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Mather + Platt

**ANNUAL REPORT
2006**

MATHER AND PLATT FIRE SYSTEMS LIMITED

MATHER AND PLATT FIRE SYSTEMS LIMITED

Board of Directors Mr. Peter Wurzbacher (w.e.f.7th Feb. 2007)
Mr. Jerome Perrod
Mr. Otto Northe
Mr. Ravindra Pal Bhatia
Mr. Shailendra Jha
Mr. P. M. Nene
Mr. Kiran Malhotra
Mr. Borni Daruwala

Company Secretary Mr. Amol Kulkarni (w.e.f.7th Feb. 2007)

Auditors M/s. Lodha & Company

Solicitors M/s. Kanga & Company

Banker HSBC

**Registered &
Corporate Office** Mumbai-Pune Road,
Chinchwad,
Pune - 411 019 (India)

**Registrar & Share
Transfer Agent** M/s. Sharepro Services (I) Pvt. Ltd.
Satam Industrial Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099.

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NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Mather and Platt Fire Systems Limited will be held on Wednesday, 13th June, 2007 at Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st December, 2006 and the Profit and Loss Account for the financial year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shailendra Jha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jerome Perrod, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Peter Wurzbacher, who was appointed as an Additional Director of the Company with effect from 7th February, 2007 pursuant to Section 260 of the Companies Act, 1956, and Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying it's intention to propose his candidature as a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board of Directors
For Mather and Platt Fire Systems Limited

Place : Mumbai
Date : 28th April, 2007

Amol Kulkarni
Company Secretary

NOTES:

1. The Register of Members/Beneficial Owners and the Share Transfer Registers of the Company will remain closed from 7th June, 2007 to 13th June, 2007 (both days inclusive).
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIS/HER SELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
3. Information on Directors retiring by rotation and seeking appointment / reappointment is given in Annexure I hereto.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items of Special Business is given in Annexure II hereto.
5. Members are requested to notify change of address, if any, (a) to their respective Depository Participant in case of shares held in electronic form and (b) to the Registrar & Transfer Agent, M/s. Sharepro Services (I) Pvt. Ltd., at Satam Industrial Estate, 3rd floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099, in case of shares held in physical form.
6. Any Member desirous of obtaining any information pertaining to the Accounts may forward such queries in writing to the Finance & Accounts Department at the Registered Office at least 7 days prior to the Meeting in order to enable the Company to keep the information ready to the extent possible.
7. Members or their Authorised Representatives/ Proxies are requested to bring their copies of Annual Report at the Meeting.
8. Members having multiple accounts in identical names or joint accounts in the same order are requested to intimate to the Company's Registrar & Transfer Agent, the ledger folios of such accounts, for consolidation of all such shareholdings into one account.
9. Members intending to dematerialise their shareholdings may approach any Depository Participant for opening a Beneficiary Demat Account. For any additional information/ clarification, members may contact National Securities Depositories Ltd. or Central Depository Services (India) Ltd.

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ANNEXURE I TO THE NOTICE

INFORMATION ON DIRECTORS RETIRING BY ROTATION AND SEEKING APPOINTMENT / RE-APPOINTMENT

Name	Mr. Shailendra Jha	Mr. Jerome Perrod	Mr. Peter Wurzbacher
Date of Birth	12.06.1971	23.07.1963	09.01.1947
Age (years)	35	43	60
Qualifications and experience	Is B.Tech (IIT), AICWA and CFA and has around 16 years of experience in private sector companies. Presently, he is also the Chief Financial Officer of MPPL*	Is an Engineer and has around 19 years experience in the field of general management, industrial and technical operations.	Is a Mechanical Engineer and has around 36 years experience in the pump industry. He has worked as Board Member and at the top managerial positions in a reputed multinational group.
Directorships held in other public Companies (excluding foreign Companies)	Nil	MPPL*	MPPL*
Memberships / Chairmanships of Committees in the Company	Member Investors Grievance Committee	Nil	Nil
Memberships / Chairmanships of Committees in other public Companies (excluding foreign Companies)	Nil	Chairman of the Remuneration Committee- MPPL*	Nil
Shareholding in the Company	Nil	Nil	Nil

MPPL – Mather And Platt Pumps Limited*

ANNEXURE II TO THE NOTICE

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

ITEM NO. 5

Pursuant to the provisions of Section 260 of the Companies Act, 1956, the Board of Directors appointed Mr. Peter Wurzbacher as Additional Director of the Company w.e.f. 7th February, 2007. He holds the office upto the date of this Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956 signifying its intention to propose his candidature as Director, liable to retire by rotation. As required by Clause 49 of the Listing Agreement with the Stock Exchanges, his brief resume and other details are given in Annexure 1 to the Notice.

The Board recommends the resolution for approval by the

Members.

Mr. Peter Wurzbacher may be considered as interested in the passing of this resolution. No other Director is concerned or interested in this resolution.

By Order of the Board of Directors
For Mather and Platt Fire Systems Limited

Place : Mumbai
Date : 28th April, 2007

Amol Kulkarni
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors present 14th Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st December 2006.

SUMMARISED FINANCIAL RESULTS

	(Rs. in Millions)	
	Year ended 31.12.2006 (12 Months)	Year ended 31.12.2005 (9 Months)
Sales & Services (Gross)	7.1	17.6
Other Income	0.7	0.09
Profit / (Loss) before Interest, Depreciation and Extraordinary Item	4.1	(23.7)
Less: Interest	1.9	1.2
Depreciation	-	0.6
Extraordinary Item (Gain)	-	(90.3)
Profit before Tax	2.2	64.8
Provision for Income Tax:		
Current Tax	-	5.3
Fringe Benefit Tax -	0.1	0.1
Profit after Tax	2.1	59.4
Balance Profit / (Loss) brought forward from previous year	(106.8)	(166.2)
Balance in Profit & Loss Account	(104.7)	(106.8)

REVIEW OF OPERATIONS

The down turn in the business activities of the Company in last few years has resulted in severe liquidity crisis. This has caused an assets liability mismatch. The net worth of the Company has been completely eroded and it is saddled with heavy debts. All this has led to the stagnation of business operations and the activities have been restricted merely to completing the existing projects, recoveries of the past dues and repayment to creditors.

The Industry is expecting a robust growth and opportunities in fire detection and protection systems business with the growth in power plants, petrochemicals, refineries and other process industry. The company has proposed a Scheme of Arrangement with its unsecured creditors under the provisions of Sections 391 to 394 of the Companies Act, 1956 and the same is subject to the approval of Hon'ble High Court, Bombay. This restructuring may help the Company to become viable.

DIVIDEND

In view of the accumulated losses your Directors do not recommend any dividend.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Jerome Perrod and Mr. Shailendra Jha, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Mayanth Kanagasundrem resigned from directorship of the Company with effect from 1st February 2007. The Board of Directors place on record its appreciation of his contribution as a board member.

The Board of Directors appointed Mr. Peter Wurzbacher as an Additional Director of the Company with effect from 7th February 2007. The Additional Director holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956 signifying its intention to propose the candidature of Mr. Peter Wurzbacher for appointment as Director liable to retire by rotation.

PARTICULARS OF EMPLOYEES

During the year under review the Company did not have any employee falling within the purview of Section 217(2AA) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- in the preparation of Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- the Directors had 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 ended 31st December 2006 and of the profit of the Company for that financial year;
- the Directors had 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;
- the Directors had prepared the Annual Accounts on a going concern basis.

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CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION ETC.

There is nothing significant to mention under this head. The details of foreign exchange earnings and outgo for the Financial Year under review are as under:

	Rs. In Million	
	Year ended 31.12.2006 (12 months)	Year ended 31.12.2005 (9 months)
Foreign Exchange earned	Nil	Nil
Foreign Exchange Outgo	0.16	Nil

CORPORATE GOVERNANCE

The report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed to this Report as Annexure A.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The report on Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement is annexed to this Report as Annexure B.

AUDITORS

M/s. Lodha & Company, Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment if made,

by the Company for the year 2007 would be within the limit prescribed under Section 224(1-B) of the Companies Act, 1956. The Board of Directors recommends their re-appointment.

With regard to the points (g) & (h) in the Audit Report the notes to the Accounts referred to therein are self-explanatory and therefore do not call for any further elucidation.

LISTING

The shares of the Company are listed at Bombay Stock Exchange Limited and Pune Stock Exchange Limited. Listing fees for the year 2007-08 have been paid to both the Stock Exchanges.

ACKNOWLEDGEMENT

Your Directors convey their sincere gratitude to the Government Authorities, Banks, Shareholders and Customers for the continued support extended to the Company at all times.

For and on behalf of the Board of Directors

Place: Mumbai
Date : 28th April, 2007

Peter Wurzbacher
Chairman

ANNEXURE A TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

1. Company Philosophy on Corporate Governance:

Corporate Governance relates to systems and processes that directs corporate resources and management strategies towards maximizing value for stakeholders while ensuring accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. A good governance process should thus provide sufficient transparency over corporate policies, strategies and decision making process while strengthening internal control system and building relationship with stakeholders. The adherence to good governance practices in true spirit, not just in letter, will help align interest of stakeholders and enhance investor confidence.

2. Board of Directors:

The Board of Directors of your Company consists of eight Directors. The composition of the Board of Directors and the number of other Directorships and Committee Memberships / Chairmanships of the Directors are given below:

Name of the Director	Category	Number of other Directorships +	Number of other Committee Memberships / Chairmanships ++
Mr. Peter Wurzbacher, Chairman*	PD	1	00
Mr. Jerome Perrod	PD	1	00
Mr. Otto Northe	PD	1	1/0
Mr. Mayanth Kanagasundrem***	PD	1	1/0
Mr. Ravindra Pal Bhatia	OD	1	0/1
Mr. Shailendra Jha	OD	0	00
Mr. P. M. Nene**	ID	2	0/1
Mr. Kiran Malhotra**	ID	1	1/1
Mr. Bomi Daruwala**	ID	1	2/0

PD – Non-Executive Promoter Director, ID – Non-Executive Independent Director, OD – Other Non-Executive Director

* - Appointed w.e.f. 7th February, 2007 ** - Appointed w.e.f. 31st January, 2006 *** Resigned w.e.f. 1st February 2007

+ This excludes, Directorships held in private companies, foreign companies and in companies registered under Section 25 of the Companies Act, 1956.

++ Committee includes Audit Committee and Shareholders'/Investors' Grievance Committee only.

During the financial year ended on 31st December 2006, six Board Meetings were held on 31st January 2006, 29th April 2006, 31st May 2006, 26th August 2006, 29th September 2006 and 28th October 2006. The particulars of attendance of the Directors at the Board Meetings and at the last Annual General Meeting are as follows:

Name of Director	Attendance at Last Annual General Meeting held on 30.06.2006	Number of Board Meetings attended during 01.01.2006 to 31.12.2006
Mr. Peter Wurzbacher, Chairman*	N.A.	N.A.
Mr. Jerome Perrod	No	2
Mr. Otto Northe	Yes	4
Mr. Mayanth Kanagasundrem ***	No	4
Mr. Ravindra Pal Bhatia	Yes	6
Mr. Shailendra Jha	Yes	6
Mr. P. M. Nene**	No	4
Mr. Kiran Malhotra**	No	4
Mr. Bomi Daruwala**	Yes	4

* - Appointed w.e.f. 7th February, 2007 ** - Appointed w.e.f. 31st January, 2006 *** Resigned w.e.f. 1st February 2007

3. Audit Committee:

The Audit Committee was reconstituted on 31st January, 2006 with Mr. P. M. Nene, Mr. Kiran Malhotra and Mr. Mayanth Kanagasundrem as members. The members have elected Mr. P. M. Nene as the Chairman. Mr. Bomi Daruwala was inducted as the member of the Committee on 29th April, 2006. Mr. Mayanth Kanagasundrem has ceased to be the member of the Committee w.e.f. 1st February 2007 on account of his resignation from the Directorship of the Company. Mr. Otto Northe was inducted as the member of the Committee w.e.f. 7th February, 2007.

During the financial year ended 31st December, 2006, the Audit Committee met five times on 31st January 2006, 29th April 2006, 31st May 2006, 26th August 2006 and 28th October 2006. The particulars of attendance at the Audit Committee meetings are as under:

Name of the Director	No. of meetings attended
Mr. P. M. Nene	4
Mr. Mayanth Kanagasundrem*	4
Mr. Kiran Malhotra	5
Mr. Bomi Daruwala**	3
Mr. Otto Northe***	N.A.

*Member upto 1st February 2007, ** Member of Audit Committee w.e.f. 29th April 2006, *** Member of Audit Committee w.e.f. 07th February 2007

The terms of reference of the Audit Committee covers the areas mentioned in the Listing Agreement, the Companies Act, 1956 and also other terms as may be referred to it by the Board of Directors. The role of the Committee includes, inter alia, reviewing financial statements, internal control systems, reports of the auditors, etc.

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The Company Secretary of the Company acts as Secretary of the Committee.

The representatives of the Internal Auditors and Statutory Auditors attended the meetings of the Committee.

4. Directors Remuneration:

The Company has not paid any sitting fees or other remuneration whatsoever to any of its Directors. None of the Directors has been granted or entitled to any stock option.

5. Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee presently comprises of the following members of the Board:

- (a) Mr. Ravindra Pal Bhatia, Chairman
- (b) Mr. P. M. Nene
- (c) Mr. Shailendra Jha

The Committee met five times during the financial year ended on 31st December, 2006 on 31.01.2006, 29.04.2006, 31.05.2006, 26.08.2006 and 28.10.2006 to consider inter-alia the matters relating to transfer / transmission / splitting of shares and issue of new Share certificates etc. and Shareholders' / Investors' grievances.

Mr. Amol Kulkarni, has been appointed as the Company Secretary and Compliance Officer w.e.f. 7th February 2007. Prior to that Mrs. Anila Shukla held the office of the Company Secretary and the Compliance Officer from 1st April 2006 upto 6th February 2007.

Name of the Director	No. of meetings attended
Mr. Ravindra Pal Bhatia	5
Mr. P. M. Nene	4
Mr. Shailendra Jha	5

During the financial year on ended 31st December 2006, 54 investor complaints were received and resolved. There was no pending investor complaint as on 31st December, 2006.

6. General Body Meetings:

Details of last three Annual General Meetings held

Meeting	Venue of the meeting	Date and Time
13 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Friday, 30 th June, 2006 at 12.00 noon
12 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Friday, 23 rd September, 2005 at 11.15 a.m
11 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Monday, 26 th July, 2004 at 11.30 a.m.

Special Resolutions passed in last three Annual General Meetings

Meeting	Subject matter of Special Resolution
13 th Annual General Meeting	No Special Resolution was passed
12 th Annual General Meeting	No Special Resolution was passed
11 th Annual General Meeting	Appointment of Mr. Ravindra Pal Bhatia as Executive Director of the Company for a period of three years with effect from 20 th November, 2003.

No Special Resolution was put through postal ballot last year nor any resolution is proposed to be passed through postal ballot.

7. Disclosures:

- a) During the financial year ended on 31st December, 2006, there was no materially significant related party transaction that might have a potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. B(6) of Schedule N annexed to and forming part of Annual Financial Statements.
- b) There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years ended 31st December, 2006 and hence the question of penalties or strictures being imposed on the Company by the Stock Exchanges or Securities & Exchange Board of India or any statutory authority, does not arise.
- c) The Company has complied with the Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance.
- d) None of the Directors of the Company is holding any share in the Company.
- e) Management's explanations/information in respect of points (g) & (h) in the Auditors' Report are mentioned in Directors' Report under the head 'Auditors'.

8. Means of Communication:

The quarterly, half-yearly and annual financial results are regularly submitted by the Company to the Stock Exchanges and are published in the newspapers, viz., Financial Express and Punya Nagri, in accordance with the provisions of the Listing Agreement. The said financial results and official news release are displayed by the Bombay Stock Exchange Limited on its website viz. www.bseindia.com.