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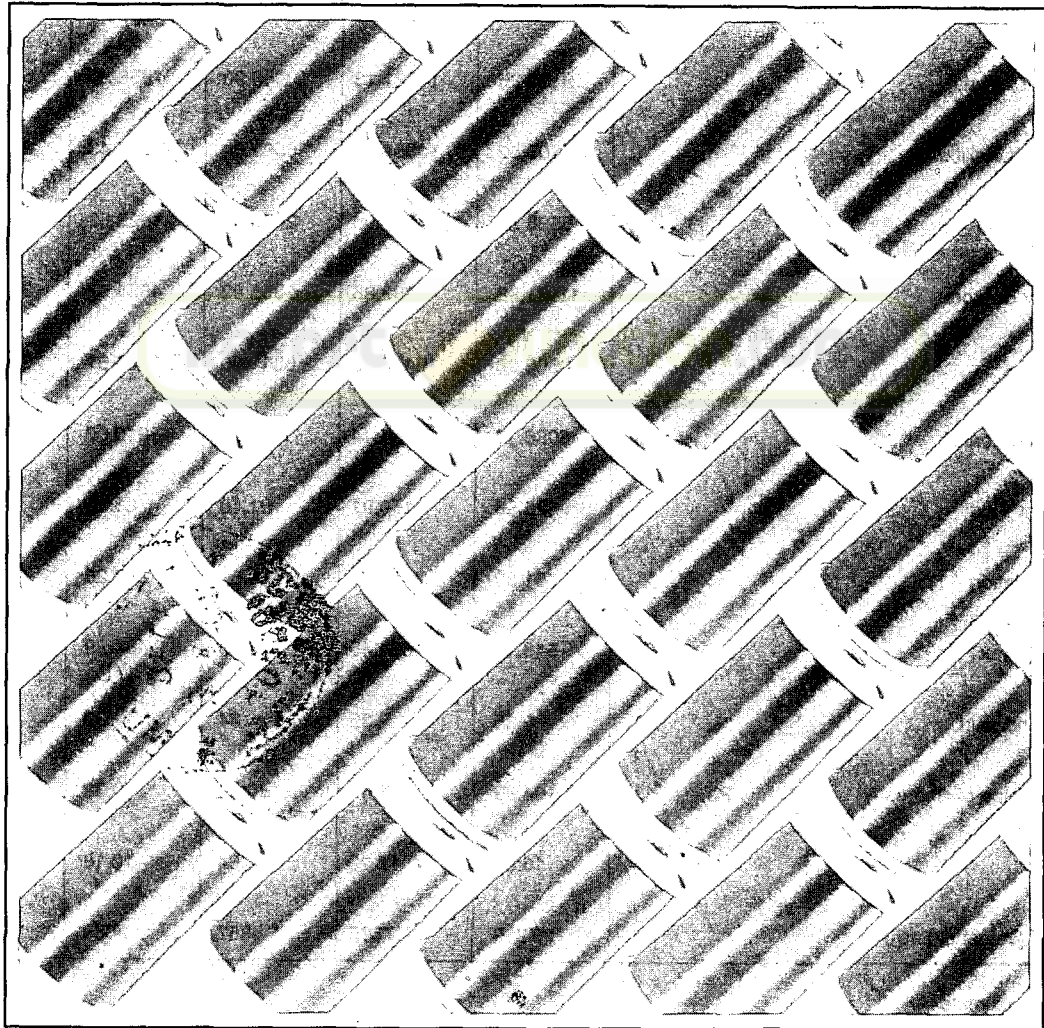
Annual Report 2006-2007



WINDING WIRES



PRECISION



PRECISION WIRES INDIA LIMITED

PRECISION WIRES INDIA LIMITED



Financial Highlights

Rupees in Lacs

	2006/07	2005/06	2004/05	2003/04	2002/03
Equity Share Capital (Paid up)	1046.36	1046.36	1046.36	1046.36	1046.36
Reserves & Surplus	9938.94	8734.27	7347.02	6336.41	5416.43
Provision for Deferred Tax for the year - Liability/(Assets)	324.38	184.70	55.63	(7.63)	110.76
Current Assets	19180.25	14921.13	10980.90	7855.33	6663.48
Current Liabilities	11108.52	10854.76	6595.64	4338.43	3658.54
Inventories	3598.28	3375.98	2026.87	1829.82	1742.37
Sundry Debtors	11121.88	7993.86	5855.99	4554.57	3408.22
Creditors	10606.99	10410.63	6341.06	4108.51	3339.01
Secured Loans	6086.19	3554.44	1144.08	810.00	645.15
Interest Paid	525.56	150.91	91.10	63.25	89.10
Depreciation	751.30	463.70	460.51	367.26	326.97
Income Tax	543.14	634.45	676.03	484.29	465.54
Dividend paid %	35	35	34	30	25
Book Value of Shares Rs.	104.99	93.44	80.08	70.32	61.43
E.P.S. Rs.	16.04	17.25	14.64	12.18	10.13
No. of Shareholders	**7259	**7825	**8857	** 9889	**11041

** Approximate



PRECISION WIRES INDIA LIMITED

BOARD OF DIRECTORS :

Mr. Mahendra R. Mehta	–	Chairman and Managing Director & CEO
Mr. Milan M. Mehta	–	Vice Chairman and Managing Director
Mr. Deepak M. Mehta	–	Whole-time Director
Mr. P. N. Vencatesan*		
Mr. Vijay M. Crishna*		
Mr. A. P. Kothari*		
Mr. P. R. Merchant*		

* Independent & Non-Executive Directors.

BANKERS

: Bank of Baroda, Palej 392 220, Dist. Bharuch
BNP Paribas, Fort, Mumbai

AUDITORS

: S. R. Divatia & Co., Chartered Accountants, Mumbai

REGISTERED OFFICE :

Saiman House, J. A. Raul Street,
Off Sayani Road, Prabhadevi
Mumbai - 400 025.

ADMINISTRATIVE OFFICE AND WORKS :

UNIT I :

Plot Survey No. 125/2, Amli Hanuman (66KVA) Road,
Silvassa - 396 230.
(Union Territory of Dadra & Nagar Haveli)

PALEJ UNIT : ATLAS WIRES

Plot No. 3, G.I.D.C.,
N.H. No. 8, Palej - 392 220.
Dist. Bharuch (Gujarat)

UNIT II : ATLAS WIRES

Plot Survey No. 125/2, Amli Hanuman (66KVA) Road,
Silvassa - 396 230.
(Union Territory of Dadra & Nagar Haveli)

UNIT III :

Plot Survey No. 125/2,
Amli Hanuman (66KVA) Road,
Silvassa - 396 230.
(Union Territory of Dadra & Nagar Haveli)

REGISTRAR AND TRANSFER AGENTS :

Sharepro Services (India) Private Limited

Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400 099. • Tel No. : 022-28215168 / 28329828 • Fax No. : 022-28375646
Email Id : sharepro@vsnl.com, sharepro@shareproservices.com

The Company's Equity Shares are listed on the following Stock Exchanges :

Bombay Stock Exchange Ltd. (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 023.

National Stock Exchange of India Ltd. (NSE).
Exchange Plaza, Plot No. C/1,
G-Block, Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051.

PRECISION WIRES INDIA LIMITED



NOTICE TO MEMBERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Precision Wires India Limited will be held at, the Hall of The Mysore Association, 1st Floor, 393, Bhaudaji Road, Maheshwari Udyan (King Circle), Matunga (Central Railway) Mumbai-400 019 on Wednesday, 26th September, 2007 at 02.30 P.M. to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To declare a dividend on Equity Shares.
- 3) To appoint a Director in place of Shri. P. N. Vencatesan who retires by rotation and is eligible for reappointment.
- 4) To appoint a Director in place of Shri. P. R. Merchant who retires by rotation and is eligible for reappointment.
- 5) To appoint S. R. Divatia & Co., Chartered Accountants, as the Auditors of the Company and fix their remuneration.

- 6) To consider and if thought fit, to pass with or without modification the following Resolution as Special Resolution:

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 or any statutory amendment or modification thereto and subject to such sanctions and approvals as may be necessary in law, the Company hereby approves the re-appointment of Shri Deepak M. Mehta, as Whole-time Director of the Company, for a period of Three years with effect from 1st August, 2007 to 31st July, 2010, on remuneration and the terms and conditions (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the Letter of Appointment dated 12th June, 2007, a copy whereof initialed by the Chairman for the purpose of identification has been placed before the Meeting, which Letter of Appointment dated 12th June, 2007 is hereby specifically approved and sanctioned with the liberty to the Board of Directors (which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter, vary and modify the terms and conditions of the said appointment and/or remuneration including commission, perquisites and other allowances and/or the letter of appointment in such manner as may be agreed to between the Board of Directors and Shri Deepak M. Mehta within and in accordance with and subject to the limits and conditions prescribed in the Schedule XIII to the Companies Act, 1956 or any statutory amendments and modifications thereto, and if necessary as may be stipulated by the Central Government and as may be agreed to accordingly between Board of Directors and Shri Deepak M. Mehta.

RESOLVED FURTHER THAT subject to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Shri Deepak M. Mehta as Whole-time Director by way of salary, perquisites, commission and other allowances shall not exceed five percent of the net profits of the company computed under Section 198 of the Companies Act, 1956 and if the company has more than one managerial personnel, ten percent of such net profits for all such managerial personnel of the Company together in that financial year.

RESOLVED FURTHER THAT notwithstanding anything stated hereinabove wherein any financial year of the company during the currency of tenure of Shri Deepak M. Mehta as Whole-time Director of the company, the Company has no profits or its profits are inadequate, the remuneration, perquisites and other allowances shall be governed by and paid in accordance with the limits and conditions prescribed in Section II of Part II of the Schedule XIII to the Companies Act, 1956, as amended from time to time.

RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary, or increase the remuneration including salary, commission, perquisites, allowances etc within such prescribed limits or ceiling and the aforesaid appointment letter to Shri Deepak M. Mehta be suitably amended to give effect to such modifications, relaxations or variation without any further reference to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and may take such steps considered necessary, expedient or desirable in the best interest of the Company, for the purpose of giving effect to this Resolution.

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

"RESOLVED THAT in supersession of the Resolution passed at the Extra Ordinary General Meeting of the Members held on 22nd May, 2006 consent of the Company be and is hereby accorded, pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may, in its discretion, think fit, notwithstanding that the money or monies to be so borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the sums already borrowed may 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 purposes, provided however, the sums so borrowed and, remaining outstanding on account of principal shall not, at any time, exceed Rs. 500 Crores (Rupees Five Hundred Crores only).

By Order of the Board

M. R. Mehta

Chairman & Managing Director

Registered Office:
Sairam House, J. A. Raul Street,
Off. Sayani Road, Prabhadevi,
Mumbai - 400 025.

Mumbai,
11th June, 2007.

NOTICE TO MEMBERS

Notes :-

- 1) Relevant details in respect of Item Nos. 3 and 4 pursuant to Clause 49 of the Listing Agreements are annexed hereto.
- 2) An Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 ('the Act') in respect of Item No. 6 and 7 are annexed hereto.
- 3) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- 4) The Register of Members and the Share Transfer Books of the Company will remain closed from 18th September, 2007 to 26th September, 2007 (both days inclusive).
- 5) Members are requested to advise, indicating their folio number, the change of their addresses, if any, to Sharepro Services (India) Private Ltd., Satam Estate, 3rd Floor, above Bank of Baroda, Cardinal Gracious Road, Andheri (East), Mumbai - 400 099, the Registrar and Share Transfer Agents of the Company.
- 6) The Dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 7th October, 2007.
- 7) Members are requested to note that Dividends not encashed or remaining unclaimed within a period of seven years from the date of transfer to the Company's Un-Paid Dividend Account will be transferred under Section 205 A of the Companies Act, 1956 to the Investors Education and Protection Fund (IEPF) established under Section 205 C of the said Act. Accordingly, Dividend for the Financial Year ended 31.03.1996, 31.03.1997, 31.03.1998, 31.03.1999 and 1999-2000 (Interim) have been transferred to IEPF of the Central Government.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :

Financial Year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	*Proposed date for transfer to IEP Fund
31.03.2000	23.09.2000 (Final)	22.09.2007	22.10.2007
31.03.2001	26.09.2001	25.09.2008	25.10.2008
31.03.2002	24.01.2002 (Interim)	23.01.2009	22.02.2009
31.03.2003	22.09.2003	21.09.2010	21.10.2010
31.03.2004	23.01.2004 (Interim)	22.01.2011	22.02.2011
	19.08.2004	18.08.2011	18.09.2011
31.03.2005	27.01.2005 (Interim)	26.01.2012	26.02.2012
	28.07.2005	27.07.2012	27.08.2012
31.03.2006	31.08.2006	30.08.2013	30.09.2013

* Indicative dates, actual dates may vary.

Shareholders who have not yet encashed the Dividend Warrant(s) so far for the financial year ended 31st March, 2000 (Final) or any subsequent financial years are requested to send their claims to the Company's Registered Office immediately. It may also be noted that once unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

- 8) Members are requested to notify immediately any change of address to their Depository Participant (DPs) in respect of the electronic shares account and to the Registrar and Share Transfer Agent of the Company in respect of physical share accounts.
- 9) Members are requested to carry their Printed Annual Report at the time of attending the Meeting.

NOTICE TO MEMBERS

Details of the Directors seeking Appointment/reappointment at the ensuing Annual General Meeting (in pursuance of clause 49 of the listing agreements).

NAME OF THE DIRECTOR	Shri. P. N. Vencatesan	Shri. P. R. Merchant
DATE OF BIRTH & AGE	18 th August, 1926 Age : 80 Years	2 nd March, 1935 Age: 72 Years
DATE OF APPOINTMENT	Appointed as Additional Director on 11.09.1991 and as Director on 25.09.1992 at the Annual General Meeting.	Appointed as Additional Director on 28.10.1998 and as Director on 23.07.1999 at the Annual General Meeting.
EXPERTISE IN SPECIFIC FUNCTION	Renowed Management Consultant	Ex-Banker and has rich experience in Banking Sectors.
QUALIFICATIONS	Chartered Accountant	B.Com., CAIIB-I
LIST OF COMPANIES IN WHICH OUTSIDE DIRECTORSHIP HELD AS ON 31 ST MARCH, 2007	a) Mahindra Composites Ltd. (Formerly Siro Plast Ltd.) b) Rane Holdings Ltd. (Formerly Rane (Madras) Ltd) c) Kristeel Shinwa Industries Ltd. d) VENC Management Consultants P. Ltd. e) ETAL Management Systems Pvt Ltd. f) Consilium Private Ltd.	a) Setco Automotive Ltd. (Formerly Gujarat Setco Clutch Ltd.) b) KJMC Asset Management Co. Ltd. c) Gwalior Chemical Industries Ltd.
CHAIRMAN AND MEMBER OF THE COMMITTEES OF THE BOARD OF THE COMPANIES ON WHICH HE IS A DIRECTOR AS ON 31 ST MARCH, 2007	a) Chairman of Audit Committee and Member of Investor Service Committee of Mahindra Composites Ltd. b) Member of Audit Committee of Rane Holdings Ltd	a) Member of Audit Committee and Chairman of Remuneration Committee and Shareholders Grievances Committee of Setco Automotive Ltd. b) Chairman of Audit Committee and Member of Remuneration Committee of KJMC Asset Management Co. Ltd.
SHAREHOLDING	NIL	1000



NOTICE TO MEMBERS

ANNEXURE TO NOTICE

Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 (The Act).

Item No. 6

Re-Appointment of Shri Deepak M. Mehta, Whole-time Director.

The resolution at Item No. 6 of the Notice seeks approval of the Members in respect of the re-appointment and payment of remuneration to Shri Deepak M. Mehta as Whole-time Director of the Company. The present Term of Office of Shri Deepak M. Mehta as Whole-time Director will be expiring on 31st July, 2007. The Board of Directors of the Company at its Meeting held on 11th June, 2007 has, subject to the approval of the Members of the Company in General Meeting and any other approval as may be necessary, re-appointed Shri Deepak M. Mehta, as Whole-time Director for a further Period of Three Years with effect from 1st August, 2007 on the remuneration as approved and recommended by the Remuneration Committee.

Accordingly, a Letter of Re-appointment dated 12th June, 2007 has been issued to Shri Deepak M. Mehta.

The Principal terms and conditions as contained in the said Letter of Appointment dated 12th June, 2007 are as under :

Salary :

Rs. 2,00,000/- (Rupees Two Lacs) per month.

Period :

For 3 Years with effect from 1st August, 2007.

Commission :

In addition to salary, perquisites and other allowances, Commission at 1% based on the Net Profits of the Company, computed in the manner laid down in Section 349 of the Companies Act, 1956, subject to provisions of Section 198 and Section 309 and other applicable provisions, if any of the Companies Act, 1956.

In addition to salary and commission, the following perquisites shall be allowed to Shri Deepak M. Mehta.

Perquisites :

1. Housing :
Whole-time Director shall be entitled to rent free furnished residential accommodation. In case no residential accommodation is provided by the company, the Whole-time Director shall be entitled to house rent allowance as may be approved by the Board of Directors.
2. Medical Reimbursement :
Reimbursement of medical expenses incurred for Shri Deepak M. Mehta and family.
3. Reimbursement of gas, electricity, water charges and furnishings.
4. Leave travel concession for Shri Deepak M. Mehta and family once in a year not exceeding one month's salary for each year. In case leave travel concession is not availed of in any year, the same shall be allowed to be accumulated subject to a maximum of three years.
5. Fees of clubs subject to a maximum of two clubs.
6. Personal accident insurance subject to a maximum premium of Rs. 10,000/- per annum.

7. Provision of car for business as well as for personal purposes with driver.
8. Telephone & Internet connection at the residence for business as well as personal use.
9. Provision of services of two domestic servants at his residence or reimbursement of expenses incurred on such two servants at his residence.
10. Earned / Privilege Leave on full pay and allowances, as per Rules of the Company but not more than one month's leave for every eleven months of service shall be allowed.

Shri Deepak M. Mehta shall also be paid the following perquisites, which shall not be included in the computation of the ceiling on the remuneration in the event the Company has no profit or its profits are inadequate in any financial year during the aforesaid period:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
- c) Encashment of leave at the end of the tenure

Explanation : 'Family' means the spouse, the dependent children and dependent parents of the Whole-time Director.

In the event of loss or inadequacy of profits in any financial year of the Company during the currency of tenure of the Whole-time Director, the payment of above salary, perquisites and other allowances shall be governed by and paid in accordance with the limits and conditions prescribed under Section II of Part II of the Schedule XIII to the Companies Act, 1956 or any amendment thereof.

Other terms

- a) As long as Shri Deepak M. Mehta is functioning as Whole-time Director of the Company, no sitting fees will be paid to him for the meetings of the Board of Directors or any Committee thereof attended by him.
- b) The Whole-time Director shall be entitled to reimbursement of all actual expenses, including entertainment, traveling, hotel and other expenses incurred by him in India and abroad exclusively on the Company's business.
- c) Either party shall be entitled to terminate this appointment by giving to the other party ninety (90) days' notice in writing without showing any cause.

Remuneration Committee of the Board has approved the terms of remuneration payable to Shri Deepak M. Mehta, as mentioned hereinabove at its meeting held on 11th June, 2007.

MEMORANDUM OF CONCERN OR INTEREST

Shri Deepak M. Mehta, is concerned with or interested in the Resolution at Item No. 6 as also in his Letter of Appointment dated 12th June, 2007 referred in the said item aforesaid as they relate to the terms of his own Re-appointment and Remuneration.

 NOTICE TO MEMBERS

Shri Mahendra R. Mehta, Chairman, Managing Director & CEO and Shri Milan M. Mehta, Vice Chairman & Managing Director may be deemed to be concerned or interested in the above Re-appointment of Shri Deepak M. Mehta as Whole-time Director as relative being Father and Brother, respectively of Shri Deepak M. Mehta.

Save as aforesaid, none of other Directors are in any way concerned or interested in the Resolution at item no.6 of the accompanying Notice.

The Copy of the Letter of Appointment dated 12th June, 2007 issued to Shri Deepak M. Mehta referred in the Resolution at Item No. 6 of the accompanying Notice is open for inspection by the Members at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day of the Company except on Saturday.

Your Directors commend the said Resolutions as Special Resolution for your approval.

Item No. 7

Increase in the Borrowing Limits :

Under Section 293(1) (d) of the Companies Act, 1956, the Board of Directors cannot, except with the approval of the Members in General Meeting, borrow monies, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

Due to continuous increase in the Price of our Primary Input, Copper during last 2 to 3 Years and Company's requirement for Non-Funding Limits and considering the increase in Production and also to meet requirement of Long Term Funds for various CAPEX, the existing Limit of Rs. 350 Crore authorized by the Members at the Extra Ordinary General Meeting held on 22nd May, 2006 needs revision. Therefore, it may be necessary for the Company to authorize the Board of Directors of the Company to borrow up to a sum not exceeding Rs. 500 Crores (Rs. Five Hundred Crores only). The proposed Resolution is enabling in Character.

Your Directors recommend the Special Resolution for approval of Members.

By Order of the Board

M. R. Mehta

Chairman & Managing Director

Registered Office:
Saiman House, J. A. Raul Street,
Off. Sayani Road, Prabhadevi,
Mumbai - 400 025.

Mumbai,
11th June, 2007.

Report  Junction.com

DIRECTORS' REPORT

TO THE MEMBERS

The Directors hereby present the Eighteenth Annual Report of your Company, together with the Audited Accounts for the year ended 31st March, 2007.

1. Financial Results

	(Rupees in Lacs)	
	2006-07	2005-06
Sales (including Excise Duty)	69176.18	39658.41
Less : Excise Duty	(10621.04)	(5606.52)
Sales (Net of Excise Duty)	58555.14	34051.89
Operating Profit	3773.86	3223.74
Add : Other Income	76.22	91.26
Profit before Interest, Depreciation & Taxes	3850.08	3315.00
Interest	(525.55)	(150.91)
Depreciation	(751.30)	(463.70)
Profit before Taxes & Extra-ordinary Items	2573.23	2700.39
Extra-ordinary Items	(27.63)	(76.40)
Profit before Taxes	2545.60	2623.99
Provision for Income Tax	(534.00)	(636.00)
Provision for Wealth Tax	(0.28)	(0.38)
Provision for Deferred Tax	(324.28)	(184.70)
Provision for Fringe Benefit Tax	(10.00)	(8.73)
Prior Years' Tax Adjustments	1.13	10.67
Profit after Tax	1678.17	1804.85
Add : Balance brought forward from last Account	347.29	160.03
Balance available : (A)	2025.46	1964.88
Which the Board of Directors have appropriated as under :		
(i) Proposed Dividend on Equity Shares for the year @ 35% (@ 35%)	404.73	366.23
(ii) Corporate Tax on Dividend	68.78	51.36
(iii) Transfer to General Reserve	1200.00	1200.00
(B)	1673.51	1617.59
Balance carried forwarded to Profit & Loss Account (A) – (B)	351.95	347.29

2. Dividend

The Directors are pleased to recommend Dividend at 35% for the year ended 31st March, 2007, subject to the approval of Shareholders at the ensuing A.G.M.

3. Operations

Your Company has, during the year under review, completed diversification, modernization & capacity expansion at Silvassa Units. All these Plants have become operational. All the Major Equipments are latest, modern with in-line-process and quality-control-evaluation-systems. Customers are satisfied with the superior quality

produced with these modern equipments. These Products are used in manufacture of Power and Distribution Transformers and large rotating electric equipments.

Members are aware that the Company has entered into a Technology-Transfer-Agreement for manufacture of Continuously Transposed Conductors (CTC) and Enamelled Rectangular Strips & other lapped / covered conductors with M/s. Invex S.p.A, Italy, one of the largest producer in this field in the World. So far the absorption of the Technology, at our end, except initial teething trouble, has progressed satisfactorily.

So far, co-operation from Collaborator, during the year, was satisfactory.

Though your Company has launched the above products for the first time during the year under review, before the end of Fiscal 2007-08, capacity-expansion plans, for some specific products, will be finalized as the response from Customers is encouraging. In the meantime your Company hopes to complete the vendor-registration formalities soon.

During the year under review, the total production of finished goods was about 17525 MT (15342 MT), an increase of about 14%. Sales Income net of Taxes is Rs. 585.55 Crores (Rs. 340.51 Crores) which is mainly due to increase in the International Price of our Principal Input, Copper and partly due to the increase in the production and sales. In fact, for some products, during the year, we had capacity constraints and have therefore ordered more imported and indigenous equipments which might go-on-stream during Q4 of Fiscal 2007-08. Your Company continues to be the Market-Leader in the Country and desires to commit further resources for diversification and capacity expansion. Out of total amount of Rs. 77.18 Crores incurred on Capex during Fiscal 2005-06 and 2006-07, about Rs.38.40 Crores was out of internal accruals and balance through Bank Term Loans.

Your Company produces Winding Wires made of Copper which are used in manufacture of both rotating and static electric equipments such as alternators, electric motors, transformers, switch-gear instruments, consumer and industrial electronics, auto-electricals, refrigeration and electronics, washing machines and domestic appliances, etc. Strong economic growth witnessed within last three consecutive years in India has increased the demand of electrical equipments and consequently demand of our products during the year was satisfactory.

Copper being a vital input for the Electrical Industry, the reduction in import duty from 7.5 % to 5 % during the year under review was helpful. The Government may bring down the import duty structure marginally further in coming years so as to align the tariff with some countries in the region. Price of Copper, both in international and domestic markets, was volatile.

Thrust on exports has also been maintained during the year.

Your Company has paid all the dues including Term Loan Installments and Interest thereof, in time without any default or delay.

DIRECTORS' REPORT

Palej Unit, during the year under review, contributed about 5% of the total production of the Company only and action has been already initiated.

During the year under review, your Company allotted Ten Lacs and One Lac fully Convertible Debentures (FCD) to Reliance Capital Trustee Company Limited A/c. Reliance Tax Saver (ELSS) Fund and Pradeep Sandeep Trading & Investment Pvt. Ltd @ 177.15 per FCD which has been converted into, on or about 23rd May, 2007, fully paid Equity Shares @ Rs. 10/- each and consequently, your equity share capital, during fiscal 2007-08, will go up from existing level of Rs. 1046.36 Lacs to Rs. 1156.36 Lacs. Necessary Listing Applications for these shares with BSE and NSE have also been made.

Despite the rise in the cost of manpower, input, energy and freight, the performance of your Company is satisfactory. Profit before interest, depreciation and taxation (PBDIT) during the year is higher as compared to the previous year. Due to substantial investment in Capex, depreciation and interest outflow are higher and consequently Profit After Tax (PAT) is marginally low. However, Free Reserves and Surplus, without any revaluation of the assets, have gone up.

4. Listing / Dematerialisation of the Company's Equity Shares :

The Equity Shares of your Company continue to be listed at the Bombay Stock Exchange Ltd, (BSE) and National Stock Exchange of India Ltd (NSE) and required Annual Listing Fees have been paid and as the same are generally traded on BSE and NSE.

The Equity Shares of the Company are compulsorily traded in dematerialized form as prescribed by SEBI. The same are registered with both National Securities Depository Ltd., Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, and Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai - 400 023, Under ISIN No. INE372C01011 common for both.

5. Particulars of Employees :

The particulars of employee who was employed throughout the year and was in receipt of remuneration for the year in the aggregate of not less than Rs. 24,00,000/- and/or not less than Rs. 2,00,000/- per month in respect of those who were employed for part of the year required to be furnished under Section 217 (2A) of the Companies Act, 1956, are given in Annexure-I hereto and form part of this report.

6. Disclosure of particulars in the Directors' Report :

As required under the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988, the necessary particulars are given in Annexure-II hereto and form part of this report.

7. Auditors :

The Auditors, M/s S.R. Divatia & Company, Chartered Accountants, Mumbai, who had been Statutory Auditors of the Company, hold office until the ensuing Annual General Meeting. Subject to the approval of the Members

it is proposed to re-appoint them for the Financial Year 2007-08. The Auditors have u/s 224 (1B) of the Companies Act, 1956 furnished Certificate of Eligibility for reappointment.

8. Corporate Governance:

As required by Clause 49 of the Listing Agreements with Stock Exchanges, a Corporate Governance Report, a Management Discussion and Analysis, and the Certificate of the Auditors of the Company regarding compliance of conditions of Corporate Governance are made a part of the Annual Report. Please refer Annexure-III to the Directors' Report.

The Company framed a Code of Conduct for all its Board Members and Senior Management Personnel of the Company, who have affirmed compliance thereto. The said Code of Conduct have been posted on the Company's website. The Declaration to this effect signed by the CEO are made a part of the Annual Report.

9. Directors' Responsibility Statement :

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company based on the representations received from the operating management confirms :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- that the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken 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;
- that the annual accounts have been prepared on a going concern basis.

10. Directors

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri P.R. Merchant and Shri P.N. Vencatesan retire by rotation and are eligible for reappointment.

11. Acknowledgements

The Directors wish to place on record their deep appreciation of the continued assistance and co-operation from Bank of Baroda, BNP Paribas, the Administration of Union Territory of Dadra and Nagar Haveli, Palej Gram Panchayat, Shareholders and all the Staff and Employees of the Company.

For and on behalf of the Board

Mahendra R. Mehta
Chairman and Managing Director

Mumbai,
Dated 11th June, 2007.