G. Teredesai
 Ms. Samantha Kirby
 Ms. Shefali Shah

(Chairman)
 (Managing Director)
 (Jt. Managing Director)

Company Secretary

K. K. Bhavsar

Registered Office

303 New India Industrial Estate,
 Off Mahakali Caves Road, Andheri East,
 Mumbai – 400 093

Works

PUNE
 Plot S-73, MIDC,
 Bhosari, Pune 411 026

BANGALORE
 Plot 5C/1, KIADB Industrial Area,
 Attibele, Bangalore 562 107

Main Bankers

Syndicate Bank

Auditors

Messrs. Price Waterhouse
 Chartered Accountants

Listing Details

Company's Equity Shares are listed at:

Pune Stock Exchange Ltd.
 Shivleela Chambers.
 752, Sadashiv Peth,
 R. B. Kumbhkar Marg,
 Pune 411 030

Bangalore Stock Exchange Ltd.
 Stock Exchange Towers
 51, 1st Cross, J.C. Road,
 Bangalore 560 027

Listing fees up to the year 2004-2005 have been paid to the
 Concerned stock exchanges.

Registrar & Transfer Agent

Mondkar Computers
 21, Shakil Nivas, Mahakali Caves Road,
 Andheri (E), Mumbai 400 093
 Tel.: (022) 836 6620, 838 2236

ISIN No.

INE 155 D 01018

20TH ANNUAL GENERAL MEETING

DATE : FRIDAY, SEPTEMBER 24, 2004

TIME : 3:30 P.M.

VENUE : Hotel Tunga International
 Tribune II,
 6th Floor, Central Road, M.I.D.C.,
 Andheri East, Mumbai 400 093

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview and Competition

There has been a significant growth in Telecom Sector which is one of the main Industries where our products are in demand. The country has seen 1.5 million cell phone users being added each month, a rate which has surpassed even that of China. To support these new users the service providers require Telecommunication facilities filled with equipment, all of which require enclosures & Racking Systems. Though there is fierce competition, APW President continued to maintain its position as one of the leaders in Racks and Cabinets business.

During the year, APW President scaled new peaks and set several new records. The Cabinet and Rack division achieved Sales of Rs. 354.11 M i.e. 27% growth over previous year. The Technology Products Division achieved Rs.21.79 M sales which is almost double of last year sales and crossed the break even point. APW President achieved exports of Rs. 60.26 M which is 24% higher than the previous year, reflecting its global competitiveness and the international quality of its products.

APW President is the only manufacturer offering enclosures to every segment of the electronics industry. It is also equipped to design and deliver application-specific enclosures to international companies for its ATMs. Since the Company's business spread is across different segments of the user industry, a downturn in one segment is cushioned by off-take in other segments. APW President also have the benefit of regular exports to markets in the Middle East, Singapore, Australia and USA over the last several years.

Opportunities and Threats

APW President will continue to maintain its leadership position in the Indian enclosure industry going forward. APW President has expanded its capacity last year and is further investing to meet the demands of significant growth in this business. The demonstrated global competitiveness and international quality of products, and its superior logistic capabilities, provide the Company with new opportunities in domestic as well as international markets. APW President will keep examining and pursuing these new opportunities for growth.

APW President faces normal markets competition from Indian as well as international companies. The sound business strategies and competitive costs have enabled APW President to retain its leading market position. APW President endeavours to enhance its competitive advantage through a process of continuous improvements, and by implementing appropriate coherent business strategies. The disciplined financial frame work provides stability and a platform for growth of the Company.

Segment wise Performance

Cabinet Division

The Cabinet Division has achieved 27% increase in turnover. During part of the year APW President benefited from the increased capacity of Cabinet division. The Cabinet Division also made in roads in contract manufacturing activities, resulting in good orders to keep the Company's plants operating.

Technology Product Division (TPD)

TPD has grown significantly during the year. It achieved 105% growth in turnover and crossed the break-even point. APW President was awarded the 'The Top Sales Growth' Trophy for Asia Pacific region by Avocent, who are the world-wide market leaders for KVM Products and high end Server Switches for large enterprise networks.

Outlook

The significant growth in the Telecom Sector is expected to be maintained during the year 2004-05. The demand for pre-wired cabinets may also provide another opportunity for growth. Opportunities for outsourcing of parts and components by other multi-national companies for their ATMs are also growing significantly. In view of this APW President has expanded its capacity at Bangalore. APW President shall continue to focus on its core business and develop manufacturing capabilities.

Quality Management and Design development

Quality Management Systems

APW President has an integrated computer-aided manufacturing set up. Laced throughout this is our Quality Management System (QMS), which is another customized software package, created especially for APW President. Our QMS covers all aspects of the manufacturing cycle, from Incoming inspection, In-process inspection, to final quality assurance checks prior to dispatch. It also covers the calibration of all equipment used for manufacturing and inspection, as well as monitoring all customer complaints, transportation damage instances and corrective and preventive action. In the event of a complaint from a customer, or a failure report from the field, our QMS provides traceability through various stages of the manufacturing cycle.

Design Development

APW President constantly carries out research for design and development of new products and accessories. The design styling, look and feel of our products is always current and in step with practices worldwide. The Company has computer aided design facilities in-house and employ experienced design personnel as well.

As an ISO 9001:2000 APW President take the ratification of all its designs seriously. All new products and accessories are extensively tested in order to ensure that they exceed their rated specification by a comfortable safety margin.

Risk and Concerns

Competition: There is a risk of rising competition due to cloning of our product range by smaller companies in the unorganized sector.

Mitigants: The Company has built a large and established distribution network that should be difficult to replicate by potential competitors.

Supply Profile: The recent increase in Steel prices and other components is an area of great concern to the Company.

Mitigants: APW President continues to develop wide suppliers network. Company makes continuous efforts to develop alternative sources for major components and strives to develop substitutes wherever possible for reducing the material cost content of the product.

Internal Control System and their Adequacy

The Company has a proper and adequate system of internal controls commensurate with its nature and size of its business to ensure that its assets are safeguarded and protected against loss from unauthorized use or disposition, and that the transactions are authorized, recorded and reported correctly.

The internal control systems are supplemented by an extensive program of internal audit, review by management and established policies, guidelines and procedures. The systems are designed to generate accurate financial statements and other data and for maintaining accountability of assets.

Discussion on Financial Performance with respect to Operational Performance

The profit before tax for the year under review is Rs. 41.64 million. This reflects the effect of increase in sales volumes and reduction in indirect costs. The company entered new markets during the year.

The results also include the effect of a write down of certain fixed assets and write-off of doubtful debts, based on a review undertaken by the Company.

Material development in Human Resource/ Industrial Relations Front

At the factory locations, several activities are undertaken by the Personnel Department on industrial safety and production related aspects. The industrial relations at both units during the year under review were cordial.

There have been some changes in the senior management team during the year.

The Company had 263 employees on its roll as on 31st March 2004 at its production facilities and offices across the country.

Cautionary Statement

The Management Discussion Analysis Statements made above are on the basis of available data as well as certain assumptions as to Government policies, economic and political developments. The Company cannot guarantee the accuracy of the assumptions and expectation of future events. The Company's actual results, performance or achievements could thus differ materially from projected performance in future.

Compliance Report on Corporate Governance for the year 2003-2004

1. Company's philosophy on code of governance

The Company always strives to achieve optimum performance at all levels by adhering to corporate governance practices

- To strive towards enhancement of shareholder value through prudent business management, sound business decision and high standards of ethics with attendant transparency
- To achieve excellence in Corporate Governance by complying in all respects with the mandatory guidelines in this respect and also regularly reviewing management systems for further improvement.

2. Board of Directors

a. The Board of Directors consisted of the following Directors as at March 31, 2004

Non-Executive Chairman: Mr. Richard Carroll

Executive Director:

Managing Director Mr. E. A. Elias

Joint Managing Director Mr. Sudhir Seth

Non-Executive Director:

Director Mr. Ashok D. Kunte

Director Mr. Marc Rutty

Director Mr. Jan Buis

Director Ms. Samantha Kirby

Non-Executive Independent Director:

Director Ms. Shefali Shah

Director Mr. Shailesh Hemani

Director Mr. Lakshman Bhatia

Director Mr. S. G. Teredesai

b. The Board met seven times during the year i.e. May 30, 2003, June 30, 2003, July 29, 2003, September 25, 2003, October 31, 2003, January 30, 2004 and March 12, 2004.

c. The attendance of Directors at the meeting of Board of Directors held during the financial year and at the last Annual General Meeting along with the number of the Board Committees in which each director is a member or Chairperson is given below:

Name of Director	No. of Board meetings attended	Whether A.G.M. attended or not	No. of Committee position held in other companies as on March 31, 2004		No. of Directorship held in other companies incorporated in India as on March 31, 2004
			Chairman	Member	
Ms Carol Flack ¹	None	No	-	-	-
Mr. E. A. Elias	7	Yes	-	-	-
Mr. Sudhir Seth	7	Yes	-	-	3
Mr. Ashok Kunte	7	Yes	-	-	2
Mr. Marc Rutty	None	No	-	-	-
Ms. Shefali Shah	5	Yes	-	-	6
Mr. Kashyap Pandya ²	None	N.A.	-	-	-
Mr. Peter Callan ²	None	N.A.	-	-	-
Ms. Samantha Kirby ³	None	No	-	-	-
Mr. Shailesh Hemani	7	N.A.	-	-	-
Mr. Lakshman Bhatia	6	N.A.	-	-	-
Mr. S. G. Teredesai	6	N.A.	-	-	2
Mr. Richard Carroll ⁴	None	N.A.	-	-	-
Mr. Jan Buis ⁴	None	N.A.	-	-	2

1. Resigned from the Board on May 1, 2003

2. Resigned with effect from September 25, 2003.

3. Appointed on the Board on October 31, 2003.

4. Appointed with effect from March 12, 2004.

Independent Director means a director who, apart from receiving a Directors' remuneration, does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, or their subsidiary which is in the judgement of the Board may affect the independence of judgement of the Director.

3. Audit Committee

The Company has constituted an Audit Committee on March 29, 2003 comprising of 4 non-executive directors, namely, Mr. Shailesh Hemani, acting as Chairman and having financial and accounting knowledge, Mr. Lakshman Bhatia, Mr. S. G. Teredesai and Mr. Ashok D. Kunte. Mr. K. K. Bhavsar, Company Secretary is the Secretary of the Committee. There were four meetings of the committee held on June 30, 2003, July 29, 2003, October 31, 2003 and January 30, 2004 during the financial year 2003-04.

Members	Meetings held during the tenure of Directors	Meetings attended
Mr. Shailesh Hemani	4	4
Mr. Lakshman Bhatia	4	3
Mr. S. G. Teredesai	4	4
Mr. Ashok D. Kunte	4	4

The terms of reference to the Committee as stipulated in Clause 49 of the Listing Agreement are as follows:

- (a) Over viewing the Company's financial reporting process and the disclosure of its financial information
- (b) Recommending the appointment and removal of internal and external auditor, fixation of audit fee and also approval for payment for any other services.
- (c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit.
 - The going concern assumption
 - Compliance with accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements
 - Any related party transactions
- (d) Reviewing with management, external and internal auditors, the adequacy of internal control systems, internal audit coverage and frequency of internal audit report.
- (e) Review management and internal auditor, any significant findings of internal/external auditors or any other investigation and report the matter to the board.

The Audit Committee has the following powers:

- To invite any of the executives of the Company, as it considers appropriate to be present at the meetings of the committee.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee

The Remuneration Committee of the Board is constituted to formulate and recommend to the Board a compensation structure for the Whole-time Members of the Board. Presently, the committee comprises of 3 non-executive independent directors, namely, Mr. Lakshman Bhatia acting as the Chairman, Mr. Shailesh Hemani and Mr. S. G. Teredesai. Meeting of the Remuneration Committee was held only once on March 12, 2004 during financial year 2003-04.

The details of remuneration paid to the Executive Director during the financial year 2003-04 are as follows:

Breakup of Remuneration	Mr. E. A. Elias	Mr. Sudhir Seth ¹
Salary (Rs.)	13,58,000	13,80,000 ¹
Contribution to Provident Fund (Rs.)	129,600	72,000
Other Benefits (Rs.)	71,758	71,758
Total (Rs.)	15,59,358	15,23,758
Service Contracts	5 years w.e.f. April 1, 2004	2 years w.e.f. April 1, 2002
Notice Period	6 months	6 months

¹ Mr. Sudhir Seth has retired with effect from March 31, 2004. The amount includes Gratuity and Leave Encashment.

Note: The above figures does not include provision for gratuity and leave encashment which is based on actuarial valuation done on an overall company basis.

The resident non-Executive Directors, Mr. Ashok D. Kunte, Ms. Shefali Shah, Mr. Shailesh Hemani, Mr. Lakshman Bhatia and Mr. S.G. Teredesai were paid sitting fees of Rs.18,000, Rs.10,000, Rs. 26,000, Rs. 22,000 and Rs. 24,000 respectively for the meetings of the Board attended by them.

During the financial year under review, remuneration committee meeting was held on March 12, 2004

Attendance of Members at the Meeting of the Remuneration Committee held during 2003-2004

Members	Meetings held during the tenure of Directors	Meetings attended
Mr. Lakhsman Bhatia	1	1
Mr. Shailesh Hemani	1	1
Mr. S. G. Teredesai	1	1

5. Shareholders/ Investors' Grievances Committee

The Shareholders/ Investors' Grievances Committee comprises of 3 non-executive independent directors, namely, Mr. S. G. Teredesai acting as the Chairman, Mr. Shailesh Hemani and Mr. Lakshman Bhatia. Mr. K. K. Bhavsar, Company Secretary is the Compliance Officer of the Company in matters relating to Shareholders, Stock Exchanges, SEBI and other related regulatory matters. The Company has not received any complaints from the shareholders and all other requests/correspondence received from the shareholders were attended. There were no share transfer requests pending as on March 31, 2004.

6. Details of last three year's Annual/ Extra Ordinary General Meetings are as follows:

Year	AGM/EGM	Location	Date and Time	No. of special resolutions
2003	AGM	Hotel Tunga International, Andheri (East), Mumbai 400 093	September 25, 2003 3.30 p.m.	-
2002	AGM	Hotel Tunga International, Andheri (East), Mumbai 400 093	September 19, 2003 3.30 p.m.	-
2002	EGM	303, New India Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai- 400 093	May 31, 2002 4.00 p.m.	-
2001	EGM	303, New India Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai- 400 093	October 30, 2001- 11.00 a.m.	1
2001	AGM	Hotel Tunga International, Andheri (East), Mumbai 400 093	September 18, 2001 3.00 p.m.	-
2000	AGM	Hotel Tunga Paradise, Andheri (East), Mumbai 400 093	September 25, 2000 4.00 p.m.	1

7. Disclosures

- (a) There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may potentially conflict with the interest of the Company at large.
- (b) There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty / strictures been imposed on the company by the stock exchanges or SEBI or any other statutory authority on such matters.

8. Means of Communication

- (a) The Quarterly, half yearly and annual results are normally published in The Free Press Journal (English) and Navshakti (Marathi).
- (b) The Company has not made any presentation to the institutional investors or to the analysts.
- (c) Management Discussion and Analysis Report forms part of the Annual Report.

9. General Shareholder Information

- (a) Annual General Meeting
 Date : September 24, 2004
 Time : 3.30 p.m.
 Venue : Hotel Tunga International, Tribune II, 6th Floor
 Central Road, M.I.D.C., Andheri(E), Mumbai 93
- (b) Financial Calendar April 1, 2003 to March 31, 2004
- (c) Date of Book Closure Friday, September 10, 2004
- (d) Dividend payment date After September 24, 2004
- (e) Listing on Stock Exchange
 1) Pune Stock Exchange Limited (PSE)
 2) Bangalore Stock Exchange Limited (BgSE)
- (f) Stock Code
 PSE - 160225
 BgSE - VEROPNDSYS
- (g) Market Price data and Performance in comparison to broad-based indices.
 The Company Shares has not been traded since December 1998. Accordingly, the Market Price Data giving High, Low during each month in last financial year and Performance in comparison to broad-based indices is not applicable. The Company shares were last traded on Pune Stock Exchange at Rs. 42 per equity share.
- (h) Registrars and Share Transfer Agents
 Name: Mondkar Computers
 Address: 21, Shakil Nivas, Mahakali Caves Road,
 Andheri (East), Mumbai- 400 093.
- (i) Share Transfer Systems
 The Shareholders/ Investors' Grievances Committee (formerly known as Share Transfer Committee) schedules to meet every 15 days whenever there is Share Transfer or any complaint from the Shareholders. Based on the approval of the Shareholders/ Investors' Grievances Committee the share transfers both in physical and electronic made are effected by the Registrar and Share Transfer Agents, namely, M/s. Mondkar Computers having their office at 21, Shakil Nivas, Mahakali Caves Road, Andheri (East), Mumbai- 400 093.
- (j) Distribution of shareholding as at March 31, 2004

Category	As on 31.03.2004	
	Shares held	% on Capital
Promoters: Indian Promoters	15,29,900	30.36
Foreign Promoters	21,16,800	42.00
Bodies Corporate	96,100	1.90
Resident Individuals	12,97,200	25.74
Total	50,40,000	100.00

Number of Shares	Number of Shareholders	Percentage	Total Number of Shares	Percentage
Up to 1,000	871	85.73	3,21,500	6.38
1,001 – 5,000	98	9.65	2,29,600	4.56
5,001 – 10,001	13	1.28	1,06,300	2.11
10,001 – 20,000	6	0.59	83,800	1.66
20,001 – 50,000	15	1.48	4,64,600	9.22
50,001 – 1,00,000	3	0.29	2,24,400	4.45
Above 1,00,000	10	0.98	36,09,800	71.62
Total	1016	100.00	50,40,000	100.00

(k) Dematerialisation of Shares and liquidity

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the depository systems in India – NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). As on March 31, 2004, 18,74,900 equity shares representing 37.20 % of the paid up equity Share Capital have been dematerialised.

International Securities Identification Number (ISIN) of the Company for equity shares is INE 155 D 01018.

(l) The Company has not issued any GDR's ADR's warrants or any other convertible instruments.

(m) Plant Location

Pune Plant

Plot S-73, Bhosari, MIDC, Pune – 411 026

Bangalore Plant

Plot 5c/1, KIADB Industrial Area, Attibele, Bangalore -562 107

(n) Address for correspondence

303, New India Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai – 400 093

Phone no: 022-5693 8080

Fax no : 022-5693 8181

10. Appointment/ Reappointment of Directors

Mr. Richard Carroll, Mr. Jan Buis and Ms. Samantha Kirby have been appointed as new directors of the Company.

Ms. Samantha Kirby

Ms. Samantha Kirby is European Group Financial Controller for APW and Company Secretary for all UK companies of APW. She is a qualified Chartered accountant. She does not hold directorship in any other Indian company and is neither a member of any committee of the Board of any other Indian company.

Mr. Richard Carroll

Mr. Richard D. Carroll is currently Vice President and Chief Financial Officer of APW, USA. He does not hold directorship in any other Indian company and is neither a member of any committee of the Board of any other Indian company.

Mr. Jan Buis

Mr. Jan Buis is currently the Vice President of Enclosure Solutions in APW. He does not hold directorship in any other Indian company and is neither a member of any committee of the Board of any other Indian company.

AUDITORS CERTIFICATE

To the Members of APW President Systems Limited

We have examined the compliance of the conditions of Corporate Governance by APW President Systems Limited (the Company) for the year ended March 31, 2004, as stipulated in clause 49 of the listing agreements of the Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreements.

We state that no investor grievances have been received during the year ended March 31, 2004 as per the records maintained by the Company and presented to the Share Transfer and Investors Grievance Committee.

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

Partha Ghosh

Partner

Membership No.055913

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, June 25, 2004