



58th ANNUAL REPORT 2007-2008

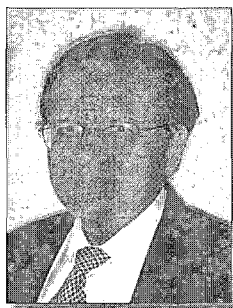
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PAE LIMITED

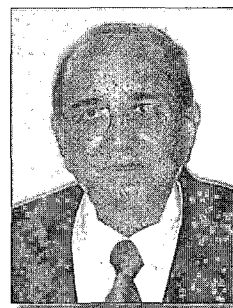
BOARD OF DIRECTORS



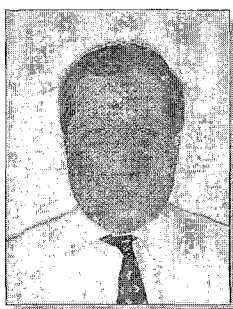
Shri Arvind R. Doshi
Chairman & Managing Director



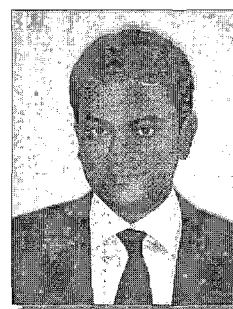
Shri Dilip J. Thakkar
Director



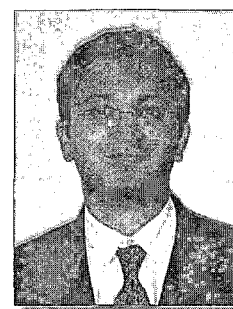
Dr. Rajen Mehrotra
Additional Director



Shri John O. Band
Director



Shri Karthikeyan Muthuswamy
Director



Shri Pritam A. Doshi
Executive Director & CEO

SENIOR EXECUTIVES

Shri Samir Roy - President & Chief Operating Officer
Shri K. N. Kumar - Vice President - Finance
Shri D. Kaushik - General Manager - Marketing

COMPANY SECRETARY

Shri Nimesh S. Nandu

AUDITORS

M/s. K. S. Aiyar & Co.
Chartered Accountants

BANKERS

State Bank of India
State Bank of Indore
Corporation Bank

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (W)
Mumbai 400078.

REGISTERED & CORPORATE OFFICE

69, Tardeo Road
Mumbai 400034.
Tel: 022 66185799
Fax: 022 66185757
Website: www.paeltd.com

58TH ANNUAL GENERAL MEETING

Tuesday, the 29th day of July 2008
3.30 p.m.

M. C. Ghia Hall,
Bhogilal Hargovindas Building, 2nd floor
18/20, K. Dubhash Marg
Mumbai 400001.

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NOTICE

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the Members of PAE LIMITED will be held on Tuesday, the 29th day of July, 2008 at 3.30 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K. Dubhash Marg, Mumbai 400001 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended as on that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Shri Dilip J. Thakkar, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri John O. Band, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Dr. Rajen Mehrotra, who was appointed as an Additional Director of the Company on 29th October 2007 under Section 260 of the Companies Act, 1956 and as per Article 123 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in whose respect the Company has received, pursuant to Section 257 of the Companies Act, 1956 a notice in writing alongwith requisite deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for time being in force) and subject to approval of Central Government and to such conditions and modifications, as may be prescribed by the Central Government in granting such approvals, permissions and sanctions, consent of the Company be and is hereby accorded for increase in remuneration payable to Shri Arvind R. Doshi, Chairman & Managing Director of the Company as recommended by the Remuneration and Selection Committee and approved by Board of Directors at their respective meetings held on 27th May 2008 and as agreed between Shri Arvind R. Doshi and the Board of Directors with effect from 1st April 2008;

FURTHER RESOLVED THAT pursuant to the provisions of Section 198(4), 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the prior approval of the Central Government and to such conditions and modifications, as may be prescribed by the Central Government in granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to approve the payment of minimum remuneration to Shri Arvind R. Doshi, Chairman & Managing Director of the Company in the event

of loss or inadequacy of profits in any year subject to ceiling laid down in Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to obtain the required approvals, to sign and file the necessary return/intimation with the Registrar of Companies/Ministry of Corporate Affairs or to such other Statutory Authorities as may be necessary and further to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

By Order of the Board of Directors
Nimesh S. Nandu
Company Secretary

Registered Office

69, Tardeo Road,
Mumbai- 400 034.
Dated : 27th May, 2008.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THIS ANNUAL GENERAL MEETING.
2. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business under item no. 6 & 7 as set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 19th July 2008 to Tuesday, 29th July 2008 (both days inclusive).
4. The final dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid on or after 30th July 2008, to those persons or their mandates
 - a) whose names appear as Beneficial Owners as at the end of the business hours on 18th July 2008 in the list of Beneficial Owners to be furnished to the Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and
 - b) whose names appear as Members in the Register of Members of the Company as on 18th July 2008.
5. The facility of electronic credit of dividend directly to the respective bank accounts of our shareholders, through Electronic Clearing Service (ECS) is arranged by the Company. This facility is currently available at the locations specified by RBI. This facility is in addition to the Bank Mandate Facility that already exists whereby bank account details are printed on the dividend warrants. Shareholders who would like to avail of the ECS Mandate Facility or the Bank Mandate Facility (if not done earlier) are requested to complete and submit the Mandate Form, available on request with our Share Transfer Agents or on our Company's website www.paeltd.com, to Company's Share Transfer Agents (for shares held in physical form) or their Depository Participants (for shares held in electronic form) latest by 18th July 2008.
6. Members are requested to
 - a) intimate any change in their addresses to the Company's Registrar and Share Transfer Agents, M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078

- (b) quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all the correspondence
 - (c) to bring their Annual Report to the Meeting and attendance slip duly filled in. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
7. Corporate Members are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
 8. Members who have multiple folios in identical names or joint names in the same order are requested to send all the Share Certificates to the Registrar and Transfer Agents, M/s. Intime Spectrum Registry Limited for consolidation of all such folios into one to facilitate better service.
 9. Queries on accounts and operations of the Company, if any, may please be sent to the Company 10 days in advance of the meeting so that the information required can be made readily available at the meeting to the extent possible.
 10. Consequent upon the introduction of Section 205-C by the Companies (Amendment) Act, 1999, unclaimed /unpaid dividend amount, fixed deposits, unclaimed interest on matured fixed deposits for a period of 7 years have been transferred to the Investor Education & Protection Fund (IEPF) and no claim thereto will be entertained by the said Fund and also by the Company.
 11. The facility for making nominations is available for shareholders and fixed deposit-holders in respect of the shares and fixed deposits held by them. *Nomination forms* can be obtained from the Company's Registrars & Transfer Agents, M/s. Intime Spectrum Limited or from the Company.
 12. Members may refer Report on Corporate Governance for particulars of Directors' appointment/reappointment at the Annual General Meeting.

ANNEXURE TO NOTICE

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

Item No. 6:

Dr. Rajen Mehrotra, was appointed as an Additional Director of the Company on 29th October 2007 under Section 260 of the Companies Act, 1956 and as per Article 123 of the Articles of Association of the Company. Accordingly he holds office as Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956 notice has been received from a member alongwith the required deposit signifying his intention to propose Dr. Rajen Mehrotra as candidate for the office of Director liable to retire by rotation.

A Brief profile of Dr. Rajen Mehrotra is given below:

Dr. Rajen Mehrotra is an Electrical and Mechanical Engineer with Masters and Ph.D.. He has the Degree in Management from the University of Mumbai and a Post Graduate Diploma in Industrial Management from the Research Institute of Management Studies, Delft, (now called Maastricht School of Management), Netherlands. He is on the Board of Novartis India Limited since 2000.

Except Dr. Rajen Mehrotra, none of the Directors are concerned or interested in the resolution.

Item No. 7:

At the Fifty Seventh Annual General Meeting of the Company held on 30th July, 2007, the members approved the re-appointment of Shri Arvind R. Doshi as the Chairman & Managing Director of the Company from 8th April, 2007 for a period of 3 years.

On the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 27th May 2008 increased the remuneration payable to Shri Arvind R. Doshi, Chairman & Managing Director for the balance period of 2 years with effect from 1st April, 2008, subject to the approval of Central Government, on the terms and conditions set out hereinbelow:

Salary

Rs.1,98,410 per month.

Commission

Incentive or commission of 1% of the net profits of the Company in each financial year as may be determined by the Board of Directors at the end of financial year subject to the ceiling and provisions stipulated in Sections 198, 309 and 310, Schedule XIII & other applicable provisions of the Companies Act, 1956.

Perquisites

The Chairman & Managing Director will be entitled for the following perquisites subject to a ceiling of 125% of Annual Salary.

- a) Housing: Furnished accommodation/house rent allowance. Also entitled to house maintenance allowance together with utilities thereof such as gas, electricity, water, furniture, furnishing and repairs.
- b) Medical reimbursement: As per the rules of the Company.
- c) Leave Travel Concession: For self and family once in a year, as per the rules of Company.
- d) Car: Provision for Company car with driver.
- e) Club Fees: Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership fees.
- f) Medical and Accident Insurance: Hospitalisation and Domiciliary Hospitalisation Benefit Policy for self and family and Personal Accident Insurance for self.
- g) Children Education Allowance: In case of children studying in or outside India an allowance/actual expenses incurred to be borne/reimbursed by the Company.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated on actual cost.

"Family means the spouse, dependent children and dependent parents."

Other Benefits

In addition to the above perquisites, the Director shall also be entitled for the following benefits aggregating to maximum of Rs.53,570/- per month.

- a) Company's contribution to the Provident Fund and Superannuation Fund or Annuity Fund to the extent these either single or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity: As per the rules of the Company.
- c) Leave: As per the rules of the Company.
- d) Leave Encashment: Leave accumulated but not availed during the tenure will be allowed to encash at the end of the tenure.
- e) Telephone: Reimbursement of Mobile, Telephone, and Internet expenses at residence on submission of bills.
- f) Chairman and Managing Director will be entitled to reimbursement of all actual expenses, including travelling, entertainment and other out of pocket expenses incurred in the course of the Company's business.

Minimum Remuneration

Where in any financial year during the currency of the tenure of the Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of salary, perquisites and benefits to the



Registered & Corporate Office: 69, Tardeo Road, Mumbai 400 034.

PROXY FORM

DP Id *	
Client Id*	

I/we of
 being Member/Members of PAE LIMITED hereby appoint
 of or failing him/her.....
 of or failing him/her.....
 of as my/our Proxy to attend and vote for
 me/us on my/our behalf of the FIFTY EIGHTH ANNUAL GENERAL MEETING of the said Company to be held on Tuesday
 29th July, 2008 at 3.30 p.m. and at any adjournment thereof.

Signed this day of 2008.

Signature(s) of
 the Member(s)

Folio No.....

Affix Revenue Stamp

- N. B.: i) This Proxy Must be deposited at the Registered Office of the Company, not later than 48 hours before
 the time of the Meeting.
 ii) A PROXY NEED NOT BE A MEMBER

* Applicable for investors holding shares in electronic form.



Registered & Corporate Office: 69, Tardeo Road, Mumbai 400 034.

ATTENDANCE SLIP

I hereby record my presence at the FIFTY EIGHTH ANNUAL GENERAL MEETING at M. C. Ghia Hall, Bhogilal Hargovindas
 Building, 2nd Floor, 18/20 K. Dubhash Marg, Mumbai 400 001, on Tuesday 29th July, 2008 at 3.30 p.m.

Name of the Member	DP Id*	
Folio No.	Client Id*	

..... Name of Proxy / Representative (in BLOCK letters) (To be filled in if the Proxy / Representative attends instead of the Shareholder)
--

Signature of the Member or Proxy/ Representative
--

* Applicable for investors holding shares in electronic form.

Director in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and approval of the Central Government, if any and to the extent necessary.

Other terms

The office of the Chairman & Managing Director will not be liable to retire by rotation and will not be entitled for the sitting fees for attending Meetings of the Company. The appointment can be terminated by either party giving the other party 6 months notice to the other.

1. General Information:

1. Nature of Industry : Marketing and distribution
2. Date of Commencement of Commercial Activity : Company has been operating since 1950
3. Financial Performance

Financial Year	2007-08 Rs.	2006-07 Rs.
Earning per share	6.28	3.42
Dividend per share	1.50*	1.00
Book Value per share	38.04	33.76

4. Export performance and net foreign exchange : N.A.
5. Foreign investments of collaborators, if any : N.A.

*Recommended by Board of Directors at their meeting held on 27th May 2008.

2. Information about the Appointee :

1. Background details	Shri Arvind R. Doshi has been associated with the Company since 1994. Shri Doshi besides having brilliant academic career in Engineering and in Business Management also has rich experience in the field of industry and particularly in Automobile Sector. He is responsible for ensuring profitable growth of the company with adequate control on costs.
2. Past Remuneration	Financial Year 2006-07 Salaries: 13,20,000/- Perquisites: 15,26,952/- Superannuation Fund: 1,98,000/- Provident Fund: 1,78,000/- TOTAL: 32,22,952/-
3. Recognition or awards	1. Recipient of the prestigious Dadabhai Naroroji International Award for Excellence & Achievement. 2. Honorary Member of International Water Works Association, London & Honorary Member of Indian Water Work Association, Mumbai.
4. Job Profile and his suitability	Shri Arvind R. Doshi is the Chairman and Managing Director of the Company. He has substantial powers of management and has exercised the same subject to the superintendence, control and direction of the Board. He is over all responsible for the day to day management of the Company. Taking into consideration his expertise and his vast experience in the industry and particularly in

	Automobile sector he is best suited for the responsibilities currently assigned to him by the Board of Directors.
5. Remuneration proposed	Details of increase in remuneration proposed have been given in the notice. While determining the salary of Shri Arvind R. Doshi, Chairman and Managing Director the Remuneration Committee took into account the financial position of the Company, trend in the industry, experience and background in totality and objectivity in determining the remuneration package of Shri Arvind R. Doshi.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	1. Name of Company: India Motor Parts & Accessories Limited 2. Industry: Automotive 3. Size: Turnover of 227.02 Crores 4. Profile: Managing Director 5. Total Remuneration: Rs.57.16 lacs
7. Pecuniary relationship directly or indirectly with the company, or relationship with the Executive Director/ Managerial personnel, if any.	Shri Pritam A. Doshi, Executive Director & CEO is son of Shri Arvind R. Doshi.

3. Other information:

- 1) Reason for loss or inadequate profits:
Due to adverse market conditions in the earlier financial years, the margins were severely affected.
- 2) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:
The Company has already achieved excellent performance during the last financial year 2007-2008 by diversifying into distribution of higher margin products. Considering the present performance, the company has the potential to achieve higher profits.

The Board recommends the approval of the increase in the remuneration of Shri Arvind R Doshi, Chairman & Managing Director of the Company.

The Explanatory Statement together with the accompanying Notice should be treated as an Abstract of the terms of the Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Special Resolution is recommended by the Board for the approval of the Members.

Shri Arvind R. Doshi is interested in the resolution. Shri Pritam A. Doshi, being a relative of Shri Arvind R. Doshi, is deemed to be concerned or interested in the resolution.

None of the Directors, except Shri Arvind R. Doshi and Shri Pritam A. Doshi are concerned or interested in the resolution.

By Order of the Board of Directors

Nimesh S. Nanda
Company Secretary

Registered Office
69, Tardeo Road,
Mumbai- 400 034.
Dated : 27th May, 2008.



REPORT OF THE DIRECTORS' & MANAGEMENT DISCUSSION & ANALYSIS

To the Members,

Your Directors have pleasure in presenting their Fifty Eighth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2008.

1. Financial Results

	(Rs. in lacs)	
	Current Year ended 31.03.2008	Previous Year ended 31.03.2007
Total Revenue	23191.62	16703.91
Total Expenses	22090.70	16070.20
Less: Interest	143.74	113.28
Less: Depreciation	81.09	37.43
Profit before Tax	876.09	483.00
Less: Provision for tax	278.25	157.63
Profit after taxes	597.84	325.37
Profit brought forward from previous year	344.77	130.78
Balance Available for Appropriation	942.61	456.15
APPROPRIATION		
Transfer to General Reserves	29.81	0.00
Proposed Dividend	142.79	95.20
Tax on Dividend	24.27	16.18
Balance carried forward	745.66	344.77

2. Change in Share Premium Account

The Members at the Extra Ordinary General Meeting of the Company held on 27th February 2006 had authorized the Company to utilize an amount of Rs.1461.08 lacs, being the balance standing in the securities premium reserve account, to write off bad book debts and obsolete inventory, upto 31st March 2008. The same was subsequently sanctioned by the Mumbai High Court on 1st September, 2006. Accordingly the Company had set off an amount of Rs.78.44 lacs (net of tax of Rs.39.79 lacs) towards obsolete stocks and receivables against Company's Share Premium Account as on March 31, 2006 and further an amount of Rs.207.80 lacs (net of tax of Rs.3.96 lacs) was utilized for writing off obsolete stocks and receivables (including "Other loans & advances") for year ended 31st March 2007.

During the year under review, an amount of Rs.643.61 lacs (net of tax of Rs.26.12 lacs) has been utilized further for writing off income tax demands along with interest for assessments years 1993-94, 1994-95 and 1996-97 and obsolete stocks and receivables.

3. Dividend

Your Directors are pleased to recommend final dividend of 15% i.e. Rs.1.50/- (Rupee One and Paise Fifty Only) per Equity Share of Rs 10/-, subject to the approval of shareholders at their Annual General Meeting.

4. Management Discussion & Analysis

PAE is in the business of marketing and distribution of Lead Acid Storage Batteries to provide power storage in power back up systems. Depending on the type of application, the battery size and numbers vary. In addition to batteries, PAE also buys power back-up systems from manufacturers and sells to dealers, manufacturers and end users.

PAE's business is in the after market of auto components mainly for the passenger car and heavy vehicle segments. The manufacturers of these auto components sell to distributors, such as PAE, which in turn sells to thousands of retailers and wholesalers in India. PAE plays a role of a marketer and a distributor taking market and credit risk.

Opportunities and Threats

The lack of adequate and reliable power in India is an opportunity for the Company to grow its industrial battery and power backup systems, especially inverter business. For this country to sustain its 9% growth figure, uninterrupted power is a critical requirement for several businesses that are in the service and manufacturing sectors.

However, as the power infrastructure in India develops and catches up with the demand growth, the demand for industrial batteries and inverters will reduce. There is significant new competition in this business with immense pressure on margins.

The demand for the car segment has been very buoyant. The economic trend has been progressive, higher household income, reduced duties, easier finance, etc. have motivated the consumers to purchase new vehicles. This has resulted in increased demand overall. As the average age of the vehicle in the market increases it increases the demand for aftermarket products, resulting in a demand for PAE's portfolio of auto components.

Increased competition and mass production has resulted in improved quality at a reduced price. Price of many products has come down substantially to be competitive in the world market.

Change in Duties, Levies and Government Policy would have impact on future market demands.

Outlook

The power segment presents new growth areas. PAE has launched other power back-up devices and systems in the market under its proprietary brand name – PowerZen, and sees an excellent growth potential for them. However, competition from regional players and the unorganized sector will remain a challenge going forward. PAE is working towards building a nationwide, world-class service support system that will help differentiate itself from regional, unorganized players.

Segment-wise performance

Company's business is organized around the following three segments.

- Lead Acid Storage Batteries
- Power Backup Systems
- Other Auto Products

Detailed note on the segment wise performance is given at Note No.12 in the Notes forming parts of the Account.

Risks and Concerns

- Steep increase in raw materials cost, such as lead, would affect the battery market.
- Increases in interest rates and raw material costs will tend to slow the sales for new vehicles reducing the number of vehicles added to road population every year.
- Frequency of replacement of components has reduced due to improved quality and extended warranty offered by vehicle manufactures. Further, any repairs or parts replacements of new generation cars tend to be done at their authorized dealerships and workshops, reducing the demand in the aftermarket.

Internal control systems

The Company maintains a system of internal control, including suitable monitoring procedures. The internal auditors regularly conduct the audit and the quarterly reports along with observations and suggestions are reviewed by the Audit Committee of the Board of Directors. Follow-up actions as suggested by the committee are complied with.

Management is taking necessary steps to improve and strengthen internal control system and procedures in areas of reconciliation of balances with debtors.

Discussion on financial performance with respect to operational performance

Highlights of Financial Performance

(Rupees in lacs)

Particulars	2007-2008	2006-2007
1. Sales & Operating Income	25422.51	18345.85
2. Less: Value Added Tax	2448.06	1713.77
3. Net Sales & Operating Income	22974.45	16632.08
4. Other Income	217.17	71.83
5. Total Income (3 + 4)	23191.62	16703.91
6. Total Expenditure:		
a. Cost of Sales	20436.81	14773.75
b. Employees' Remuneration and Benefits	481.12	382.14
c. Establishment & Other Expenses	1172.77	914.31
	22090.70	16070.20
7. Interest	143.74	113.28
8. Profit after interest but before depreciation & tax	957.18	520.43
9. Profit after interest but before depreciation & tax as % to Total Income	4.13%	3.12%
10. Depreciation	81.09	37.43
11. Profit before tax	876.09	483.00

12. Provision for Tax:

a. Current Tax	246.12	153.96
b. Fringe Benefit Tax	14.00	11.50
c. Wealth Tax	0.64	0.45
d. Deferred Tax (Asset)/Liability	17.49	(8.28)

13. Net Profit/(Loss) after tax & exceptional items **597.84** **325.37**

14. Expenses as a % to Net Sales & Operating Income:

a. Employee Cost	2.09%	2.30%
b. Establishment & Other Expenses	5.10%	5.50%
c. Interest	0.63%	0.68%

Sales and Operating Income for the year has increased by 39% from Rs.18345.85 lacs the previous year to Rs.25422.51 lacs on account of improvement in volumes.

During the year, the Company has made a profit before tax of Rs.876.09 lacs as against Rs.483.00 lacs in the previous year. This was possible due to improved volume in Lead Acid Storage Battery business. Employee Cost for the year is Rs.481.12 lacs and is 2.09% of the net sales & operating income as compared to Rs.382.14 lacs which was 2.30% of the net sales & operating income in the previous year, a decrease of 0.21%. Establishment and Other expenses for the year is Rs.1172.77 lacs and is 5.10% of the net sales and operating income as compared to Rs.914.31 lacs which was 5.50% of the net sales & operating income in the previous year, a decrease of 0.40%.

Depreciation for the year was Rs.81.09 lacs as compared to Rs.37.43 lacs in the previous year due to major additions at the end of the previous year and some additions during the current year.

Interest for the year is Rs.143.74 lacs which is 0.63% of the net sales & operating income as compared to Rs.113.28 lacs and was 0.68% of the net sales & operating income in the previous year, a decrease of 0.05%. This decrease is due to decrease in working capital requirement.

The Company has made a provision for tax of Rs.246.12 lacs and a provision of Rs.14.00 lacs for Fringe Benefit Tax. In accordance with AS-22, Accounting for Taxes on Income, the Deferred Tax Liability stands at Rs.21.37 lacs as on the date of Balance Sheet.

The Company has a Net Profit available for appropriation amounting to Rs.942.61 lacs as on 31st March 2008 and has proposed a dividend of 15% for the year ended 31st March 2008.

Financial Condition

Share Capital

Issued, subscribed and paid-up capital as at March 31, 2008 was Rs.951.96 lacs and there is no change as compared to previous year.

Reserves and Surplus

As at March 31, 2008 Reserves and Surplus amounted to Rs.2,668.45 lacs as compared to Rs.2262.32 lacs at the end of previous year. As per the Mumbai High Court Order received during the previous year, the Company had reduced the securities premium reserve account by Rs.286.24 lacs (net of tax of Rs.43.75 lacs) on account of obsolete stocks and receivables upto 31st March 2007. During the year a further amount of Rs.643.61 lacs (net of tax of Rs.26.12 lacs) has been reduced from the securities premium reserve account. The Company has also proposed a dividend of 15% amounting to Rs.142.79 lacs from the net profit available for appropriation of Rs.942.61 lacs during the current year. The Company has revalued certain Building and Ownership Flats during the current year and has created a revaluation reserve of Rs. 618.96 lacs.

Loan Funds

There has been a decrease in the loan funds to Rs.565.14 lacs as at March 31, 2008 as compared to Rs.668.40 lacs in the previous year due to decrease in working capital requirement.

Fixed Asset

Net fixed assets as at March 31, 2008 has increased to Rs.1094.97 lacs as compared to Rs.415.00 lacs in the previous year. There have been additions amounting to Rs.144.79 lacs in the current year and addition due to revaluation amounting to Rs.618.96 lacs.

Investments

Investments are at Rs.17.17 lacs as on March 31, 2008 as compared to last year Rs.19.37 lacs. This is due to sale of shares in PAL Credit & Capital Limited and South India Paper Mills Limited.

Net Current Assets

Net Current Assets has decreased to Rs.3261.84 lacs as at March 31, 2008 from Rs.3452.19 lacs as at March 31, 2007.

Human Resources

The Company believes that human resources are a key asset that provides a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition and sharing, skill building, creativity and responsibility and performance based compensation.

The employees' relation during the year under review were cordial and harmonious and the productivity improved in all the areas. Your company has a total strength of 219 employees as on 31st March 2008.

5. Fixed Deposits

The amount of Fixed Deposits accepted from the public during the year under review stands at Rs.88.08 Lacs. At the end of the year, there were 5 matured deposits for Rs.0.77 lacs, which were not claimed by the

depositors as on date of this Report. There were no deposits during the year, which were claimed but not paid by the Company.

The unclaimed deposits/interest on deposits lying with the Company for more than seven years were transferred to Investor Education & Protection Fund as per section 205C of the Companies Act, 1956.

6. Directors

Pursuant to the provisions of section 256 of the Companies Act, 1956 and Article 117 of the Articles of Association of the Company, Shri Dilip J. Thakkar and Shri John O. Band retires by rotation but being eligible offers himself for re-appointment.

Pursuant to the provisions of section 260 of the Companies Act, 1956 and Article 123 of the Articles of Association of the Company, Dr. Rajen Mehrotra was appointed as the Additional Director on 29th October 2007 and your directors recommend his appointment at the ensuing Annual General Meeting.

A brief profile of the Directors is furnished as part of Corporate Governance Report.

7. Corporate Governance Report

Your Company is committed to good corporate governance practices. The Report on Corporate Governance alongwith the Auditor's Certificate regarding compliance of the conditions of Corporate Governance pursuant to clause 49 of the Listing Agreement are annexed hereto.

8. Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards, except to the extent specified in note '5' of Schedule 'O', had been followed along with the proper explanation relating to material departures, if any;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

9. Auditors' Report

The Auditors' Report to the Shareholders does not contain any qualifications.

10. Auditors

M/s. K. S. Aiyar & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offered themselves for reappointment.

The Board of Directors recommends their reappointment as Statutory Auditors.

11. Particulars as per section 217 of the Companies Act, 1956

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 are given in a separate statement attached to this report and forms part of it.

12. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Since the Company does not own any manufacturing facility the other particulars relating to Conservation of energy and technology absorption stipulated in the

Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

During the year the foreign exchange outgo was Rs.9.06 lacs and foreign exchange earnings were NIL.

13. Acknowledgements

Your Directors place on record their sincere appreciation for the assistance and co-operation received from the Shareholders, Consortium of Bankers, Customers, Dealers, Suppliers and Principals.

Your Directors also sincerely acknowledge the valuable contributions made by the Employees at all levels and for their dedicated services to the Company.

For and on behalf of the Board of Directors

Arvind R. Doshi
Chairman & Managing Director

Registered Office:

69, Tardeo Road,
Mumbai 400 034.

Dated: 27th May, 2008

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31.03.2008

Sr. No.	Name & Designation	Age (Years)	Gross Remuneration (Rs.)	Qualifications	Total Experience	Date of Commencement of Employment	Previous Employment
A. Names of Employees employed throughout the year and were in receipt of remuneration of not less than 24,00,000/-							
1.	*Shri Arvind R. Doshi Chairman & Managing Director	68	Rs.42.41 Lacs	Diploma in Civil & Sanitary Engg. & Business Management	44 Years	16.04.1994	Worked with Premier Automobiles Ltd. as Managing Director for 5 years
2.	Shri Samir Roy President & Chief Operating Officer	55	Rs. 34.41 Lacs	B.Sc., D.B.M	34 Years	05.11.1973	N.A.

Notes: 1. Remuneration as shown above includes salary, allowances, leave travel assistance, Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Medical facilities and perquisites valued in terms of actual expenditure incurred by the Company in providing the benefits to the employee.

2. *The condition of the employment of the said employee is contractual and terminable by six months notice.