

The Chairman's Letter to Shareholders

"journey is pleasant but I will not rest until destination"

Dear Shareholders,

It gives me immense pleasure to welcome all of you at this 13th Annual General Meeting.

Those who believe in numerology, may consider attending this meeting as an inauspicious occasion. But believe me: the business you are going to transact at this meeting includes approving the performance of the company which is highest ever in its history. The plans and information which unfolds in this meeting will make you wonder whether numerology is powerful or the determination which caused such performance!. The conclusion is your prerogative.

The profitability statement and statement of financial position is in your hand. While 2006-07 presented many challenges for PAL and consumer industry as a whole, I am pleased to report that our overall financial performance was rock-solid, as our company accomplished many targeted objectives for the year. The record turnover of Rs.1863.15 million is just short of double the turnover over the last years' figure. Generation of profit and cash is an achievement about which all of us are proud. There was a substantial addition to company's kitty of fixed productive assets. The company's equity shares got listed at National Stock Exchange (NSE) of India. Convertible warrants issued in 2005, were fully converted into equity shares adding Rs.167 million in the free reserves of the company. Board has recommended increased dividend to reward all of you for patiently waiting and supporting the management in its each and every move and proposal. Expansion project costing Rs.400 million to boost production capacity and efficiency to feed the ever increasing requirement of our loyal customers was completed in its time frame and its outcome is known to you. Jump in export sales indicates your Company's quality & commitment towards timely supplies in the International markets. Your company has full support of some of the leading banks of India, which are just eager to lend financing help, be it for working capital, export bill refinance, term loan or foreign currency loan. And all this lending at their sub-prime lending rate, which is enough proof that your Company has come of age.

But believe me, this is a tip of the iceberg. Your board has some bigger and better plans carefully crafted to ensure that momentum gained in the last couple of years is accelerated and your Company grows from a tiny Company to a mid size Company in a span of next three years. We have some of the ambitious plans which include raising of funds through issuance of fresh equity and going in for term loans. We are planning to further expand our product lines and increase our global market share. This entire plan, when fully realised, will give us tremendous business power which will help to reduce our cost of production, provide us with financial leverage capability and create wealth for you.

Let me assure you that our ultimate goal is to create high performance packaging solution product organisation that can survive and prosper in a rapidly changing, highly competitive, globally integrated environment. The key to optimise the certainty of success over the long term is to create a superior earning per share without sacrificing the fundamental quality and long term competitiveness of our business coupled with taking all calculated and reasonable risk. We are focussing on target which includes offering diversified product portfolio, complete customer satisfaction, tremendous loyalty of our dedicated workforce and achieving and surpassing financial indicators of our targeted projections. We aim to make PAL a proactively potent organisation which everybody will look up to with awe and admiration. Some of the above statements address issues that involve significant risk and uncertainty. But, your management believes that the expectations reflected above are reasonable and achievable with firm determination, meticulous planning and careful implementation. Still, actual result may be materially different, and when I say materially different, I mean it will better than the expected. This is so because, I believe that history repeats itself when I have your complete confidence, co-operation and support.

Let me complete my letter with what Robert Frost says:

*The woods are lovely, dark and deep,
But I have promises to keep,
And miles to go before I sleep,
And miles to go before I sleep*

Let us continue our journey of reaching our dream destination and for that, let us start toiling with unremitting tenacity.

Thank you for your support and good wishes, thank you for becoming a productive partner in our onward journey.

Amitabh Parekh
Chairman

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Please bring along the copy of this Annual Report, as the same will not be distributed again at the 13th Annual General Meeting

**CORPORATE INFORMATION****Board of Directors**

Mr. Amitabh Parekh	: Chairman & Managing Director
Mr. Rajendra Gothi	: Director
Mr. Kiran C. Parikh	: Director
Mr. S. Naga Raja Rao	: Director
Mr. Devanshu Desai	: Director

Audit Committee

Mr. S. Naga Raja Rao	: Chairman
Mr. Devanshu Desai	: Member
Mr. Kiran C. Parikh	: Member

Shareholders' / Investors' Grievance Committee

Mr. Rajendra Gothi	: Chairman
Mr. Kiran C. Parikh	: Member
Mr. Amitabh Parekh	: Member

Registered Office

601, Auto Commerce House,
Kennedy Bridge, Nana Chowk,
Mumbai-400 007, INDIA

Administrative Office

G-11, Everest Building, 8th floor,
Tardeo, Mumbai Central,
Mumbai-400 034, INDIA
Tel. # 0091-22-23521777 / 23522777
Fax # 0091-22-23523777 / 23524777
E-mail: mepal@mtnl.net.in
Website: www.parekhaluminex.com

Bankers

Indian Overseas Bank Ltd.	Punjab National Bank Ltd.	Union Bank of India Ltd.
State Bank of India Ltd.	Export-Import Bank of India Ltd.	

Auditors

M/s. C.V. Pabari & Co
Chartered Accountants
A-206, Winsway Complex, Old Police Lane, Andheri (E), Mumbai-400 069, INDIA

Manufacturing Units**Unit I**

Survey No.207, Plot No.4, Near Dadra
Check Post, Village Dadra-396 191,
U.T. of D. & N.H., INDIA

Unit II

Survey No.204/1, Plot No.2, Near Dadra
Check Post, Village Dadra-396 191,
U.T. of D. & N.H., INDIA

Registrar & Share Transfer Agent :

M/s. TSR Darashaw Ltd.
6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi,
Mumbai-400011
Tel. No. 00 91-22-66568484
Fax No. 00 91-22-66568494
www.tsrdarashaw.com

**NOTICE**

NOTICE is hereby given that the **13th Annual General Meeting** of the members of **Parekh Aluminex Limited** will be held at Malabar Hill Club Ltd. (formerly W.I.A.A. Club Ltd.), B. G. Kher Marg, Mumbai-400 006 on **Saturday, 22nd day of September, 2007 at 10.30 AM** to transact inter-alia, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited annual accounts of the company for the year ended 31-3-2007 together with Auditor's and Directors' reports thereon.
2. To declare dividend.
3. To appoint a director in place of Mr. Kiran C. Parikh, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr.S. Naga Raja Rao, who retires by rotation, though being eligible, does not offer himself for re-appointment.
5. To appoint auditors from the conclusion of this Annual general meeting up to the conclusion of the next Annual general Meeting and authorize the audit committee of the board of directors to fix their remuneration.

By Order of the Board
For **PAREKH ALUMINEX LIMITED**

Amitabh Parekh
Chairman & Managing Director

Registered Office:
601, Auto Commerce House,
Kennedy Bridge, Nana Chowk,
Mumbai-400 007, INDIA

Mumbai, 30th June, 2007

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF. 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 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.**
2. Profiles of Directors being appointed / reappointed as required under Clause 49 of the listing agreement is provided in the explanatory statement related to relevant resolutions.



3. The members are requested to notify any change in their addresses to the company immediately. Members are further requested to notify the company the name of their bankers, branch and account number for the safety of their Dividend Warrant in transit. In all correspondence with the company or its Registrar, members should invariably quote their Register Folio Number / DP ID - Client ID No. for prompt action.
4. Register of Members and Share Transfer Register will remain closed from 15th September, 2007 to 22nd September, 2007 (both days inclusive) for the purpose of payment of dividend, if declared at the annual general meeting.
5. The dividend on shares as recommended by the board of directors, if declared at the meeting will be paid:
 - (a) in respect of shares held in demat form on the basis of beneficial ownership as per details furnished by the depositories as at the end of the business hours on 14th September, 2007
 - (b) in respect of shares held in physical form to those members whose names appear in the Register of members of the company as at the end of the business hours on 14th September, 2007
6. Consequent to introduction of Section 109A of the Companies Act, 1956, members are entitled to make Nomination in respect of equity shares held by them in physical form. Members desirous of making nomination are requested to submit the Nomination Form (2B) enclosed with this Notice as per instructions mentioned therein.
7. Company's shares have compulsorily gone in for dematerialisation since March, 2001. Hence, those members who want to opt for dematerialisation are requested to follow the procedure prescribed in this respect.
8. Members holding shares in electronic form may please note that their bank account details as furnished by the respective Depositories to the company will be printed on dividend warrant / cheque / DD as per the applicable regulations of the Depositories and the company will not entertain any direct request from such members for deletion of / change in such bank account details.
9. Members who desire to get dividend being directly credited to their bank account are requested to submit Mandate Form (please use form enclosed herewith for this purpose) duly filled-in together with supporting documents to the Registrar & Share Transfer Agents.
10. Members seeking any information / clarification on accounts are requested to write to the company at an early date to enable the management to keep the information ready.
11. Members / Proxies should bring the attendance slip duly filled in for attending the meeting. They should invariably write their Folio No. / DP Identity No. and Client Identity No. in such slip.
12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. Re-appointment of Directors

At the ensuing Annual General Meeting, Mr. Kiran C. Parikh retires by rotation and being eligible, offers himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of the aforesaid director are given below:

**Particulars of Director seeking re-election:**

Name of the Director	:	Mr. Kiran C. Parikh
Date of Birth	:	16-12-1940
Ed. Qualification	:	B. A. D. P. Ed.
Other Directorship	:	None
Member of the Committee	:	Investors Grievance and Share Transfer Committee (Member) Audit Committee (Member)

Mr. Kiran Parikh is an Ex-principal and active social worker. He has strong background of administration and strategic planning. His rich experience of organizational matters and harmonizing inter-personal relationship to achieve best out of human resources is valuable to the company. His guidance on these matters helps company to achieve targets and improve productivity. It is, therefore, in the interest of the company to avail his services as a member of the board.

None of the director of the company except Mr. Kiran C. Parikh may be considered to be concerned or interested in the said resolution.



**DIRECTORS' REPORT****To the Members,**

Your Directors have pleasure in submitting their 13th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2007

PERFORMANCE:

The financial results of the company for the year under review are as follows:

<u>Particulars</u>	(Rs. in Million)	
	<u>31-03-2007</u>	<u>31-03-2006</u>
Sales	1863.15	1019.97
Other Income	1.71	0.82
Total Expenditure	1566.81	869.49
(excluding interest, Depreciation & write-offs)		
Profit before interest, depreciation & write-offs	298.05	151.30
Interest	69.59	34.15
Depreciation & write-offs	70.20	23.41
Profit Before Tax (PBT)	158.26	93.74
Provision for Income Tax (Excl. tax on Dividend)	18.60	10.10
Profit After Tax (Available for appropriation)	139.66	83.64
Appropriations		
Proposed Dividend	11.20	5.77
Tax on Dividend	1.90	0.80
General Reserves	10.50	2.10
Balance carried forward	317.21	201.98

During the year the sales have increased from Rs.1,019.97 Million to Rs.1,863.15 Million showing tremendous growth of 83% over the previous year. The total sales consist of export sales of Rs.431.16 Million (previous year Rs.197.13 Million) and local sales of Rs.1431.99 Million (previous year Rs.822.85 Million). Thus export sales have more than doubled during current year as compared to the same in last year. This is an indication of quality of company's product and it's competitiveness in the global market. The increased export sales are the result of additional capacity built up by the company and leveraging effect of overseas company acquired last year. The company is reaping the synergetic benefit of both these step in the current year which will continue in future also. Local sales are also bullish and have risen by 74% keeping the Company undisputed leader in its product line.

The profit before interest & depreciation of Rs.298.05 Million is 16% of sales compared to Rs.151.30 Million of previous year, which is 14.83% of sales. Thus margins have improved considerably bringing more surpluses. Depreciation at Rs.70.20 Million is substantially high compared to Rs.23.41 Million of previous year due to quantum jump in the fixed assets of the company. This improves fund availability to business, as depreciation is non-cash expenditure. Interest cost has raised by Rs.35.44 Million on account of higher term loan and working capital borrowings to fund substantial higher sales volume and expansion of production capacity. The profit before tax has increased by Rs.64.52 Million over the previous year. Similarly profit after tax has risen by Rs.56.02 Million over the previous year.

**Management Discussion and Analysis:**

The company is steadily targeting to become a world-class company in its product category by making substantial investment in production capacities, offering diverse product range to satisfy every need of the customer and supplying quality product on time. Company's strategy is to foresee customer's requirement and offer solution at competitive price. Management is aware that in the era of globalisation, survival and growth is possible only through product innovation, mass production and penetrating price range. That is why management has adopted a tactical view to invest in capacity creation year after year. The results are evident. Today, Company has mould bank of 83 moulds. They can pack and help transport every conceivable quantity of solid, semi-solid and liquid eatable product in utmost hygienic and convenient way. Similarly, marketing and shipping activities are paid due attention and requisite resources are provided to strengthen them.

Varied product range and production capacity is converted in to value added product which are offered to Indian and global buyers. Management seizes all available business opportunities at most opportune time. It has tried and successfully secured collaboration and co-operation of some of the leading producers and customers of AFC product to give an edge, which is hard to match by any other Indian company. In terms of customers satisfaction and market share your company is *numero uno* in India and marching ahead to become a *force to reckon* with in the world market.

Management believes in sharing the wealth of the company with all the stakeholders and distribute it equitably. Year after year increase in dividend payout and increased book value of Company's higher EPS takes care of the shareholders. Employees are provided with better working environment, upgrading of skill and promotion as well as competitive emoluments. Suppliers are paid for the value of goods supplied by them. Company also pays all due taxes to ex-chequer as a law abiding citizen. Apart from this, management is also aware about the social responsibility of the business. Long-term survival demands that part of the wealth generated be repaid to the society for the benefit of underprivileged masses to help them rise to a respectable level. Towards this end and as a mark of its gratitude, company has contributed to build part of the hostel and hospital so that both present and future generation can get benefit of these facilities.

Business Performance:

During the year, company has recorded highest ever result of sales and profit in it's history. Capacities built up in last 5 years, overseas acquisition of company last year and assiduously built up marketing network, both local as well as global, are the instrument in achieving these results. Innovative product development to satisfy the requirement of existing as well as new customers helps to capture more market share. Timely delivery and adherence to quality level enables company to increase its export sales and make its presence felt in the global competitive market.

During the year company completed its expansion project of Rs.400 million in time and as per projected cost. Of this, significant amount has been invested in acquiring and installing productive assets for producing newer varieties of AFC products and increase in existing production capacities. The result of this expansion has been partly reflected in 2006-07. However, real impact will be seen in this year i.e. 2007-08 when another significant jump in income and profit will accrue. The said project was financed through judicious use of owned and borrowed capital to have financial leverage effect. The borrowing from banks was raised at most competitive rate and equity was raised at market based premium. Whereas lower interest on this loan will improve profitability, the premium collected on equity issue will enhance net worth of the company and book value per share, apart from higher earnings per share (EPS).

Significant jump in the export sales is a result of Company's quality products adhering to timely deliveries and giving most competitive prices to the customers. From this year Company has started exports to America, Germany, Dubai, Bahrain, Turkey etc. Company has a good order book position. Company is paying special attention to the Airlines customers and it has added in its fold Etihad Airways, Thai Airways, Emirates Flight



Catering, Gulf Airways, Air Asthana, Singapore Airlines, Sri Lankan Airlines, Changi International Airport Services amongst others.

Company continues to lead the domestic market with increased sales to institutional buyers and sales through distributors. Rising income level and awareness about the benefit offered by the company's products continuously increase demand for it. This shows marked increase in domestic off take of the company's sales.

To keep up with the pace of increasing business requirement and to seize the opportunity available in global financial market, your company plans to raise sizeable fund through issue of fresh equity which will be productively employed in working capital and enhancement of production capacity as deemed fit by the board. Requisite approval has been secured in last EGM and directors are devising ways and means to implement the same. Once implemented, it will have potent and cumulative effect on the earning capacity of the company.

Company's manufacturing facilities located at Dadra are fully insured and maintained in an up to date working conditions. Employee skill is continuously upgraded with installation and operation of modern equipments. Newer moulds and tools for development and production are continuously acquired for higher productivity and cost reduction.

The industrial relations remains cordial as employees are treated as core assets of the company and instrumental in growth. It gives due emphasis on their training, up gradation of skill and job satisfaction in addition to good monetary compensation.

Directors' Responsibility Statement:

(As per amended section 217 (2AA) of the Companies Act, 1956)

The Directors, based on the representation received from the operating management, confirm:

1. that in the preparation of the Annual Accounts for the year ended 31st March, 2007 (2006-07) the applicable Accounting Standards has been followed along with proper explanation relating to material departures;
2. that they have selected such accounting policies in consultation with statutory auditors 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 March, 2007 and the profits of the Company for that year;
3. that to the best of their knowledge and information they 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;
4. that they have prepared the Annual Accounts for the year ended 31st March, 2007 on a going concern basis.

Dividend:

In view of the significant performance of the company in terms of growth in sales and profitability, your directors are pleased to recommend higher dividend of Re.1.60 per equity share i.e. 16% (Previous year 12%) on 7 Million equity shares of Rs.10/- each in respect of the financial year 2006-07. Recommendation of higher dividend indicates that company is now poised on sustained growth path and result of the growth should be shared by esteemed shareholders. This payment will result into an outflow of Rs.11.20 Million towards dividend and Rs.1.90 Million towards dividend tax. If approved, the dividend will be paid to those members whose names appear in the Register of Members of the company as on the date of book closure as mentioned in the Notice.

**Current year's outlook and capacity expansion:**

Company has large order book position both from local as well as overseas customers. Your management insist on time bound supply of entire requirement of customers as per delivery schedules. Better and new designed products are developed in consultation with large customers to be supplied at competitive price. When compared on year to year basis, company sales are increasing at significant rate and current year should end with another milestones achieved. Cumulative effect of the expansion will be seen in the current year. Rate contract with large scale buyers are being renewed at remunerative price to provide consistent flow of income. With further availability of funds through fresh equity, Company will be in a position to offer better credit facility to customers on one hand and bargain better prices from suppliers. This will have positive cascading effect in sales and earnings of the company. You management looks forward to better and prosperous years ahead.

Subsidiary Companies:

The company does not have any subsidiary company.

Energy Conservation & Technology Absorption:**Conservation of Energy:**

Company believes in clean environment which is ensured by maintaining ultra hygienic production condition with no air or water pollutions. Entire manufacturing operation on high speed automatic machine is carried out through modern production methods and equipments. Product waste is strictly controlled by judicious use of raw material, its movement and strictly following consumption norms. The production system is fully automatic with no air or water pollution. High speed modern production equipments require minimum electricity for production purpose.

Technology Absorption, Research & Development:

Due to continuous expansion and replacement of modern tools and machines, company upgrades its production system with the help of leading supplier of such machines. The technology is constantly absorbed and employees are trained on rotating basis so that operations and maintenance are managed at minimum cost. It helps company reduce down time and achieve faster production cycle. Necessary machine maintenance is regularly scheduled to reduce repair cost and enhance production. Company continuously develops newer product design on the basis of market research and customer feedback. This provides edge in retaining existing customers and gaining new customers for value added products.

Benefits derived:

Modern production methods and latest equipments helps company offer its product at most competitive price. Timely delivery of goods retains the loyalty of buyers and improves sales as well as profitability. With lower overheads, limited space requirement, high speed production system and clean working environment brings employee happiness, lower maintenance cost, fewer down time and high productivity. Innovative product development and usage makes customer happy which in turn brings prosperity for all.

Corporate Governance:

In terms of the Corporate Governance disclosures, as required under Clause 49 of the Listing Agreement, details are provided in **Annexure A** of this report.