

Annual Report 2007



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From the Chairman's Desk



"Enriching quality of life by ensuring safe, efficient and convenient use of electricity"

Dear Shareholders,

We are living in exciting times. India's rapid growth continues on all fronts and new challenges and opportunities are emerging everyday. Indian electrical industry is also on the threshold of a major transformation.

Indo Asian group has entered into GOLDEN JUBILEE YEAR. These 50 years have been very challenging, exciting and full of accomplishments. We grew by trailblazing innovations, charting unexplored avenues, proactive customer service and above all, building a culture of measured risk-taking backed with empathy & support.

Indo Asian has achieved an impressive turnover of Rs. 225 Cr. for the year ended March 31, 2007, representing a robust growth of 44% over last year.

We have been outpacing the industry growth rates with our technology led innovation approach and cost effective execution. We are well placed to leverage the maximum from the tremendous potential of global and Indian electrical industry with strategic and technology tie ups with the best in the world, customer centric innovative culture, superior distribution system and a strong management team.

We have recently invested in three large state of the art manufacturing plants in Haridwar, a tax free zone of Uttarakhand. With these, our capacity and product portfolio will grow manifold, putting Indo Asian on the fast track to scale new heights.

We have received the prestigious 'The Emerging India Award 2007' in the category 'Auto, Auto Ancillaries and Engineering' organized by ICICI Bank, CRISIL and CNBC TV-18 in June, 2007.

While we cherish this acknowledgement, we remain committed to all our stakeholders through excellence in innovating and expanding our environment friendly, energy efficient, safe and ever expanding product portfolio.



V.P. Mahendru

Chairman-cum-Managing Director

Board of Directors

V. P. Mahendru	Chairman-cum-Managing Director
R. C. Bansal	Non-Executive Director
Dr. Sai Ramachandran	Non-Executive Director
A. K. Ghosh	Non-Executive Director
P. K. Ranade	Joint Managing Director
Vinay Mahendru	Executive Director
<hr/>	
N. L. Jain	Director Finance
Atul Kumar	AGM (Legal) & Company Secretary

Auditors

J. C. Bhalla & Co.
New Delhi

Bankers

State Bank of India
State Bank of Patiala
Standard Chartered Bank

Corporate Office

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

Registered Office

51 kms., G. T. Karnal Road,
Murthal, Distt. Sonapat,
Haryana - 131027

Works:

Switchgear

- 51 Kms. G.T. Karnal Road, Murthal,
Distt. Sonapat,
Haryana – 131 027
- By-Lane, Nakodar Road,
Jalandhar, Punjab – 144 003
- B-200, Phase – II, Noida,
Distt. Gautam Budh Nagar, U.P. – 201 305
- Plot No. 21-23 Sector No. 5,
Parwanoo, Distt. Solan,
Himachal Pradesh – 173 220
- Plot No. 2, Sector 2, SIDCUL,
Haridwar, Uttarakhand - 249402

CFL Lighting

- A-39, Hosier Complex, Phase-II Extension,
Noida, Distt. Gautam Budh Nagar,
U.P. – 201305
- Plot No. 10, Sector 4, SIDCUL,
Haridwar, Uttarakhand - 249402

Wires & Cables

- Plot No. 2 (Block A), Sector 2, SIDCUL,
Haridwar, Uttarakhand - 249402

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of **INDO ASIAN FUSEGEAR LIMITED** will be held on Saturday, the 29th day of September, 2007 at 9.30 a.m. at 51 Kms, G. T. Karnal Road, Murthal, Distt. Sonapat, Haryana - 131027, to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 appoint a Director in place of Sh. R. C. Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Sai Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. 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. 400 crores (Rupees Four Hundred Crores Only) at any point of time."
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 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. 200 crores (Rupees Two 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."

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:
"RESOLVED THAT in accordance with the provisions of Section 81(1), 81(1A) and all other applicable provisions of the Companies Act, 1956 and subject to Foreign Exchange Management Act, 1999 (including any regulation(s), statutory modification(s) or re-enactments(s) thereof for the time being in force) including but not limited to Foreign Exchange Management (Transfer of Issue of Securities by a Person Resident Outside India) Regulation, 2000, the issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and also the provisions of any other applicable law(s), rules, regulations, and in accordance with relevant provisions of Memorandum and Articles of Association of the Company, and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (MOF), Government of India (GOI), the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and /or any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, consents and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which terms shall include a Committee of Directors) consent be and is hereby accorded to issue, offer and allot in one or more tranches, against subscription in foreign currency, by way of Private Placement and/or through prospectus and/or offering circular/letter, equity shares of the Company (which shall rank pari-passu with the existing shares of the Company) (the "Shares"), and/or preference shares and/or any other equity related instrument and/or Global Depository Shares ("GDSs") and/or American Depository Shares ("ADSs") against the issue of underlying Shares and/or Foreign Currency Convertible Bonds ("FCCB's") convertible at the option of the Company and/or

holder into equity shares and/or GDSs and or Convertible Bonds/Euro Convertible Bonds and/or Equity shares and/or Preference Shares whether Cumulative/Redeemable/Partly Convertible/Convertible and/or Securities Partly or fully convertible into Equity Shares and/or Securities linked to Equity Shares and/or any other Instruments or Securities with or without detachable warrants or such other types of Securities representing either Equity Shares and/or Convertible Securities (herein referred to as the "Securities"), in India or in one or more foreign market(s) to be subscribed in foreign currency(ies)/Indian Rupees by Foreign/Domestic Investors, including Non-residents, Foreign Institutional Investors, Non-resident Indians, Foreign Nationals, Corporate Bodies, Banks, Institutions, Mutual Funds or such other eligible entities or persons as may be decided by the Board in accordance with applicable laws, whether or not such persons/entities/investors are members of the Company, through Prospectus, Offering Letter, Circular Memorandum or through public issue(s)/private placement(s), preferential allotment(s) and / or any other mode, from time to time, as may be deemed appropriate by the Board on such terms and conditions as the Board may, in its sole and absolute discretion, deem fit upto US Dollars 50 million or its equivalent in any foreign currency which is approximately equivalent to Indian Rs. 200 crores (Rupees two hundred Crores) (with a right to the Board to retain additional allotment, such amount of subscription not exceeding 25% of the amount of initial offer of each tranche as the Board may deem fit) on such terms and conditions including pricing (subject to the maximum pricing norms prescribed by SEBI, RBI and/or any other authorities), as the Board may in its sole and absolute discretion decide including the form and all other terms and conditions and matters connected therewith and wherever necessary in consultation with the lead managers, underwriters, stabilization agents, guarantors, financial and/or legal advisors, depositors, custodians, principal/paying /transfer/conversion agents, listing agents, registrars and issue such Securities in any market and/or to the persons as may be deemed fit by the Board so as to enable the Company to get listed at any stock exchange in India and/or any other overseas stock exchange(s).

RESOLVED FURTHER that without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever, and all such terms as are provided in issue of securities of this nature internationally including terms for issue of equity shares or GDS's upon conversion of the Securities or variation of the conversion price of the Securities during the term of the Securities and for this purpose, the Board or a Committee to be constituted may enter into and execute all such arrangements/agreements, as the case may be, with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of such Securities or securities representing the same in one or more stock exchanges outside India.

RESOLVED FURTHER that the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws.

RESOLVED FURTHER that the Company may enter into any arrangement with any agency or body authorised by the Company for the issue, upon conversion of the Securities, of depository receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instrument of this nature and to provide for the trade-ability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets.

RESOLVED FURTHER that the issue of Securities, as aforesaid, shall be in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreement between the Company and the Stock exchanges and the terms and conditions contained in the offer document.

RESOLVED FURTHER THAT Mr. V.P. Mahendru, Chairman Cum Managing Director, Mr. P.K. Ranade, Joint Managing Director, Mr. N.L. Jain, Director - Finance and Mr. Atul Kumar, AGM (Legal) & Company Secretary, be and are hereby severally authorised to sign, execute and deliver on behalf of the Company, all documents, deeds, correspondences, applications and agreements in relation to the aforesaid issue and to do all acts and deeds for this purpose.

RESOLVED FURTHER THAT a Committee of two Directors be and is hereby authorised to take all actions and decide all matters relating to and/or incidental to the aforesaid issue, including inter alia;

- (i) to decide on the precise nature and quantum of securities to be issued, the timing, pricing and all the other terms, conditions and modalities of the aforesaid issue including the extent of private placement;
- (ii) to appoint and enter into arrangements with merchant bankers, managers, legal advisors, depository, custodian, registrar, transfer and exchange agents, listing agents, trustees and any other agencies or persons;
- (iii) utilization of issue proceeds, entering into underwriting, marketing and depository arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as deemed fit;
- (iv) to appoint and enter into arrangements for the drafting of the Information Memorandum, prospectus and/or Offering Circular as the case be and allow agencies/person engaged for the aforesaid issue to conduct due diligence for such purpose;
- (v) to pay commission, fees, remuneration, expenses and/or any other charges to the above agencies/persons and to give them such directions or instructions as it may deem fit from time to time;
- (vi) to incur expenses in relation to/connected with the aforesaid issue as may be appropriate;

- (vii) to issue and allot such number of equity shares/GDSs/ADSs/FCCBs as may be required to be issued and allotted in accordance with the terms of the offering, all such equity shares being pari-passu with the existing equity shares of the Company in all respects;
- (viii) to make applications for any approvals that may be required in connection with the aforesaid consent from any regulatory authority, including approvals from any agency of the Government of India including the Reserve Bank of India, if required;
- (ix) to make application(s) to one or more stock exchange(s) abroad for listing of the FCCBs/GDSs/ADSs and to one or more stock exchange(s) in India for listing of the Shares and to execute and deliver or arrange the delivery of listing agreement(s) and/or equivalent documentation to the concerned stock exchange(s);
- (x) to negotiate, finalize and settle and to execute and deliver or arrange the delivery of the offer document, agency agreements, custodian agreements, underwriting agreements, deposit agreements and all other documents, deeds, agreements required for the issue, sale and trading of such securities including any GDS/ADS Deposit Agreement;
- (xi) to issue offer document(s) and execute all such deeds, documents and writings as may be necessary in connection with the aforesaid issue;
- (xii) to appoint any bank or agency to accept service of any process in connection with the aforesaid issue;
- (xiii) to open one or more bank accounts in the name of the Company outside India as may be required, subject to requisite approvals from the Reserve Bank of India and other overseas regulatory authorities, if any;
- (xiv) to take all such actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise in regard;
- (xv) to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for the purpose of giving effect to this resolution; and
- (xvi) to sub-delegate the authority in respect of all/ any of the above matters to any person(s) and/or to any officer(s) of the Company, as may be permissible in law and as the Committee might deem fit and revoke and substitute such delegation from time to time."

By order of the Board of Directors

Place : New Delhi

Dated : 31st August, 2007.

(ATUL KUMAR)

AGM (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. 5,6 & 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 27th September, 2007 to Saturday, the 29th September, 2007 (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-2007 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 and change in their addresses, specifying the full address in block letters with Pin Code 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, 1999, 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, 2000, 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, 2000, 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.

By order of the Board of Directors

Place : New Delhi

(ATUL KUMAR)

Dated : 31st August, 2007.

AGM (LEGAL) & COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

The Board of Directors at present are empowered to borrow money pursuant to Section 293 (1) (d) of the Companies Act, 1956, subject to maximum of Rs. 100 crores. 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. 400 Crores (Rupees four hundred crores only).

The Board of Directors recommends the 'Ordinary Resolution' for the approval of Members.

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

ITEM NO. 6

The borrowings of the Company are generally required to be secured by suitable mortgage/hypothecation or charge on all or any of the movable and immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors from time to time in consultation with the Lenders. It is therefore, proposed to authorise the Board of Directors for creation of mortgages, charges and/or hypothecations on movable and immovable properties of the Company not exceeding Rs. 200 crores, present and future, wheresoever situate, as the Board may direct for securing the financial assistance from financial institutions, banks, mutual funds, trusts and other body corporates (Lending Agencies) as set out in the resolution. As the documents to be executed between the Lending Agencies/Trustees and the Company may contain the power to take over the management of the Company in certain events of defaults, it is necessary for the Company to pass resolution under section 293(1)(a) of the Companies Act, 1956, for creation of the mortgage, charge and/or hypothecation in favour of Lending Agencies/Trustees.

The Board of Directors recommends the 'Ordinary Resolution' for the approval of Members.

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

ITEM NO. 7

To augment the Company's long term working capital resources and also to part finance expansion, modernisation and diversification schemes proposed to be undertaken by the Company in order to make operations more competitive in term of size, technology and cost, your directors felt that it would be in the overall interest of the Company to explore the option of mobilisation of long term resources by issue of equity shares and/or preference shares and/or any other equity related instrument and/or Global Depository Shares ("GDSs") and/or American Depository Shares ("ADSs") and/or Foreign Currency Convertible Bonds ("FCCB's") and/or Convertible Bonds/Euro Convertible Bonds at an opportune time by way of private placement or public issue or right issue or preferential allotment to the shareholder or to any domestic / foreign investors or in such manner in such tranches as the Board may in its absolute discretion deem fit, from time to time upto an amount not exceeding USD 50 million i.e 200.00 crores approximately in the aggregate including premium, if any.

Under Section 81 of the Companies Act, 1956 wherever it is proposed to increase the subscribed capital of the Company by allotment of further shares, such shares are required to be offered to the existing shareholders of the company by way of rights unless the Company in General Meeting approved by means of a Special Resolution under sub-section(1A) of section 81 of the Companies Act, 1956, the offer, issue and allotment of the shares of the company to others in any other manner.

The size, structure and timing of the issue(s) will be decided by the Board/Committee at an appropriate time.

The consent of the shareholders is being sought pursuant to provisions of section 81(1) & 81(1A) of the Companies Act, 1956, Articles of Association of the Company and other applicable provisions.

The Board of Directors recommends the 'Special Resolution' for the approval of Members.

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

By order of the Board of Directors

Place : New Delhi

(ATUL KUMAR)

Dated : 31st August, 2007.

AGM (LEGAL) & COMPANY SECRETARY

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

At this Annual General Meeting Sh. R. C. Bansal and Dr. Sai Ramachandran, 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. R. C. Bansal has been director of the Company since 24th June, 2005. He is a Chartered Accountant since 1962 with specialisation in Finance and Management.

Other Directorships	Board Position held	Committee Memberships held
Name of the Company:		Name of the Company:
(i) Citicap Housing Development Ltd.	Director	NIL
(ii) Citicap Channels Ltd.	Director	
(iii) Citicap Print Media Pvt. Ltd.	Director	

- b. Dr. Sai Ramachandran has been director of the Company since 24th June, 2005. He holds M.Sc Degree in Chemistry from Madras University, M.B.A in Marketing from University of Minnesota, U.S.A and Ph.D from M.D. University, Rohtak.

He has been conferred with many prestigious awards like Marketing Man of the year 1996, Indira Gandhi Priyadarshini Award 1991, Kohinoor Ratna Award, Gem of India Award, Udyog Shree Award etc.

Other Directorships	Board Position held	Committee Memberships held
Name of the Company:		Name of the Company:
(i) Elpro International Ltd.	Director	(i) Elpro International Ltd.-Audit Committee
(ii) Pearl Polymers Ltd.	Director	(ii) Pearl Polymers Ltd.- Audit Committee

By order of the Board of Directors

Place : New Delhi

Dated : 31st August, 2007.

(ATUL KUMAR)

AGM (LEGAL) & COMPANY SECRETARY

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 18th Annual Report together with Audited accounts of the company for the year ended 31st March 2007.

FINANCIAL PERFORMANCE

(Rs./Crore)

Particulars	For the year ended	
	31 st March, 2007	31 st March, 2006
Sales & Other Income	225.46	156.45
Operating Profit (EBITDA)	29.74	23.26
Financial Charges	5.76	3.26
Depreciation	3.69	2.10
Profit Before Tax	20.29	17.90
Provision for Taxes	2.91	2.10
Profit After Tax	17.38	15.80
Add : Profit brought forward from previous year	25.02	0.46
Acquired under the Scheme of Arrangement	—	10.62
Less : Difference between the amount recorded as Preference Share Capital issued in lieu of Equity Shares under the Scheme of Arrangement	—	1.75
Profit available for appropriation	42.40	25.13
Arrears of Preference Dividend Paid and Income tax thereon	—	0.11
Retained Profit carried forward to the next year	42.40	25.02

Your company continues to maintain its strong growth momentum, achieving an impressive turnover of Rs. 225.46 Crs. for the year ended 31st March, 2007 as against Rs. 156.45 Crs. in the previous financial year, registering an impressive growth of 44%. The Company has reported Net Profit of Rs. 17.38 Crs., as against Rs. 15.80 Crs. in the previous year, recording a growth of 10%.

The Company's performance is discussed at length in Management Discussion & Analysis, which forms part of this Report.

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, 2007.

AWARDS & RECOGNITIONS

Over the years, your Company has always been committed to earn the trust of every strata of society that it comes in contact with. From its inception, forward looking thinking, persistent efforts and hard work has led the company towards continued growth and register its presence in the world markets.

Your directors are pleased to inform you that your Company has been awarded with SME Award for the "**EMERGING INDIA AWARDS – 2007**" organized by ICICI BANK, CRISIL & CNBC TV 18 in the category Auto, Auto Ancillaries and Engineering. "Emerging India Awards" has been the largest SME platform with more than 1.28 lac nominations from across the country. The awards was presented to CMD, Mr. V.P. Mahendru by Hon'ble Prime Minister of India, Dr. Manmohan Singh on 22nd June, 2007. These awards were given to the best value creators, with focus on sustainability and commitment to key stakeholders, record of past performances and future plans.

DIRECTORS

Sh. R.C. Bansal and Dr. Sai Ramachandran, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 2007, 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 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 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 2007, on a going concern basis.

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 re-appointment. They have confirmed that their re-appointment if made, shall be within the limits of section 224 (1) (B) of the Companies Act, 1956.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under section 217 (3) of the Companies Act, 1956.

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 B and forms part of this Report.

PARTICULARS OF EMPLOYEES

The Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. As per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

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-C and forms part of Directors' Report.

LISTING OF SHARES

The Equity shares of the Company continue to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

FIXED DEPOSITS

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

APPRECIATION

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,

Place : New Delhi
Dated : 28th June, 2007

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