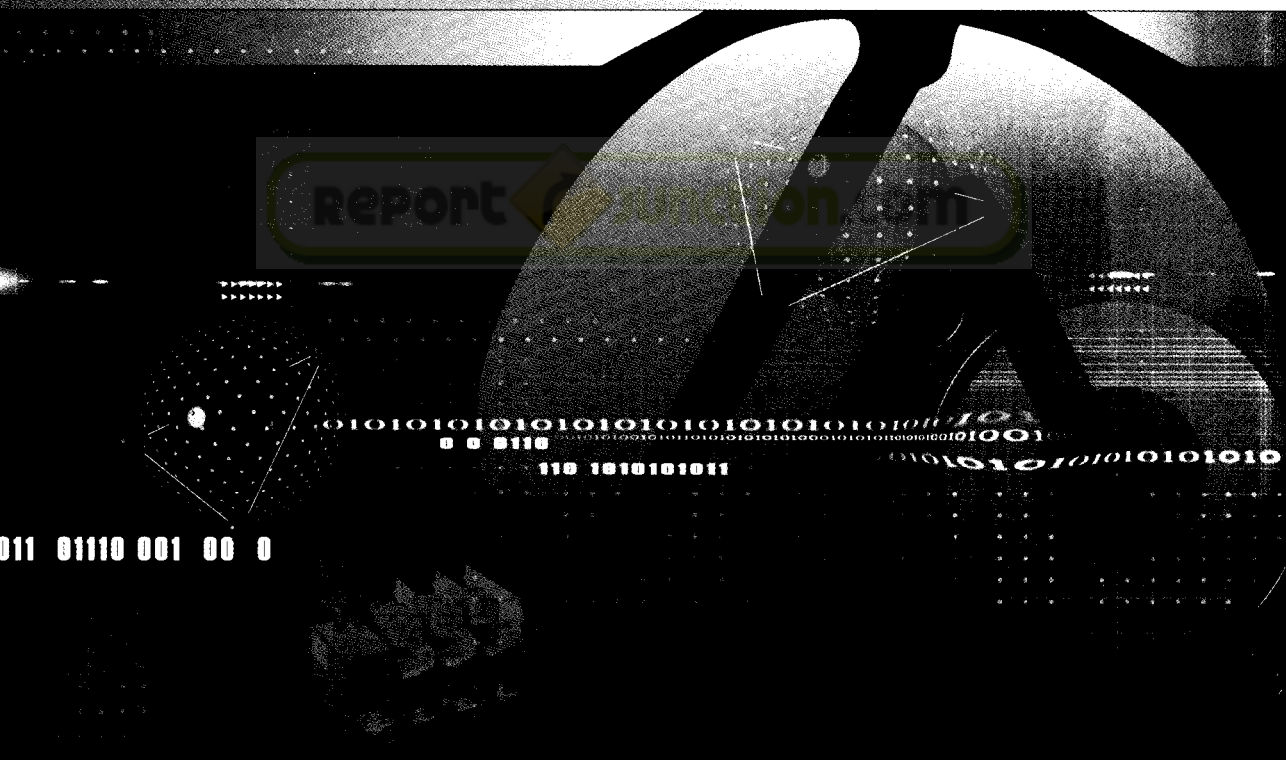


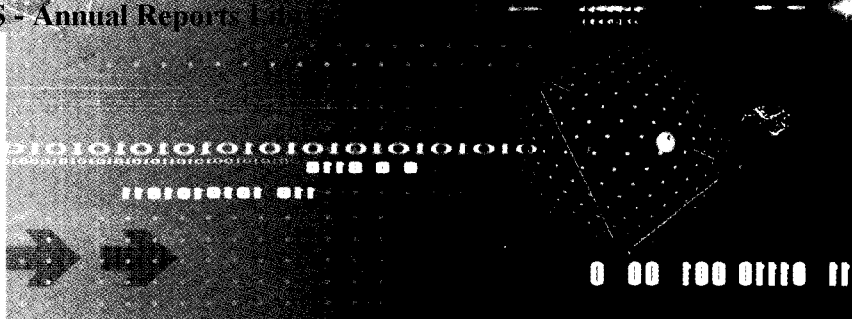
Annual Report 2006

Power is joy.

Power is performance.

Power is here - and NOW.





From the Chairman's Desk

Board of Directors

V. P. Mahendru
Chairman -cum- Managing Director
R. C. Bansal
Dr. Sai Ramachandran
A. K. Ghosh
P. K. Ranade
Joint Managing Director
Vinay Mahendru
Executive Director

Director Finance

N. L. Jain

Deputy General Manager (Legal) & Company Secretary

B. S. Bhadauriya

Auditors

J. C. Bhalla & Co.
Chartered Accountants
New Delhi

Bankers

State Bank of Patiala
State Bank of India
Standard Chartered Bank

Corporate Office

207-208, Hemkunt Tower
98, Nehru Place
New Delhi-110019

Registered Office and Works

51 Kms., G.T. Karnal Road,
Murthal, Distt. Sonapat, Haryana

Works

- Bye lane, Nakodar Road, Jalandhar, Punjab
- B-200, Phase-II, Noida, UP
- Plot No. 9, Sector-I, Parwanoo, Distt. Solan, HP
- G.T. Karnal Road, Murthal, Distt. Sonapat, Haryana
- A 39, Phase-II Noida, UP
- Plot No. 21 to 23 Sector-5 Parwanoo Distt Solan HP
- Plot No. 10, Sector 4, SIDCUL, Ranipur, Haridwar, Uttaranchal
- Plot No. 2, Sector 2, SIDCUL, Ranipur, Haridwar, Uttaranchal
- E - 4, Bahadrabad Industrial Area, Haridwar, Uttaranchal

"We believe excellence isn't a rigid benchmark. Rather, it's a constantly evolving, fluid state of sustained value addition to the business model.

In today's global market, the power to transform is vital. And thus, besides a staggering 44% growth in net profits and over 27% growth in revenues, our real achievement in this FY is the successful implementation of change through strategic expansion of our products range, consolidated presence in new markets within India and overseas.

Today, together with our European JV partners - leading global players all, we at Indo Asian are plugged into the changing market dynamics across the globe, redefining excellence to address the emerging needs of tomorrow."

V. P. Mahendru

Chairman-cum-Managing Director

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of **INDO ASIAN FUSEGEAR LIMITED** will be held on Saturday, the 30th day of September, 2006 at 9.00 A.M. at 51 Kms., G. T. Karnal Road, Murthal, Sonapat, Haryana - 131027, to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 and Profit and Loss Account of the Company for the year ended on that date along with the Reports of Directors' and Auditors' thereon.
2. To consider declaration and payment of arrears of preference dividend for the year ended 31st March, 2005.
3. To appoint a Director in place of Sh. V. P. Mahendru, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. P. K. Ranade, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company, be and is hereby accorded under Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time all such sums of money from any one or more of the Company's bankers and/or persons, firms, body corporates or financial institutions as they may deem expedient and necessary for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors and outstanding shall not exceed the sum of Rs. 100 crores (Rupees One Hundred Crores Only) at any point of time."

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

"RESOLVED THAT the consent of the Company, be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage, charge and/or hypothecate all or any part of movable and immovable properties of the Company as may be necessary, wheresoever situate, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events of default, to or in favour of the financial institutions, banks, investment institutions, mutual funds, trusts and other body corporates (hereinafter referred to as the "Lending Agencies")/ Trustees for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure Rupee Term Loans/ Foreign Currency Loans/ Working Capital Facilities/ Loans/ Debentures/ Bonds and other instruments of an equivalent aggregate value not exceeding Rs. 100 crores (Rupees One Hundred Crores Only) together with interest thereon at an agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements/ Loan Agreements/ Debenture Trust Deeds to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to finalize with the Lending Agencies/Trustees the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts, deeds and things and to execute all such documents as may be necessary for giving effect to the above Resolution.

Regd. Office :

51 Kms., G. T. Karnal Road,
Murthal, Sonapat,
Haryana - 131027
Dated : 28th August, 2006.

By order of the Board of Directors

(B. S. BHADAURIYA)
DY. GENERAL MANAGER (LEGAL) &
COMPANY SECRETARY

IMPORTANT NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH 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.
2. The Explanatory Statement setting out the material facts in respect of the Special Business under Item Nos. 6 & 7 is annexed hereto.
3. Members/ Proxies should fill in the Attendance Slip for attending the meeting.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, the 28th September, 2006 to Saturday, the 30th September, 2006 (both days inclusive), for the purpose of Annual General Meeting.
5. Members are requested to bring their copy of Annual Report to the meeting. Members desirous of seeking information on Annual Accounts 2006 are requested to send their queries to the Company Secretary at least 15 days before the time fixed for the meeting so that the required information can be kept ready at the meeting.
6. Members who hold shares in dematerialized form are required to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. Members are requested to notify any change in their addresses, specifying the full address in block letters with Pin Code of the Post Office to the Company's R & T Agent i. e. Alankit Assignments Ltd. In all correspondence with the Company, members are requested to quote their account/ folio numbers.
8. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, unclaimed dividend for the Financial Year ended 31st March, 1998, has been transferred to the Investors Education and Protection Fund of the Central Government. Further, unclaimed dividend for the Financial Year ended on 31st March, 1999 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended 31st March, 1999, or any subsequent Financial Years are requested to make their claim to the Corporate Office of the Company at 207 – 208, Hemkunt Tower, 98, Nehru Place, New Delhi – 110 019. It may also be noted that once the unclaimed dividend is transferred as above, no claim shall lie in respect thereof.
9. Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Company Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company.

Regd. Office :

51 Kms., G. T. Karnal Road,
Murthal, Sonapat,
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Dated : 28th August, 2006.

By order of the Board of Directors

(B. S. BHADAURIYA)
DY. GENERAL MANAGER (LEGAL) &
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 .**ITEM NOS. 6 & 7**

The Board of Directors at present are empowered to borrow money for the business of the Company, pursuant to Section 293 (1) (d) of the Companies Act, 1956, subject to maximum of Rs. 60 Crores and also create suitable mortgage on properties of the Company for the same. Keeping in view of the additional borrowing requirements for the future expansion plans, it is proposed to increase the borrowing powers of the Board to Rs. 100 Crores and also authorize to create suitable mortgage for the same as proposed in the Resolutions at Sl. No. 6 & 7.

The Board of Directors recommends the 'Ordinary Resolutions' at Sl. Nos. 6 & 7 for the approval of Members.

None of the Directors of the Company is concerned or interested in the resolutions.

Regd. Office :

51 Kms., G. T. Karnal Road,
Murthal, Sonapat,
Haryana - 131027
Dated : 28th August, 2006.

By order of the Board of Directors

(B. S. BHADAURIYA)
DY. GENERAL MANAGER (LEGAL) &
COMPANY SECRETARY

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE RE-APPOINTED.

At this Annual General Meeting Sh. V. P. Mahendru and Sh. P. K. Ranade, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Brief background and functional expertise of the Directors proposed for re-appointment are furnished below along with details of Companies in which they are Directors and the Committees of which they are members:

- a. Sh. V. P. Mahendru is the promoter Director and he has been appointed in the last AGM held on 24th June, 2005 after the merger. He holds a Bachelor's degree in Science. He was also President of the Indian Electricals and Electronics Manufacturers Association (IEEMA) and Federation of Engineering Industries of India (FEII) and has done lot pioneering works in the interest of Engineering Industry. He is an Industrialist.

Other Directorships

Indo Asian Capital Finance Pvt. Ltd.
Indo Asian Switchgear Pvt. Ltd.
Metal Teknik (I) Pvt. Ltd.

Committee Memberships

NIL
NIL
NIL

- b. Sh. P. K. Ranade is the promoter Director and he has been appointed in the last AGM held on 24th June, 2005 after the merger. He holds a Bachelor's degree in Science and also holds a Master's degree in Mechanical Engineering from AACHAN University, Germany. He is an Industrialist.

Other Directorships

Indo Asian Capital Finance Pvt. Ltd.
Indo Asian Switchgear Pvt. Ltd.
Indo Nordex Lightings Pvt. Ltd.

Committee Memberships

NIL
NIL
NIL

Regd. Office :

51 Kms., G. T. Karnal Road,
Murthal, Sonapat,
Haryana - 131027
Dated : 28th August, 2006.

By order of the Board of Directors

(B. S. BHADAURIYA)
DY. GENERAL MANAGER (LEGAL) &
COMPANY SECRETARY

DIRECTORS' REPORT

The Directors have pleasure in presenting the Seventeenth Annual Report and the Audited Statement of Accounts for the year ended 31st March 2006.

FINANCIAL RESULTS AND OPERATIONS

Particulars	Rs./ lakhs
Particulars	For the year ended 31.03.2006
Sales & Other Income	15645.36
Operating Profit	2326.39
Financial Charges	325.64
Depreciation	210.30
Profit Before Tax	1790.45
Provision for Taxes	209.60
Profit After Tax	1580.85
Add : Profit brought forward from previous year	45.53
Acquired under the Scheme of Arrangement	1061.71
Less: Difference between the amount recorded as Preference Share Capital issued in lieu of Equity Shares under the Scheme of Arrangement	175.00
Profit available for appropriation	2513.09
Arrears of Preference Dividend Paid and Income tax thereon	11.40
Retained Profit carried forward to the next year	2501.69

DIVIDEND

Constrained by planned financial investments for faster growth, your Directors do not recommend Dividend on equity share capital as well as preference share capital of the Company for the year ended 31st March 2006. Your Directors have paid arrears of preference dividend for the year ended 31st March 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

ELECTRICAL INDUSTRY AND GROWTH FOR INDO ASIAN

Electricity is an essential requirement for all facets of our life. It has been recognized as a basic human need. It is a critical infrastructure on which the socio-economic development of the country depends. India's demand for power has been increasing and outstripping the regular increase in power generation, transmission and distribution. Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, the nation has set itself the target of providing access to electricity to all households in next five years Power for all by 2012. Hence meeting the target of providing electricity for all by 2012 is a daunting task requiring significant addition to power generation capacity and expansion of the transmission and distribution network. The government has committed investment of Rs. 16000 Crores for this purpose under which it will target electrifying 1,25,000 un-electrified villages and giving access to 7.8 crore uncovered rural households in next five years.

Government's increased investments in the Transmission & Distribution sector on account of the Accelerated Power Development Reforms Programme (APDRP) will, thus creat exponential demand for Power Transmission and Distribution equipment including wide range of Electrical Switchgear and Energy efficient Lighting Equipment - the core products of INDO ASIAN.

The retail electrical industry is divided into two sub segments namely the power distribution equipment segment which includes products such as switchgear, cables, wires and energy meters etc and Consumer durables segments which include energy saving Compact Fluorescent Lamps (CFLs), Fluorescent Tube lights, Light fittings, luminaires Switches etc. The growth of distribution equipment segment is primarily tied up to the growth of the power Industry and growth of Consumer durables is directly linked to infrastructure development, construction projects like housing etc. The growing power sector and boom in construction as well as real estate industry not only in India but world over offer huge opportunities for growth of the Company.

The demand for the products being manufactured by the Company is rising continuously due to the ever increasing use of the power in Industrial, Commercial and Domestic sectors.

Besides, increasing concern of people towards protection of life and increased emphasis on safety in respect of the use of power - in respect of which is the basic USP of the Company's products, has also resulted in a buoyancy in the demand of MCBs and RCCBs which are the major varieties of switch gears used in the household segment.

Strategic customer-centric focus on product quality, technology upgradation, productivity improvement and enhanced value addition to brands has enabled consolidation of INDO ASIAN's leadership and market standing going forward, your

Company is cautiously confident of delivering superior operating performance on the back of improving cost competitiveness driven by expansion benefits, favourable demand conditions in the domestic and overseas markets.

FINANCIAL PERFORMANCE

Your company has recorded 38.76% increase in the profit before tax for the current year to Rs. 1790.45 lakhs from Rs. 1290.36 lakhs of the previous year of the business taken over by the Company after merger. Gross sales and Other Income has been increased to Rs. 15645.36 lakhs during the year under review from Rs. 12280.43 lakhs in the previous year for the same business.

SEGMENT WISE PERFORMANCE

a) Switchgear Division

The Switchgear Division recorded a turnover of Rs.12834.86 lakhs in the year 2005-06 as against Rs.10357.49 lakhs in the corresponding previous year of the switchgear business taken over by the Company after merger. Successful leveraging of deep insights into consumer preferences resulted in introduction of several distinctly differentiated and perceptibly enriched products by Switchgear Division. Your Company's commitment to enhance the competitiveness of the entire value chain to which each of its businesses belongs, is eloquently reflected in the Company's recent entry into Modular switches and wiring accessory business and Wires and cables business. The division has successfully exported switchgear products worth Rs.1858.89 lakhs during the current year as against Rs.680.76 lakhs of the previous year. The products of the company are now widely accepted in the European markets also.

b) Lighting Division:

The Lighting Division recorded a turnover of Rs.2693.16 lakhs in the year 2005-06 as against Rs.1833.85 lakhs in the corresponding previous year of the lighting business comprising of energy efficient CFLs taken over by the Company after merger. The CFL business is set to grow further in the coming years in view of the high priority accorded to the Energy Conservation as per National Electricity Policy of the Government, which emphasizes use of energy efficient lighting products & technologies by industries, commercial and domestic establishments. Your company is also diversifying its present product range by adding Fluorescent Tube Lights and PL lamps. These new products will be manufactured at new state of the art plant being set in the tax free zone in Haridwar, Uttaranchal, which will be commissioned shortly. The division has successfully exported lighting products worth Rs.296.74 lakhs during the current year as against Rs. 272.58 lakhs of the previous year.

EXPANSION OF BUSINESS AND CAPACITIES

Indian Power Sector is witnessing major changes. Growth of Power Sector in India since its independence has been noteworthy. Keeping in view the massive increase planned in power generation capacity over the next five years which offers huge growth opportunity for the Indian electrical market and sharp increase for Indo Asian's products, the Company has taken various initiatives to expand the production capacities.

● Setting up new plants in Uttaranchal

Indo Asian has chalked out an ambitious expansion programme and is setting up three large units for the manufacture of world class switchgears, energy efficient lighting products and wires & cables in the tax free zone in Haridwar, Uttaranchal. The company has already made investments of over Rs. 13 crores in Uttaranchal upto 31st March, 2006 as a part of larger investment outlay for expansion plans which will more than triple the manufacturing capacities of Indo Asian after their implementation. The said plants would be operational by the second quarter of FY 2006-07 and contribute substantially to the turnover and enhance the profitability of the your company during the coming years.

● Expansion of existing facilities for Export Production

The company has further upgraded its state of the art production lines at Noida for the manufacture of MCBs and other Switchgear products to global standards and approvals for the European markets. The company has also set up the facilities for the manufacture of Distribution Boards and Feeder Pillars at its units at Murthal. The existing manufacturing facilities at Jalandhar and Parwanoo have also been upgraded to take the benefits of export opportunities from Europe, U.K and Middle East. This strategic move of the Company will further strengthen the bottom line.

● Expansion in overseas countries

Your Company is also expanding its operations in Middle East and setting up a new electrical lighting equipment facility in Riyadh, Saudi Arabia, in Joint Venture with a leading Saudi company "The National Company For Glass Industries 'Zoujaj'" and "Saudi Offset Ltd. of Saudi Arabia". The JV Company is set up in the name of "Saudi National Lamps & Electrical Company Ltd". The said Joint Venture would further strengthen & enhance the profitability of the company.

Your Directors look forward to the future of INDO ASIAN with great confidence.

INTERNATIONAL BUSINESS

Your Company recorded land mark growth of 126% in export business for the year under review and is placed for exponential jump in operations with enhanced level of activities as key Global player. Your Company continues to export its products to Prestigious Electricity Boards and Power Projects and other Public Utility Undertakings in Abu Dhabi, U.A.E., MEW

Kuwait and other Middle East/ African countries. The company's products have successfully penetrated in our own branch into the distribution markets in SAARC, Middle East, South East Asia, Africa, Australia and United Kingdom. The company has also entered into long term arrangements with some of the well known Brands in Europe & U.K. for manufacture and supply of Electrical distribution equipment including MCBs, RCDs, Consumer Boards and CFLs under their popular Brands for their global markets.

Your Company has opened up offices in Hamburg, Germany and in prestigious Jabel Ali Free Zone in Dubai to provide greater marketing support and thus bringing INDO ASIAN closer to its international customers. The International Division participated in MEE -Dubai, Elenex _ Indonesia and slated to participate in Global level prestigious exhibition Light+Building -Frankfurt, thus carrying forward INDO ASIAN brand further to new markets and establishing your Company as serious and strong players in the International electrical market. The Company has been able to get prestigious International Certifications. Your company is set to do high profile market launches in Nepal, Sri Lanka and opened an exclusive show room in Colombo.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a well-defined Internal Control system that is adequate and commensurate with the size and nature of business. Clear roles, responsibilities and authorities, coupled with internal information systems, ensure appropriate information flow to facilitate effective monitoring. Adequate controls are established to achieve efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws. An exhaustive programme of internal audits, including all Branches of the Company all over India, review by management, and documented policies, guidelines and procedures, supplement the internal control system.

The Audit Committee regularly reviews the adequacy and effectiveness of the internal controls and internal audit function.

DEVELOPMENT IN HUMAN RESOURCES

Your Company's "Commitment beyond the market" provides meaning and purpose to its people. Your Company believes that the aspiration to create value for society and the nation provides the motive force to its people to enhance sustainable shareholder value creation.

Your Company has leveraged its human capital to enhance competitiveness and develop a customer-focussed organization by nurturing learning, entrepreneurship and creativity. During the year the Company increased its focus on people development, including "360 degree feedback" based Leadership Development programs. Your Company takes keen interest in ensuring that its employees maintain a healthy work-life balance.

Your Company acknowledges the contribution of its world-class employees and the spirit of commitment, collaboration and partnership demonstrated by them in realizing the Company's vision.

DIRECTORS

Sh. V. P. Mahendru and Sh. P. K. Ranade, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors has been reconstituted after the Merger.

MERGER OF THE ERSTWHILE INDO ASIAN FUSEGEAR LTD. WITH THE COMPANY AND ISSUE OF SECURITIES

Pursuant to the Scheme of Arrangement of Indo Asian Fusegear Limited, with the Company, as approved by the Hon'ble High Court of Punjab and Haryana, Chandigarh by Order dated 5th/26th May 2005, all the business including assets and liabilities of erstwhile Indo Asian Fusegear Limited were transferred to and vested in the Company with effect from the appointed date i.e. 1st April, 2005. All Shareholders of the erstwhile Indo Asian Fusegear Ltd have become shareholders of the Company and the name of the Company has since been changed to Indo Asian Fusegear Limited w.e.f. 23rd August, 2005.

The company has allotted 42,50,000, 8% Convertible Preference Shares of Rs. 10/- each in lieu of 25,00,000 Equity Shares of Rs. 10/- to the persons who were equity shareholders the Company before merger as per the Scheme of Arrangement. The 8% Convertible Preference Shares held by the shareholders were to be compulsorily converted into equity shares of the Company as per the then existing pricing formula of SEBI on 1st April, 2006. Accordingly, the company has issued 2,80,528 equity shares of Rs. 10/- each fully paid up to the said holders of Convertible preference shares upon conversion into Equity Shares on 1st April 2006.

During the year ended 31st March 2006, the company has converted 42,24,000 Zero Coupon Warrants issued by private placement on preferential basis by the erstwhile Indo Asian Fusegear Limited into 42,24,000 fully paid up equity shares of Rs. 10/- each as per the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Further, in order to meet funds requirements for growing Working Capital needs, the Company has issued 7,50,000 (Seven lacs fifty thousand only) Zero Coupon Warrants, each Warrant convertible into one Equity Share of Rs. 10/- each at a price of Rs 161/- under the 'promoter category' as per SEBI Guidelines, on Preferential basis by private placement as approved by the members at their meeting held on Monday, the 20th day of March, 2006.

LISTING OF SHARES

The Equity shares of the Company were listed on 4th August 2005 on the Bombay Stock Exchange Limited (BSE) as per the approval under rule 19 (2) (b) of the Securities Contracts (Regulations) Rules, 1957 from Securities and Exchange Board of India and Scheme of Arrangement of merger of the erstwhile Indo Asian Fusegear Ltd with the Company.

FIXED DEPOSITS

Your Company has no unclaimed/ unpaid or overdue deposit, during the year under report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2-AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the annual accounts for the financial year ended 31st March 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the Directors 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 or loss of the Company for the year under review;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors have prepared the annual accounts for the financial year ended 31st March 2006, on a going concern basis.

MANAGEMENT PERCEPTION OF RISK AND CONCERNS

Domestic Electrical Market has very intense competition particularly in the lighting segment. Presence of multinational companies is increasing and this is increasing the price pressure for all range of products.

Your Company has established itself as an innovative Company that offers products that efficiently manage electrical supply chain. Accordingly, your company proposes to address these risks by continues product development, focussed efforts to reduce costs, increase market share and by diversifying existing customer base with the addition of new strategic customers and enhancing the existing relationships.

AUDITORS

M/s. J.C. Bhalla & Co., Chartered Accountants, Auditors of your Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a report on the Corporate Governance for the year under review along with Auditors Certificate regarding Compliance of Corporate Governance is given in the Annexure A and forms part of this Report. The requirement of listing agreement became applicable to the Company from the date of listing of the Company with BSE on 4th August 2005.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC., AND EMPLOYEES

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as amended from time to time, is given in Annexure forming part of this Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all the members excluding the above information. Any member interested in obtaining such particulars/ information may write to the Company Secretary for a copy thereof.

Provisions of Section 217(2-A) of the Companies Act, 1956 and the rules framed there under as amended from time to time are not applicable to the Company, since no employee of the Company was in receipt of the remuneration in excess of the limits as specified in the said rules.

CAUTIONARY STATEMENT

The Statements in this Report, particularly which relate to Management Discussion and Analysis describing the Company's objectives, plans, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement depending on the circumstances.

ACKNOWLEDGEMENTS

Your Directors deeply appreciate the valuable co-operation and continued support extended by the Company's Bankers, Financial Institutions, Government agencies, Collaborators, Stockists, Dealers, Business Associates, and also the contribution of all employees to the Company.

On behalf of the Board of Directors,

Regd. Office:

51 Kms., G.T. Karnal Road
Murthal, Distt. Sonapat, Haryana
Dated: 12th June 2006

(V.P. MAHENDRU)
Chairman-cum- Managing Director

ANNEXURE "A" TO THE DIRECTORS' REPORT – 2006

CORPORATE GOVERNANCE

1. Company's philosophy on the Code of Governance

Corporate Governance primarily involves transparency, full disclosure and being fair to all stakeholders.

The objective of your Company is not only to meet the statutory requirements but also to go well beyond it by formulating such systems and procedures so as to make the management completely transparent and institutionally sound.

2. Board of Directors

i. Composition

The Company has a combination of Executive and Non-Executive Directors. The Board consists of six Directors. Your Company has Executive Chairman and half of the total number of Directors comprises independent Directors. The number of Non-Executive Directors is not less than 50% of the total number of Directors.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C) (ii) across all Companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other Companies.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last AGM, as also the number of Directorships and Committee position as held by them in other Public Limited Companies as on 31st March, 2006 are given below:

Name	Category	No. of Board Meetings Attended during 2005-06	Whether attended last AGM held on 24th June, 2005	No. of Directorships in other Public Limited Companies	No. of committee positions held in other Public Limited Companies	
					Chairman	Member
Sh. V.P.Mahendru (Chairman-cum-Managing Director)	Promoter Not Independent Executive	9	Yes	—	—	—
Sh. P. K. Ranade (Joint Managing Director)	Promoter Not Independent Executive	8	Yes	—	—	—
Sh. Vinay Mahendru (Executive Director)	Promoter Not Independent Executive	9	Yes	—	—	—
Sh. R. C. Bansal (Director)	Independent Non-Executive	8	Yes	3	—	—
Dr. Sai Ramachandran (Director)	Independent Non-Executive	8	Yes	2	2	—
Sh. A. K. Ghosh (Director)	Independent Non-Executive	8	Yes	—	—	—
Sh. Vivek Mahendru * (Director)	Promoter Not Independent	4	Yes	—	—	—
Sh. Vikram Ranade * (Director)	Promoter Not Independent	4	Yes	—	—	—
Sh. Arvind Vashisht * (Director)	Independent	2	No	—	—	—
Sh. R.K. Chhibbar * (Director)	Independent	2	No	—	—	—

Sh. V.P Mahendru, Sh. P.K Ranade, Sh. Vinay Mahendru, Sh. R.C.Bansal, Dr. Sai Ramachandran and Sh. A.K. Ghosh have been appointed in the last AGM held on 24th June 2005.

* Sh. Vivek Mahendru , Sh. Vikram Ranade , Sh. Arvind Vashisht and Sh. R.K. Chhibbar resigned from Board of Directors on 30th June, 2005.