

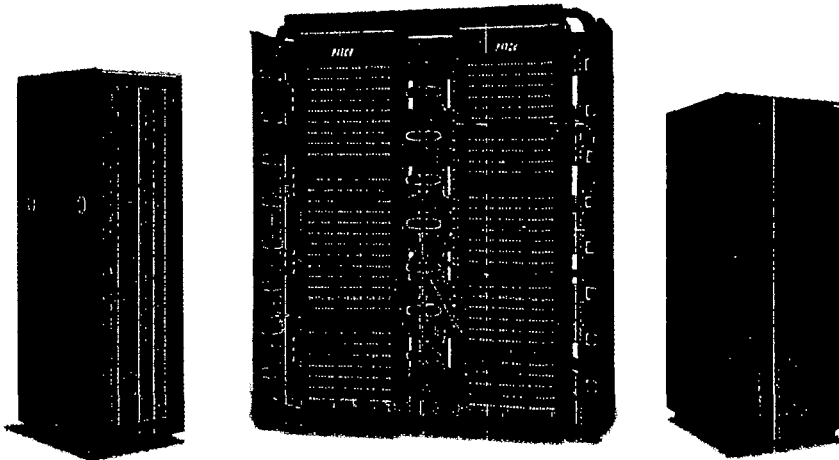


Annual Report 2007-08



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YEAR OF ACHIEVEMENT

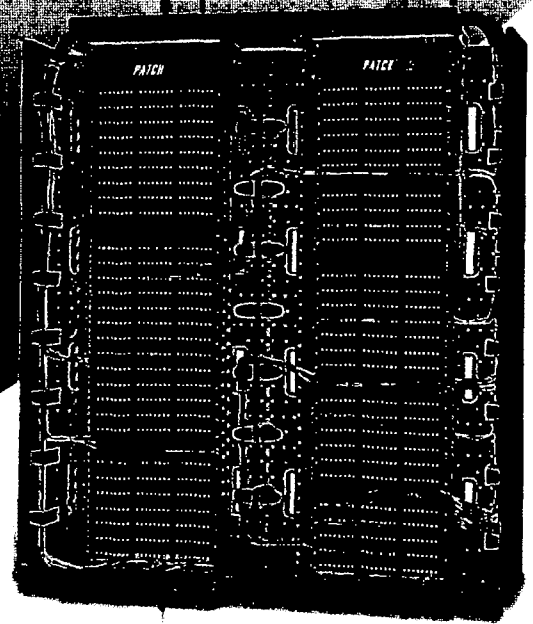


APW President presents innovative products

PRESIDENT

The first name in enclosure systems

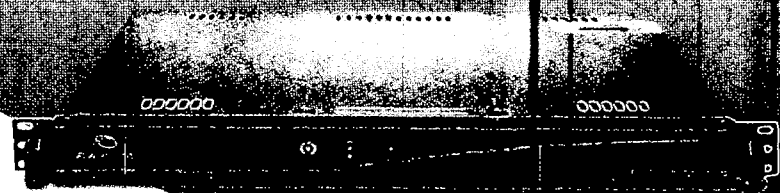
NEW



UNISERV DLX

Avocent
The Power of Being There

MERGE POINT®
SERVER PROCESSOR MANAGER



APW PRESIDENT SYSTEMS LTD.

Regd. Office: R-2, Technopolis Knowledge Park,
Mahakali Caves Road, Andheri (East), Mumbai 400 093

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of the Members of APW PRESIDENT SYSTEMS LTD. will be held on Monday, the 8th September, 2008, at 3.30 p.m. at Bay Leaf 2, Hotel Saffron Spice, Plot No. 34, Central Road, Next to Akruti Centre MIDC, Andheri (East), Mumbai 400 099 to transact the following business:-

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2008.
3. To appoint a Director in place of Mr. Madhav Joshi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sudhir Seth, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Ashok Kunte, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors and Auditors, plus out of pocket expenses.

SPECIAL BUSINESS

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

"RESOLVED THAT, in partial modification of the Resolution passed at the Annual General Meeting of the Company held on September 21, 2007 and in accordance with the provisions of sections 198, 269, 309, 310 & 311, and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, the Company hereby approves the revision in the performance bonus payable to Mr. E. A. Elias, Managing Director with effect from April 1, 2008 onwards, for the remainder of the tenure of his contract as set out in the Explanatory Statement annexed to the Notice convening this meeting."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

By Order of the Board

Sd/-

K. K. Bhavsar
Company Secretary

Mumbai, May 30, 2008

Notes:-

1. Explanatory Statement pursuant to Section 173 and 192A of the Companies Act, 1956 annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. The proxies, in order to be valid, shall be duly stamped and executed and should reach the Registered Office of the Company at least 48 hours before the commencement of the meeting.
3. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting and for easy identification of attendance at the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 30, 2008 to Monday, September 8, 2008 (both days inclusive).
5. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, will be paid on or after Monday, September 22, 2008 to those shareholders whose names appear on the Company's Register of Members on August 30, 2008. In respect of shares held in electronic mode, the dividend will be paid on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at end of business on August 29, 2008 for this purpose.
6. Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed overleaf of the Dividend Warrant for an initial period of 3 months only. Thereafter, the Dividend Warrant on revalidation is payable only at centers/limited branches. The members are, therefore, advised to encash Dividend Warrant within the initial validity period.
7. As per the provisions of sections of Section 205A of the Companies Act, 1956, money transferred to Unpaid Dividend Accounts of the Company and remaining unpaid or unclaimed over a period of 7 (seven) years from the date of such transfer shall be transferred to 'Investor Education and Protection Fund' and no claim will be entertained thereafter from the Company or the Fund.
Members are therefore requested to expeditiously put their claims for Unclaimed Dividends, if the same are not received / claimed by them.

8. Members are requested to notify immediately any change of address to the Registrar of the Company, Mondkar Computers, 21 Shakil Nivas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 in respect of their physical share folios and to notify their Depository Participants (DPs) in respect of their holdings in electronic form, if any.
9. Members are requested to:
10. i) Members are requested to send in their queries at least a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarification during the meeting.
- ii) Bring their copy of Annual Report and Attendance Slip to the Annual General Meeting.
- iii) Intimate to the Registrar & Share Transfer Agent (RTA) of the Company immediately about any change in their addresses, if the shares are held in physical form and to Depository Participant (DP) if the shares are held in electronic form.
- iv) Approach the RTA of the Company for consolidation of folios.
- v) Furnish bank details to the RTA/Depository Participant to prevent fraudulent encashment of Dividend Warrants.
- vi) Avail Nomination facility by filling in and forwarding the nomination form to the RTA, if not already done.
11. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholder.

**Details of Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting
(In pursuance of clause 49 (VI) (A) of the Listing Agreement)**

Name of Director	Mr. Madhav Joshi	Mr. Sudhir Seth	Mr. Ashok Kunte
Date of Birth	14.07.1940	23.02.1943	14.02.1940
Date of Appointment	31.12.2005	18.11.1985	26.11.1994
Qualification	BE (Mech.), BE (Electrical)	B.E., D.B.M.	Diploma in Radio Engineering
Expertise in specific functional area	Management Consultant	Sales and Marketing	Manufacturing Operation and Business Management
List of Companies in India in which Directorship is held	DFX Systems Pvt. Ltd.	Powertec Supplies India Pvt. Ltd. Inventum Engineering Co. Pvt. Ltd. Avocent Networking Products P. Ltd. Cosmotec Systems Pvt. Ltd. Zipe Technologies Pvt. Ltd.	Makarand Electronics Pvt. Ltd. AWI Services (India) Pvt. Ltd. Assenmacher Network Pvt. Ltd.
Chairman/Member of the Committee(s) of Board of Directors of the Company*	Member of (i) Audit Committee (ii) Remuneration Committee (iii) Share Transfer/ Share holders' Grievance Committee, and (iv) Risk Management Committee	Member of (i) Remuneration Committee, and (ii) Risk Management Committee	Member of (i) Audit Committee (ii) Share Transfer/ Share holders' Grievance Committee,
Chairman/Member of the Committee(s) of other Company where he is Director	None	None	None

EXPLANATORY STATEMENT

Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956.

ITEM NO: 7

Mr. E. A. Elias, founder, promoter of the Company has been with the Company since inception. Mr. Elias is a B. Tech (Elect), having rich and wide experience in matters related to technical, production, research and development activities, product development and factory administration. In recognition of his contribution to the growth of the Company. The Company has re-appointed him Managing Director of the Company with effect from 1st April 2007 for a term of five years. Under his leadership the Company has grown and prospered. The Remuneration Committee and the Board of Directors of the Company, having regard to Mr. E. A. Elias's contribution in the growth of the Company and his stellar role in steering the Company to its current position have recommended revision in his remuneration by increase in performance bonus payable to him. With effect from April 1, 2008 performance bonus is increased from Rs. 12 lakhs p.a. to Rs. 24 lakhs p.a. payable at the discretion of the Board depending upon performance of the managing Director / Company. All other terms and conditions of the agreement in respect of salary, benefits and employment conditions remains the same.

Notwithstanding anything to the contrary herein contained, wherein in any financial year the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

The draft agreement referred to above is open for inspection by the members at the Registered office between 10.00 a.m. and 12 noon on all days except (Sundays and holidays).

Except Mr. E. A. Elias, no other director of the Company, is concerned or interested in the resolution.

This Explanatory Statement together with the accompanying Notice is and shall be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board
Sd/-
K. K. Bhavsar
Company Secretary

Mumbai, May 30, 2008

Information to Share Holders

Board Of Directors	LAKSHMAN BHATIA (Chairman) SUDHIR SETH MARC RUTTY MADHAV JOSHI MS. SHEFALI SHAH	ELIJAH A. ELIAS (Vice Chairman and Managing Director) ASHOK D. KUNTE SHAILESH HEMANI RAJESHWAR BAJAJ
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 PUDUCHERRY Shed C, Gothi Industrial Complex, R.S. No. 17/3, Vadhaudavur Road, Kurumbapet, Villianur Commune Puducherry 605 009,	BANGALORE Plot 5, 5A, 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. Bangalore Stock Exchange Ltd. Shivleela Chambers, 752, Sadashiv Peth, Stock Exchange Towers R. B. Kumthekar Marg, Pune 411 030 51, 1st Cross, J.C. Road, Bangalore 560 027 Listing fees up to the year 2008-2009 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) 2836 6620, 2826 2920	
ISIN No.	INE 155 D 01018	

24TH ANNUAL GENERAL MEETING**DATE : MONDAY, SEPTEMBER 8, 2008****TIME : 3:30 P.M.****VENUE : Bay Leaf 2, Hotel Safforon Spice, Plot No.34
Central Road, MIDC, Andheri East, Mumbai 400 099****CONTENTS**

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FINANCIAL STATISTICS

(Rupees in Lacs)

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003
Income :						
Net Sales	12,903.88	9,580.62	7713.86	5,493.31	3,746.85	2,890.00
Royalty and Commission earned	180.74	244.09	125.19	130.48	85.30	66.89
Service Charges	5.38	4.61				
Other Income	101.84	97.09	68.78	79.54	44.37	84.51
Total Income	13,191.84	9,926.41	7907.83	5,703.33	3,876.52	3,041.40
Profit before Taxation	1,478.43	1125.5	1043.91	605.91	416.23	214.97
Profit After Taxation	913.04	723.82	628.31	359.88	317.08	136.65
Dividend Payout	181.44	120.96	90.72	75.10	74.18	49.35
Corporate Tax on Dividend	30.84	20.56	12.72	10.53	9.50	6.32
Retained earnings	700.76	582.30	524.87	274.25	233.40	80.98
Dividend %	30.00	20.00	15.00	15.00	15.00	10.00
Earning per Share	15.10	11.97	10.78	7.22	6.41	2.77

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003
Shareholders' Funds :	Stand Alone					
Share Capital	604.80	604.80	604.80	502.34	498.49	493.54
Reserves & Surplus	3,372.13	2,671.36	2,107.40	1,276.24	993.25	748.70
Total Shareholder's Funds	3,976.93	3,276.16	2,712.20	1,778.58	1,491.74	1,242.24
Loan Funds :						
Secured Loans	869.64	844.87	675.58	739.25	352.13	166.31
Unsecured Loans	222.00	317.19	431.53	501.49	415.09	335.72
Funds Employed	1,091.64	1,162.06	1,107.11	1,240.74	767.22	502.03
Deferred Tax Liability (Net)	363.49	267.60	222.23	225.36	154.33	171.85
Total	5,432.06	4,705.82	4,041.54	3,244.68	2,413.29	1,916.12
APPLICATION OF FUNDS :						
Fixed Assets						
Gross Block	4697.13	4,006.48	3,069.96	2,790.85	1,938.52	1,593.55
Less : Depreciation	1346.84	1,185.81	980.35	812.00	677.02	566.49
Net Block	3,350.29	2,820.67	2,089.61	1,978.85	1,261.50	1,027.06
Capital Advances	57.03	15.31	65.20	8.97	182.23	6.05
	3,407.32	2,835.98	2,154.81	1,987.82	1,443.73	1,033.11
Investments	17.55	17.55	0.18	0.18	42.65	39.23
Current Assets, Loans and Advances	4,375.27	3,677.04	3,360.47	2,783.34	1,844.30	1,361.86
Less : Current Liabilities and Provisions	2,368.08	1,824.75	1,473.91	1,526.66	917.39	518.08
Net Current Assets	2,007.19	1,852.29	1,886.56	1,256.68	926.91	843.78
Miscellaneous Expenditure						
(To the extent not w/off or adjusted)						
Total	5,432.06	4,705.82	4,041.55	3,244.68	2,413.29	1,916.12

Statement of Accounting Ratios

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003
Return on Net Worth %	22.96	22.09	23.17	20.23	21.26	11.00
Cash Earning per share	21.22	16.59	13.69	11.72	9.12	6.33
Net Asset Value per share	65.76	54.17	44.84	35.68	30.14	25.17

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview and Competition

India is the fourth largest telecom market in Asia after China, Japan and South Korea. The Indian telecom network is the eighth largest in the world and the second largest among emerging economies. At current levels, telecom intensiveness of the Indian economy measured as the ratio of telecom revenues to GDP is 2.1 percent as compared with over 2.8 percent in developed economies. (CRISIL, www.ibef.com) The growth trend in the telecom sector is expected to continue unabated at current rate for next decade at least. There are confident predictions from the telecom majors that the current tele-density (15%) will be doubled in the next 4 years.

The Information Technology industry has grown its revenues ten fold in the past decade from USD 4.8 billion in 1997-98 to USD 47.8 billion in 2006-07. The contribution of IT-ITES industry to GDP rose from 1.2% in 1999-2000 to 4.8% in 2005-06 and is expected to rise to 7% by 2007-08 which will definitely boost the demand for the company's products in the coming years.

During the year the Company scaled new peaks and set several new records. The Cabinet and Rack division achieved Sales of Rs. 1,234 M i.e. 40% growth over previous year. However, sales of the Technology Products Division declined to Rs.56 M sales, which is almost 26% below the previous years sales. The reason for this decline has been covered in the Directors Report under "Technology Products".

The Company is the only manufacturer offering enclosures to every segment of the electronics industry. It is also equipped to design and deliver application-specific enclosures for various segments. The demand for electromechanical components is growing as the industry is itself growing and the acceptability of the products is increasing day-by-day. Increased activity in the banking sector has also led to high off-take of products related to ATM parts. 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. The Company also has a firm export base in the Middle East region.

Opportunities and Threats

The Company will continue to maintain its leadership position in the Indian enclosure industry going forward. The Company has expanded its capacity last year and is further investing to meet the demands of significant growth in 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. The Company will keep examining and pursuing these new opportunities for growth.

The Company faces normal market competition from Indian as well as international companies. The sound business strategies and competitive costs have enabled the Company to retain its leading market position. The Company endeavours to enhance its competitive advantage through a process of continuous improvements in products and processes, cost reduction, enhancing product utility value and by implementing appropriate coherent business strategies. The disciplined financial framework provides stability and a platform for growth of the Company.

Segment wise PerformanceCabinet Division

The Cabinet Division has achieved 40% increase in turnover. During last two months of the year the Company benefited from the increased production capacity of the Cabinet division. The increased turnover of negotiated deals contributed significant business and provided a stream of orders to keep plants busy, but resulted in lower margins. Management has to overcome this dilemma by investing in process improvements and cost reduction programs to improve profitability of this business.

Technology Product Division (TPD)

The domestic sales of Technology Products were Rs.559 Lacs as against Rs.762 Lacs during the previous year, while Commission earned on direct sales were Rs. 181 Lacs as against Rs.244 Lacs during the previous year. The drop in TPD business was on account of the change in the business model which came into effect early in the financial year. The major accounts of global corporations that are serviced directly by Avocent worldwide were taken over by Avocent India. Simultaneously, several channel partners were added and the remaining accounts shared with them. With these measures the market reach and coverage has increased significantly and we expect that the results of these changes will start becoming visible during 08-09, once the new operational measures have taken root.

Outlook

The significant growth in the Telecom Sector is expected to be maintained during the year 2008-09. Opportunities arising from outsourcing of parts and components by other multi-national companies are also growing significantly. The Computer Networking sector is also growing rapidly and promises to increase at 15% or more per annum. In view of this the Company will continue to invest in new plant and machinery, as well as new manufacturing processes and techniques, in order to not only increase the throughput but also to reduce the conversion costs.

Quality Management and Design Development**Quality Management Systems**

The Company 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 the Company. 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

The Company 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 employs experienced design personnel as well.

As an ISO 9001:2000 certified organization, the Company 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.

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 the prices for Steel and other key inputs is an area of great concern to the Company.

Mitigants: The Company continues to develop and maintain a wide supplier network. It also 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. During the year the Company undertook an independent IT Audit of its systems and security and is in the process of implementing the recommendation of this IT Audit to further improve the quality and effectiveness of its controls and internal checks.

The internal control systems are supplemented by an extensive program of internal audits, 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. 148 M. The increase in fixed expenses is due to all round increase in expenses on account of inflationary trend and an increase in utility cost such as fuel, etc. Management has taken steps to meet this challenge by developing alternate suppliers and by taking steps to reduce the material content.

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 361 employees on its roll as on 31st March 2008 at its production facilities and offices across the country.

Cautionary Statement

The Management Discussion and 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.

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

Your Directors take pleasure in presenting the Twenty-fourth Annual Report together with audited accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

	Rs. in Lacs	
	31.03.2008	31.03.2007
Gross Sales	14819.12	11323.12
Net Sales	12903.88	9580.62
Earning Before Interest and Depreciation (EBIDT)	1876.13	1437.82
Less: Interest	123.49	87.36
Depreciation	274.21	224.96
Profit before Tax	1478.43	1125.50
Less: Provision for Tax	452.00	331.00
Less: Fringe Benefit Tax	17.50	16.00
Add : Deferred Tax Liability	95.89	54.68
Profit After Tax	913.04	723.82
Add : Balance brought forward	1660.74	1148.79
Profit available for distribution	2573.78	1872.61
APPROPRIATION		
Proposed Dividend	181.44	120.96
Corporate Tax on Dividend	30.83	20.56
Transfer to General Reserve	98.00	70.35
Total Balance carried forward	2263.51	1660.74

Dividend:

After considering the performance of your Company, your Directors are pleased to recommend a dividend of 30% being Rs.3 per Equity Share.

Financial Results:

The Net Sales (net of duties and taxes) during the year were Rs.12904 Lacs as against Rs. 9581 Lacs in the previous year, an increase of 35%. EBIDTA earnings before interest, depreciation and income tax was higher at Rs.1876 Lacs as against Rs. 1438 Lacs in the previous year, an increase of 30%. Interest charges were higher at Rs.123 Lacs (Rs.87 Lacs in 2006-07) on account of increase in interest rate and additional facilities availed from the bank for working capital. Depreciation for the year was Rs.274 Lacs (previous year Rs. 225 Lacs). After provision for Tax and Deferred Tax liability, Profit for the year was Rs.913 Lacs as against Rs. 724 Lacs for the previous year.

OPERATIONS:**Racks and Cabinets:**

During the year under review the demand from the Telecom and IT industry continued at a robust level. The growth trend seen in the previous year was sustained. In fact the volume of special cabinets required for some telecom projects was so large that the Company had to regret a few orders owing to lack of capacity. The supply of parts related to ATM required by local banks leveled off during the year. However there was a steep increase in the demand for internal parts and sub assemblies of ATMs for supply to distribution hubs abroad. Thus, taken together, the contract manufacturing component of the company's business increased as a proportion of the overall sales, as compared to standard products.

During the first quarter of the year the new manufacturing facilities at Pune were completed fully. The availability of these enhanced facilities contributed substantially to the increased production and sale of standard products from our Pune plant. The conveyerized Powder Coating line, in particular, contributed greatly to reducing the fabrication cycle time, while also reducing processing costs. At our Bangalore plant several major investments were also made towards plant and equipment in order to increase the throughput and reduce conversion costs. The Company added a high speed CNC Turret Press, an automatic Panel Bender (a first in the country), a high performance Welding Robot, as well as a customized Powder Coating and curing oven, custom-built for the company, in order to powder coat upto four large Outdoor telecom cabinets every 30 minutes.

Technology Products

The domestic sales of Technology Products were Rs.559 Lacs as against Rs.762 Lacs during the previous year, while Commission earned on direct sales were Rs. 181 Lacs as against Rs.244 Lacs during the previous year. The drop in TPD business was on account of the change in the business model which came into effect early in the financial year. The major accounts of global corporations that are serviced directly by Avocent worldwide were taken over by Avocent India. Simultaneously, several channel partners were added and the remaining accounts shared with them. With these measures the market reach and coverage has increased significantly and we expect that the results of these changes will start becoming visible during 2008-09, once the new operational measures have taken root.

New Products development:

As always, the Company has continued to introduce new products as well as accessories and services. In the fourth quarter the Company launched PatchRack, an outstanding open frame Rack meant specifically for managing masses of cables in datacenters and telecom applications. This product has been extremely well received and will help cement the company's position as the dominant market leader.

The Uniserv Dlx, which was also launched late in the year, is a high end systems cabinet developed specifically for the premium export market.

Directors:

As per Articles of Association Mr Madhav Joshi, Mr. Sudhir Seth and Mr. Ashok Kunte retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for 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 2008.

Subsidiary Companies:

Your Company has floated a limited liability Subsidiary Company with the name of APW Systems MEA FZC (LLC) in Sharjah Airport International Free Zone (SAIF) to tap the market potential of Middle-East region. The subsidiary has completed its first year of operation successfully. The report consolidating the subsidiary accounts also forms part of this annual report. A statement containing particulars pursuant to the provisions of Section 212 (1) (e) of the Companies Act, 1956 in respect of the subsidiary, forms part of this Annual Report.

Personnel:

The Industrial relations have been generally cordial. Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Director's Report. However, as per provision of section 219(1)(b)(iv) of the said Act, the Annual Report and Accounts are being sent to all members of the Company excluding aforesaid information. Any member interested in obtaining such particulars may write to Company Secretary at the Registered Office of the Company.

Technical Knowhow:

As mentioned in the Directors Report for 2006-07 the Company no longer has access to any technical knowhow from its collaborator, who continue to be in receivership. However, the Company is fully capable of evolving its own designs as well providing the support required for the operations of the Company. Your Management is scouting for new financial and / or technology partners with whom to form a strategic alliance, keeping in mind future business consideration.

Directors' Responsibility Statement

Pursuant to sub-section 2AA 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of 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.:

Your Company has voluntarily undertaken the Energy Audit at its Bangalore Plant to initiate the conservation and savings in Power Consumption. Your Company has also set up a state of art Solar Heating Plant at its Pune Plant to be energy efficient.

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 forming part of this report.

Corporate Governance

Your Company believes in good corporate governance and has initiated several proactive steps in this regard. A separate section on Corporate Governance forms part of the Annual Report. A certificate regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is given in Annexure.

FOR AND ON BEHALF OF THE BOARD

**E. A. ELIAS
MANAGING DIRECTOR**

MUMBAI, May 30, 2008