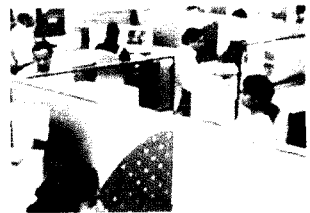
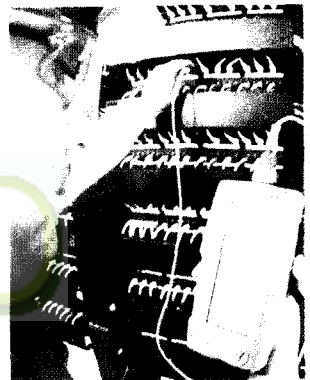
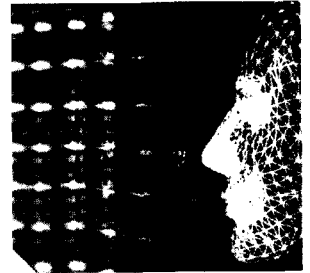
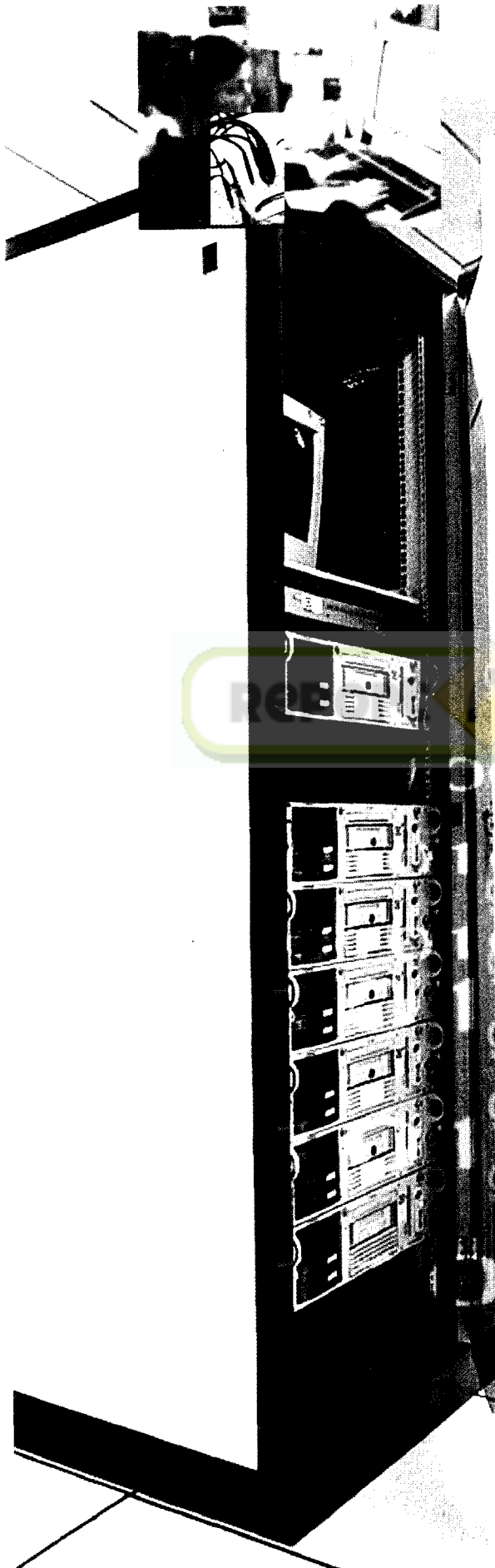


Annual Report 2005-06



The first name in enclosure systems



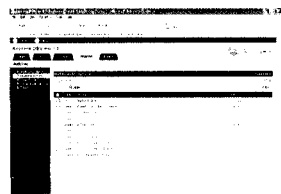
Avocent

The Power of Being There.



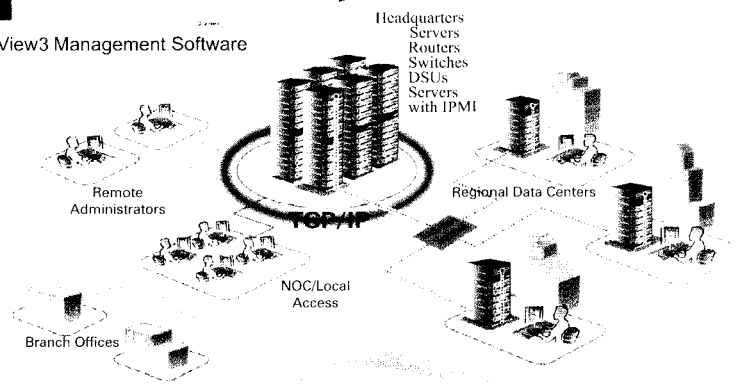
NEW PRODUCTS

Data Centre Management Solutions



DSView3 Management Software

Avocent



DSR Appliance for KVM Access



Cyclades ACS Appliance
for Serial Console Access



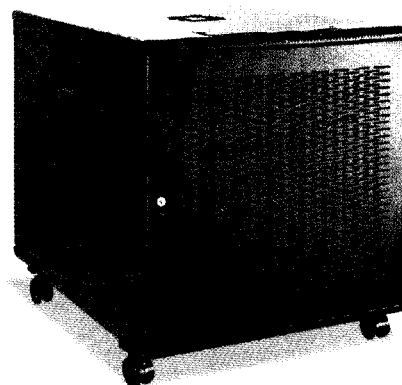
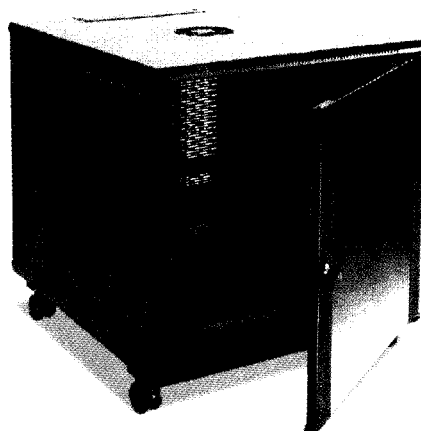
Cyclades PM Power
Management Appliance



IPMI Proxy Appliance
for Health Monitoring



TABLERACK



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Board Of Directors

LAKSHMAN BHATIA	(Chairman)
ELIJAH A. ELIAS	(Vice Chairman and Managing Director)
SUDHIR SETH	
ASHOK D. KUNTE	
MARC RUTTY	
SHAILESH HEMANI	
MADHAV JOSHI	
MS. SAMANTHA KIRBY	
MS. SHEFALI SHAH	

Company Secretary

K. K. BHAVSAR

Registered Office**R-2, TECHNOLIS KNOWLEDGE PARK**Mahakali Caves Road, Andheri East,
Mumbai 400 093**Works****PUNE**Plot S-73/74, MIDC,
Bhosari, Pune 411 026**BANGALORE**Plot 5C/1, KIADB Industrial Area,
Attibele, Bangalore 562 107**Main Bankers**

Syndicate Bank

AuditorsMessrs. Price Waterhouse
Chartered Accountants**Listing Details**

Company's Equity Shares are listed at:

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

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

Listing fees up to the year 2006-2007 have been paid to the concerned stock exchanges.

Company's shares are also traded at BSE under IndoNEXT category (Scrip Code 590033)

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

22ND ANNUAL GENERAL MEETING**DATE** : THURSDAY, SEPTEMBER 28, 2006**TIME** : 3:30 P.M.

VENUE : Maple Hall, Hotel Mirador
New Link Road, Chakala,
Andheri East, Mumbai 400 099

FINANCIAL STATISTICS

(Rupees in Lacs)

Particulars	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002
Income :					
Net Sales	7,713.86	5,493.31	3,746.85	2,890.00	2,423.69
Royalty and Commission	125.19	130.48	85.30	66.89	24.65
Service Charges					17.30
Other Income	68.78	79.54	44.37	84.51	39.46
Total Income	7,907.83	5,703.33	3,876.52	3,041.40	2,505.10
Profit before Taxation	104.39	605.91	416.23	214.97	74.41
Profit After Taxation	628.31	359.88	317.08	136.65	39.97
Dividend Payout	90.72	75.10	74.18	49.35	-
Corporate Tax on Dividend	12.72	10.53	9.50	6.32	-
Retained earnings	524.87	274.25	233.40	80.98	39.97
Dividend (%)	15.00	15.00	15.00	10.00	-
Earning per Share	10.78	6.39	6.41	2.77	0.81

(Rupees in Lacs)

Particulars	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002
Shareholders' Funds :					
Share Capital	604.80	502.34	498.49	493.54	493.54
Reserves & Surplus	2,107.40	1,276.24	993.25	748.70	667.73
Total Shareholder's Funds	2,712.20	1,778.58	1,491.74	1,242.24	1,161.27
Loan Funds :					
Secured Loans	675.58	739.25	352.13	166.31	410.11
Unsecured Loans	431.54	501.49	415.09	335.72	226.38
Funds Employed	1,107.12	1,240.74	767.22	502.03	636.49
Deferred Tax Liability (Net)	222.23	225.36	154.33	171.85	111.15
Total	4,041.55	3,244.68	2,413.29	1,916.12	1,908.91
Application of Funds :					
Fixed Assets					
Gross Block	3,069.96	2,790.85	1,938.52	1,593.55	1,631.85
Less : Depreciation	980.34	812.00	677.02	566.49	540.01
Net Block	2,089.62	1,978.85	1,261.50	1,027.06	1,091.84
Capital Advances	65.19	8.97	182.23	6.05	3.08
	2,154.81	1,987.82	1,443.73	1,033.11	1,094.92
Investments	0.18	0.18	42.65	39.23	36.47
Current Assets, Loans and Advances	4,065.64	2,783.34	1,844.30	1,361.86	1,202.64
Less : Current Liabilities and Provisions	2,179.08	1,526.66	917.39	518.08	462.05
Net Current Assets	1,886.56	1,256.68	926.91	843.78	740.59
Miscellaneous Expenditure	-	-	-	-	36.93
(To the extent not w/off or adjusted)					
Total	4,041.55	3,244.68	2,413.29	1,916.12	1,908.91

Statement of Accounting Ratios of the Company

Particulars	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002
Return on Net Worth (%)	23.17	20.23	21.26	11.00	3.55
Cash Earning per share	13.69	11.72	9.12	6.33	3.59
Net Asset Value per share	44.84	35.68	30.14	25.17	22.78

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview and Competition

The growth in the IT and Telecommunication sector witnessed during the past few years has continued unabated. In the Telecom sector the growth rate has actually increased in this last year with close to 3.2 million new connections being added every month. The tele-density in the country (number of phone connections per 100 population) has finally crossed the double digit mark and is now near 11.0%. These industries are very important for our business as our domestic sales growth is directly linked with the major players in these two sectors investing in upgrading their infrastructure, or setting up new networks. The growth has also led to entry of competition from international players such as APC and Knurr at the top end along with a number of local manufacturers - especially in the telecom sector.

During the year the Company scaled new peaks and set several new records. The Cabinet and Rack division achieved Sales of Rs. 728.19M - a 40% growth over the previous year. The Technology Products Division (TPD) achieved sales of Rs.43.20M, which is a 48% increase over last years sales. Exports at Rs. 82.40M were 19% higher than before, reflecting the Company's global competitiveness and the international quality of its products.

The Company is one of the few manufacturers offering enclosures to every segment of the electronics industry. It is also equipped to design and deliver application-specific enclosures for various segments. Since the Company's business is spread across many segments of the user industry, a downturn in one segment is cushioned by off-take in other segments. It also enjoys the benefit of regular exports to fast developing Middle East markets and the emerging opportunities in South East Asia and USA.

Opportunities and Threats

APW President continues to maintain its leadership position in the Indian enclosure industry. It has expanded its capacity last year and is further investing to meet the demands of expected growth in business. The demonstrated global competitiveness, the international quality of its products and its superior logistic capabilities, provide the Company with new opportunities in domestic as well as international markets. It will continue to examine these new opportunities for growth and pursue them vigorously.

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

A major threat in the domestic and Middle East markets are the Chinese cabinet manufacturers, as well as some East European suppliers. Their cabinets are targeted for what is described as "run-rate" business - which offers a large potential for low cost cabinets. Being one of the market leaders the Company has to face the constant threat of being copied by all local manufacturers and, because of low entry barriers the Company continues to be attacked by these small scale players.

Segment wise Performance

Cabinet Division

During part of the year the Company benefited from the increased capacity of its Cabinet Division and was consequently able to achieve 40% increase in sales of enclosure products. The Division also made progress in Contract Manufacturing activities resulting in a spate of good orders which kept the Company's two plants operating at near optimal levels.

Technology Products Division (TPD)

The Company's Technology Products Division has grown significantly during the year. It achieved 45% growth in sales. The Division 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 telecom sector promises to grow substantially in the next 5 years and, as per the plans announced by major private and public sector companies, close to 200 million GSM and CDMA lines will be deployed in the next five years. The Computer Networking sector is also growing rapidly and promised to increase at 15% or more per annum. The icing on the cake is that even the manufacturing sector is expected to grow at more than 10% per annum. Hence the outlook for the immediate future for the Company seems to be bright.

Quality Management and Design Development

Quality Management System

APW President has an integrated computer-aided manufacturing set-up. Laced throughout this is its Quality Management System (QMS), which is another customized software package created especially for the Company. The Company's 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 of 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, its QMS provides traceability through various stages of the manufacturing cycle.

In the last financial year the Company's Bangalore plant was visited frequently by very large multinational companies who were keen to discuss contract manufacturing opportunities and assess the Company's capabilities and manufacturing systems. All of them had very high praise for the Company's Quality Management System.

Design Development

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

As an ISO 9001:2000 company APW President takes 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.

In the telecom sector especially there are numerous applications for indoor and outdoor cabinets. The outdoor cabinets are subjected to very harsh environmental conditions across the country which include temperatures beyond 45°C, exposure to dust and humidity and, in many cases, heavy rain as well. APW President has become one of the trusted suppliers of the outdoor cabinets to the telecom sector by virtue of its in-house design and product development capabilities.

Risk and Concerns

Competition: APW President expects strong competition from local as well as international players in the market in the coming years. As before it will counter this competition by offering its customers comprehensive solutions to meet their application requirements – aided by the Company's extensive network of agents and distributors, by its innovative approach in developing new products and accessories, and by virtue of its leadership status which it will endeavour to maintain. Development of in-house CRM software such as Sales Activity Management System enables it to differentiate itself from others at every step in the sales cycle.

Mitigants: Constant upgradation of products and introduction of innovative technical concepts, such as the Coolrack to meet the thermal challenges of datacenters, enables the Company to mitigate the threat posed by potential competitors.

Supply Profile: Constant increase in raw material costs, especially that of aluminium, has been a major area of concern for the Company during the last financial year.

Mitigants: APW President is one of the few manufacturers who make cabinets in aluminium as well as steel construction. The Company also makes continuous efforts to develop alternative sources in India - and outside India - for major components and strives to develop substitutes wherever possible for managing the material content of its products.

Internal Control System and their Adequacy

The Company has a proper and adequate system of internal controls commensurate with its nature and size of 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.

Because of various audits taking place at different locations, the awareness of the importance of the necessity for internal control systems is increasing. Thus the Company is better prepared than in the past to make full use of the existing systems and also the benefits of various audits being conducted.

Discussion on Financial Performance with respect to Operational Performance

The profit before tax for the year under review is Rs.104.39 Millions. This reflects the effect of increase in sales volumes and reduction in indirect costs.

The results also include the effect of a 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.

With the retirement of the Company's Vice President (Manufacturing) the Company has a new Assistant Vice President (Works) on board. The Company also has on board some more new members at senior positions.

The Company had 289 employees on its roll as on 31st March 2006 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 regarding 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.

DIRECTORS' REPORT**The Members****APW PRESIDENT SYSTEMS LIMITED**

Your Directors take pleasure in presenting the Twenty-second Annual Report together with audited accounts for the period ended 31st March 2006.

FINANCIAL RESULTS

	Rs. in Lacs	
	31.03.2006	31.03.2005
Gross Sales	9168.03	6480.94
Net Sales	7713.86	5493.31
Earning before interest and Depreciation (EBIDT)	1345.25	839.91
Less: Interest	98.66	80.57
Depreciation	202.68	153.43
Profit before Tax	1043.91	605.91
Less: Provision for Tax	360.00	175.00
Less: Provision for Tax for Earlier Years	43.28	---
Less: FRINGE Benefit Tax	15.45	---
Add : Deferred Tax Liability	3.13	71.03
Profit After Tax	628.31	359.88
Add : Balance brought forward	683.76	444.51
Profit available for distribution	1312.07	804.39
APPROPRIATION		
Proposed Dividend	90.72	75.10
Corporate Tax on Dividend	12.72	10.53
Transfer to General Reserve	60.00	35.00
Add: Excess provision for proposed dividend written back	0.16	---
Total Balance carried forward	1148.79	683.76

Dividend:

After considering the performance of your Company, your Directors are pleased to recommend a dividend of 15% on the increased paid up capital being Rs.1.50 per Equity Share.

Financial Results :

The Net Sales (net of duties and taxes) during the year were Rs. 7,713.86 Lacs as against Rs. 5,493.31 Lacs in the previous year, an increase of 40%. EBIDT earning before interest, depreciation and income tax was higher at Rs. 1,345.25 Lacs as against Rs. 839.91 Lacs in the previous year, an increase of 60%. Interest charges were marginally higher at Rs. 98.66 Lacs (Rs. 80.57 Lacs in 2004-05) on account of increased activity and the depreciation for the year was Rs.201.48 Lacs (previous year Rs.153.43 Lacs). After provision for Tax and Deferred Tax liability, Profit for the year was Rs. 628.31 Lacs as against Rs. 359.88 Lacs for the previous year.

OPERATIONS:**Racks and Cabinets :**

During the year the growth rate in telecom industry in India surpassed the growth rate of the same sector in China which has added significantly to the Company's business. Increased activity in the banking sector also led to high off take of products related to ATM parts. Additionally the overall increased industrial activity in India has resulted in a stream of orders that have kept the Company's plants busy throughout the year. The expansion underway at Pune expected to be completed by September, 2006 shall add to the capacity of the Company to meet the increased demand.

Your Company also achieved during the year export sales of Rs.823.97 Lacs as against Rs. 690.00 Lacs during the previous year. The year 2005-06 witnessed substantial growth in the Telecom and IT industry in the Middle East. This has contributed to the growth of the Company's exports also. The major growth in export sales has come from the Middle East and USA and the same is expected to increase in the coming years.

Technology Product

Technology Products Division has also grown significantly. The domestic sales of Technology Products were Rs.432.00 Lacs as against Rs.290.70 Lacs during previous year while Commission earned on direct sales increased marginally to Rs.125.20 Lacs as against Rs.121.90 Lacs during the previous year due to increased competition. Avocent International, a world- wide market leader and supplier of KVM Products and high-end server switches, awarded your Company the "Top Sales Growth" Trophy for Asia Pacific region.

New Products development:

The Company has maintained its market leadership position during the year and has introduced new products, as well as several variants to its existing products. These product variants are now being promoted vigorously and the Company expects that these products will contribute to the overall revenues in the near future.

The Company's website contains comprehensive information on all new developments and products and is very user friendly and easy to navigate. The website serves as a valuable sales aid for our customers, as well as the Company's sales personnel.

Directors :

As per Articles of Association Mr Sudhir Seth, Mr. Ashok Kunte and Ms. Shefali Shah retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Madhav Joshi, appointed as director with effect from December 31, 2005 pursuant to section 260 of the Companies Act 1956 and Article 144 of the Articles of Association of the Company, holds office upto the date of the forthcoming Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act 1956, proposing his candidature for the office of Director also seeks re-appointment.

Auditors:

The auditors M/s Price Waterhouse, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Deposits:

There were no deposits outstanding as on 31st March 2006.

Subsidiary Companies:

Your Company does not have any subsidiary company.

Personnel:

The Industrial relations have been generally cordial. List of employees covered under Section 217 (2A) of the Companies Act, 1956 is given in Annexure 'A' forming part of this report.

Directors' Responsibility Statement

Pursuant to sub-section 2A of Section 217 of the Companies Act, 1956, the directors hereby confirm –

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) That they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis.

Conservation of Energy etc.:

Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'B' forming part of this report.

Corporate Governance

Your Company believes in good corporate governance. A separate section on Corporate Governance forms part of the Annual Report. A certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is given in Annexure 'C'.

FOR AND ON BEHALF OF THE BOARD

**E. A. ELIAS
MANAGING DIRECTOR**

PLACE: MUMBAI

DATED: June 29, 2006

Annexure A

Name	Age	Designation Nature of Duties	Remuneration Received/Receivable (Rupees)	Net Take Home Pay After Tax & P.F. Deduction	Qualifications	Experience Years	Date of Employment	Previous Employment Held
ELIJAH A. ELIAS	62	MANAGING DIRECTOR	2,936,203	1,918,893	BE TECH (ELECT)	39	1982	Manager Market Support Tata Unisys

Annexure B**A. Conservation of Energy**

1. The Company's Production activity is not energy intensive however, all measures are being taken for optimizing energy usage.
2. Additional investments and proposals for reduction in consumption of energy.
3. Total energy consumption is 1,524,208 kwh. Consumption per unit is not possible to give as the products are not standardized.

B. Technology AbsorptionReport made in Technology Absorption**I. Research & Development**

1.	Specific areas in which R & D carried by the Company	This is an on going process in the Company.
2.	Benefits derived as a result of the above R & D	Improving quality and product reliability keeping to the international market demands.
3.	Future plan of action	Development of new products, to improve product range and products application for other fields.
4.	Expenditure on R & D a) Capital b) Recurring c) Total	Development work on product is continuous and is debited to Profit & Loss Account under respective heads therein.

II. Technology, Absorption, Adoption & Innovation

1.	Efforts made towards technology absorption, adoption, & innovation	The Company has in-house R & D facilities, in which new products development and improvements in processes are carried out.
2.	Benefits derived due to above	All products are designed in-house. Prototypes are then developed and tested before introducing these products into the manufacturing range. The process of manufacturing established based on the product features.

C. Foreign Exchange Earnings & Outgo :

a)	i) Activity relating to exports ii) Initiative taken to increase exports iii) Development of new exports market for products and services iv) Exports Plans	The Company expects to increase its exports substantially during the year. Company has entered into an arrangement with the middle-east Company for exploring export in that territory
----	--	--

Sr. No.	Particulars	31.03.2006 Rupees	31.03.2005 Rupees
i)	Foreign Exchange earned		
	a) Export (FOB)	82,397,254	68,995,539
	b) Royalty and Commission	12,519,299	13,048,570
	c) Reimbursement of expenses	365,562	-
ii)	Foreign Exchange outgo :		
	a) Import of Capital Goods	3,789,423	25,162,461
	b) Import of Raw Materials & Components	71,749,754	23,799,148
	c) Import of Traded Goods	27,483,637	17,423,746
	d) Dividend	3,475,200	3,175,200
	e) Foreign Travel	1,200,587	1,241,593
	f) Exhibition & Advertisements	284,176	113,528
	g) Other Expenses	230,251	441,113