

Chairman's Letter to Shareholders

Dear Shareholders,

It gives me great pleasure to welcome all of you at this 14th Annual General Meeting.

We have completed one more year of exciting performance. It is like a chapter in the book where after finishing one chapter you proceed to the next one. When each succeeding chapter is more interesting and enjoyable, you have reason to read further and further. We are here to unfold one year after another and seek your opinion about "How exciting it was? How much enjoyable it was? Can it provide you value for the price you paid for the book (your investment!)? A writer can just write but it is the reader who decides about the worth of the book he is reading (i.e. the growing intrinsic value of the Company, which eventually shall turn into great valuations during the good times of the stock market).

We have just made a beginning. The first few chapters have been written. The Company has set up world class plant to produce AFCs. We have best of production process and moulds to produce widest category of product mix. We have judicious mix of debt and equity giving us financial leverage as well as sufficient comfort level to lenders. We lead both domestic and export market in our product category. Some of the prestigious accolades have been awarded to us attesting the quality of our products, stringent safety and hygienic norms that we follow and above all our financial acumen, which can be ascertained by the fact that our Company has been awarded the status of "SME-1" by CRISIL, being their highest rating in the Small & Medium Enterprise segment. We have consistently strived to reward all stakeholders with increasing return and rewards. Over the years we have successfully raised resources from the market capitalising our strength. Such investment has been made not only by individual shareholders but also included Mutual Funds, FII and others.

As promised last year, we have achieved again a higher turnover and profits in this year. We have strengthened our market shares and acquired new large buyers. Existing customers have renewed their faith in us by placing more orders including those for new varieties of AFC developed. Turnover of Rs.298.61 crores and PAT of Rs.26.11 crores is highest ever and has exceeded our target. Higher turnover and profits have enabled your board to recommend higher dividend @ 20% on the expanded capital which should indicate the faith of the board in its earning capacity. We have now a sound base of working capital which is so essential to support and sustain business expansion. More production, more turnover, multi-use product category and diversified geographical customer base is the hallmark of your Company. In this direction we have miles to go and we shall aggressively march ahead.

During 2007-08 we raised additional resources through QIP (24 lac Equity Shares @ Rs.225/- aggregating Rs.54 crores) and Preferential Issue (27.50 lac Equity Shares @ Rs.260/- aggregating Rs.71.50 crores) for implementation of one more phase of expansion and upgradation program. In addition we also collected Rs.3.45 crores through issue of 30 lacs warrants @ Rs.115/- each with a right to subscribe one equity share for each warrant. All these funds are meant to finance mega expansion plan of Rs.240 crores that will raise production capacity and thereby increase the turnover.

With such course of expansion, we hope to become one of the largest producers of AFC in the World in near future. Additional capital raised through issue of equity shares have not only raised reserves and surplus of the Company but has also raised debt raising capacity of the company. Simultaneously, we have also tied up with banks for debt component of Rs.150 crores so that benefit of financial leverage is available. During the year, Company has achieved remarkable breakthrough by obtaining large orders from customers based in America, Europe, South Africa and Dubai. This will enable your Company to penetrate this market in near future. Mega expansion project is partly aimed to cater to this market.

As you are aware that Company has always put thrust on export front. In order to accelerate this act, the Company has converted one of the existing units into Export Oriented Unit (EOU). This will make our export hassle-free and provide tax benefits which will make our bottom line more stronger. The exclusive production capacity earmarked for export will provide added assurance to our overseas customers about our commitment to meet their supply schedule.



So far what we have achieved is a drop in the ocean. The two and three tier cities' market is stirring, throwing up much larger opportunity. Varied life styles of our population belonging to different culture, religion and customs present unlimited scope for us to satisfy packaging solutions. Management is taking every conceivable steps to harness these wealth creation opportunities for all of us.

Let me come back to where we started. There are yet many more chapters to be written as the story does not end here. Best of things are yet to come. Our vision is to become one of the World's largest producers of AFC supplying every conceivable product mix. We aim to become lowest cost producer. Our production capacity should be a trend setter for others. We should employ most stringent standards of safety, security and hygiene. Our customer should have no complaint against us and in the rare case, if there is one we should not rest until the problem is resolved to their satisfaction. Our employees should start their career with us and never dream of leaving the company. We should not only survive but flourish even in most turbulent and rapidly changing times. This kind of profile we want to build and I am sure that with your help and support, it should not be difficult. Yes, it may take time but climax coming after a spell of solid sweat work is always enjoyable. We propose to set a trend for each year and surpass it with each succeeding year.

It has been rightly said that greatness does not lie in breaking records set by others, but by running the extra mile beyond the goal. Let us join together to achieve this feat.

Amitabh Parekh

Chairman



**CONTENTS**

| | <u>Page Nos.</u> |
|---------------------------------------|------------------|
| Corporate Information | 04 |
| Notice..... | 05 |
| Directors' Report..... | 11 |
| Auditor's Report..... | 26 |
| Balance Sheet..... | 30 |
| Profit & Loss Account..... | 31 |
| Schedule to Accounts..... | 32 |
| Cash Flow Statement for the year..... | 41 |
| Proxy Form..... | 43 |
| Nomination Form..... | 45 |

Please bring along the copy of this Annual Report, as the same will not be distributed again at the 14th Annual General Meeting

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

| | | |
|----------------------------|---|------------------------------|
| Mr. Amitabh Parekh | : | Chairman & Managing Director |
| Mr. Rajendra Gothi | : | Director |
| Mr. Kiran C. Parikh | : | Director |
| Mr. Devanshu Desai | : | Director |
| Mr. Ketan Chokshi | : | Director |

Audit Committee

| | | |
|----------------------------|---|----------|
| Mr. Ketan Chokshi | : | 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: contact@parekhaluminex.com
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 **14th 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, 9th August, 2008 at 9.30 AM** to transact, inter-alia, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2008 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Mr. Devanshu Desai, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Rajendra Gothi, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint M/s. C. V. Pabari & Co., Chartered Accountants, retiring Auditors of the Company 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:

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

“RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), consent of the members of the Company and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof for the time being in force, to borrow any sum or sums of money for and on behalf of the Company from time to time for the purpose of the Company notwithstanding that the money to be borrowed by the Company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, which have not been set apart for any specific purpose but so that the total amount up to Rs.5000 million (Rupees Five Thousand Million Only) subject to aggregate of the paid-up capital and free reserves of the Company.

FUTHER RESOLVED THAT the Board of Directors of the Company be and hereby authorised to do all such acts, deeds, documents or writings as are necessary or expedient, on behalf of the Company as it may in its absolute discretion deem necessary or expedient for such purpose and for giving effect to above resolution.”

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

“RESOLVED THAT pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and / or charge, in addition to the mortgages and / or charges



created / to be created by the Company, in such form and manner and with such ranking as to priority and for such time and on such terms as the Board may determine, all or any part of the immovable and/or movable properties/assets of the Company wherever situated, both present and future, to or in favour of any Bank(s), Financial Institution(s), Company(ies) or other Organization(s) or Institution(s) or Trustee(s) (hereinafter referred to as the 'Lending Agencies') in order to secure the loans (excluding temporary loans obtained from the Company's Bankers in the ordinary course of business) advanced / to be advanced by such lending agencies to the Company together with interest at the respective agreed rates, compound / additional interest, commitment charges, premium on pre-payment on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said borrowings.

FUTHER RESOLVED THAT the Board of Directors of the Company be and hereby authorised to do all such acts, deeds, documents or writings as are necessary or expedient, on behalf of the Company for creating the aforesaid mortgages and / or charges as it may in its absolute discretion deem necessary or expedient for such purpose and for giving effect to above resolution."

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

"RESOLVED THAT pursuant to section 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII of the said act, the consent of the Company be and is hereby accorded to revise the remuneration of Mr. Amitabh Parekh as the Managing Director of the Company from Rs.3,00,000 (Rupees Three Lakhs Only) to Rs.4,00,000 (Rupees Four Lakhs Only) per month as per the terms and conditions of appointment and subject to limit prescribed under schedule XIII of the Companies Act, 1956.

Remuneration:

- i) Salary: Rs.4,00,000 per month subject to the conditions and limits laid down in Schedule XIII.
- ii) Perquisite:
 - (a) Accommodation: The Company may provide unfurnished accommodation, hiring charges of which shall be subject to a ceiling of 50% of salary. In addition, Company may incur expenditure on gas, electricity, water and furnishings.
 - (b) Medical: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary per annum.
 - (c) Leave: As per the rules of the Company.
 - (d) Leave Travel Concession: for self and family, once in a year in accordance with the rules of the Company.
 - (e) Club Fees: Membership fees for two clubs. This will not include admission and life membership fee.
 - (f) Car & Telephone: Provision of one AC fitted car with driver and telephone at residence.
 - (g) Contribution to Provident Fund / Superannuation Fund / Gratuity: As per the rules of the Company.

All the perquisites shall be valued as per the Income Tax Rules, 1962, wherever applicable. In other cases it will be valued at cost to the Company.

**Minimum Remuneration:**

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Amitabh Parekh, he will be entitled to receive the above remuneration as the minimum remuneration as permissible under Section 269 read with Section II of Part II of Schedule XIII of the Companies Act, 1956.

Mr. Amitabh Parekh shall also be entitled to reimbursement of all expenses actually and properly incurred by him in connection with the Company's business.

RESOLVED FURTHER THAT the board of directors shall have power to vary and alter the terms and conditions of the said appointment, including remuneration payable to Mr. Amitabh Parekh within the overall limits laid down in Schedule XIII to the Companies Act, 1956 as modified from time to time.

RESOLVED FURTHER THAT in the event of any modification or amendments in the Schedule XIII to the Companies Act, 1956 as may be made by the Central Government hereinafter, the board of directors be and is hereby authorised to vary or increase or decrease the remuneration and perquisites within such revised prescribed limit".

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

RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) members hereby accord their approval that the Register of Members, Returns of Allotment made from time to time and copies of all Annual Returns prepared under Section 159 of the Companies Act, 1956 along with other documents required to be annexed thereto under Section 161 and other applicable provisions, be kept at the offices of TSR Darashaw Limited, Registrar and Share Transfer Agents of the Company at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011

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, 25th June, 2008

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 2nd August, 2008 to 9th August, 2008 (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 1st August, 2008
 - (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 1st August, 2008
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. Devanshu Desai and Mr. Rajendra Gothi retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of the aforesaid directors are given below:

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

| | | |
|----|-------------------------|---|
| a) | Name of the Director | : Mr. Devanshu Desai |
| | Date of Birth | : 26.02.1963 |
| | Ed. Qualification | : B.Com, LLB |
| | Other Directorship | : 1. Bombay Swadeshi Stores Limited 2. Puru Investment & Consultants Pvt. Ltd. 3. First Overseas Capital Ltd. |
| | Member of the Committee | : Audit Committee (Member) |

Mr. Devanshu Desai is a practicing advocate of High Court as well as Supreme Court. He started his career in 1987 and has more than 20 years of experience in the legal matters chiefly relating to corporate and SEBI laws, banking regulations and property matters. He represents leading banks, corporate clients, firms and individuals before legal authorities on Company matters, Arbitration matters, intellectual property rights, Excise and Custom matters etc. His advises in respect of SEBI & corporate laws, commercial matters and banking regulations will be of great help to the board in formulating Company policy and practices in this area. It is, therefore, in the interest of the Company to avail his services as a member of the board.

None of the directors of the Company except Mr. Devanshu Desai may be considered to be concerned or interested in the said resolution.

| | | |
|----|-------------------------|---|
| b) | Name of the Director | : Mr. Rajendra Gothi |
| | Date of Birth | : 11.07.1961 |
| | Ed. Qualification | : B. Com |
| | Other Directorship | : None |
| | Member of the Committee | : Investors Grievance and Share Transfer Committee (Chairman) |

Mr. Rajendra Gothi is a businessman with more than 25 years business experience to his credit. He has been associated with the Company since 1995. His managerial experience and guidance with respect to business growth and expansion has significantly helped the Company since inception. It is, therefore, in the interest of the Company to avail his services as a member of the board.

None of the directors of the Company except Mr. Rajendra Gothi may be considered to be concerned or interested in the said resolution.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**Resolutions at Item No. 6 & 7**

Pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in the general meeting, borrow money in the aggregate (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) which exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Presently, as per the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Company held on 8th September, 2006, the Board of Directors of the Company are authorised to borrow funds up to Rs.3000 million (Rupees Three Thousand Million) over and above then paid-up capital and free reserves of the Company. Considering the increase in the level of operations and its expansion plans, the Board is of the opinion that this limit needs to be increased to Rs.5000



million (Rupees Five Thousand Million) over and above then paid-up capital and free reserves of the Company for the time being.

The borrowings of the Company in general are required to be secured from time to time by creation of mortgage or charge on all or any of the movable or immovable property(ies) / assets of the Company in such form and manner as may be required by the lenders and acceptable to the Board of Directors of the Company. Mortgaging or creating charge by the Company of its assets to secure the funds borrowed from time to time within the overall limits of borrowing powers delegated to the Board of Directors, may be construed as disposal of the Company's undertaking within the meaning of section 293(1)(a) of the Companies Act, 1956. It is, therefore, considered necessary for the Members to authorise the Board to create mortgage/charge on Company's assets in the manner proposed in the resolution to secure the funds borrowed by the Company from time to time.

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

The Board recommends the Resolutions for your approval.

Resolutions at Item No. 8

Mr. Amitabh Parekh was re-appointed as the Managing Director of the Company for the period of five years. During his tenure as a Managing Director, Company has made growth in assets, profitability, increase in sales, he has been successfully steering the Company ahead since his appointment. Recently the Company has completed another expansion plan doubling the manufacturing capacity without any time or cost overrun.

Company has also successfully raised equity fund through QIP & Preferential issue at a sizeable premium which will be used to fund the mega expansion project to be completed in the coming couple of years.

Considering his knowledge, experience and leadership quality, it will be beneficial for the Company to retain him as the Managing Director on the revised terms and conditions to look after and manage the business of the Company under his overall guidance and supervision of the Board of Directors. The directors, therefore, recommend adoption of the proposed resolution.