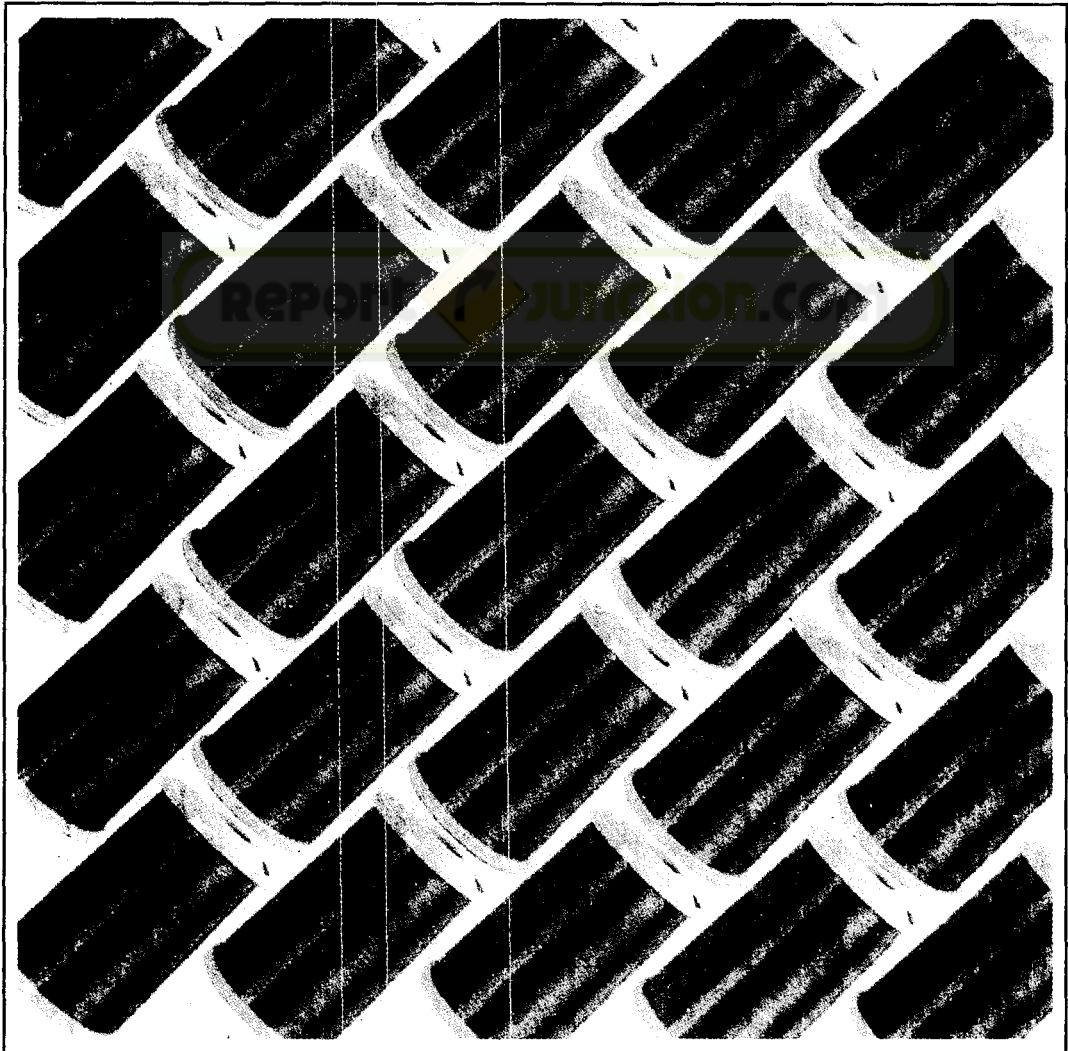


19th
Annual Report
2007-2008



PRECISION WIRES INDIA LIMITED

PRECISION WIRES INDIA LIMITED



Financial Highlights

Rupees in Lacs

	2007/08	2006/07	2005/06	2004/05	2003/04	
Equity Share Capital (Paid up)	1156.36	1046.36	1046.36	1046.36	1046.36	
Reserves & Surplus	13015.32	9938.94	8734.27	7347.02	6336.41	
Current Assets	22037.92	19180.25	14921.13	10980.90	7855.33	
Current Liabilities	11868.96	11108.52	10854.76	6595.64	4338.43	
Inventories	5430.45	3598.28	3375.98	2026.87	1829.82	
Sundry Debtors	11546.42	11121.88	7993.86	5855.99	4554.57	
Creditors	11352.26	10606.99	10410.63	6341.06	4108.51	
Secured Loans	7338.04	6086.19	3554.44	1144.08	810.00	
Interest Paid	463.19	525.56	150.91	91.10	63.25	
Depreciation	900.25	751.30	463.70	460.51	367.26	
Income Tax	722.23	543.14	634.45	676.03	484.29	
Provision for Deferred Tax for the year - Expense/(Income)	200.97	324.38	184.70	55.63	(7.63)	
Dividend paid	%	36	35	34	30	
Book Value of Shares	Rs.	122.55	104.99	93.44	80.08	70.32
E.P.S.	Rs.	15.16	16.04	17.25	14.64	12.18
No. of Shareholders		**7884	**7259	**7825	**8857	** 9889

** 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.

COMPANY SECRETARY : Mr. S. G. Sathe

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, Amlī 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, Amlī Hanuman (66KVA) Road,
Silvassa - 396 230.
(Union Territory of Dadra & Nagar Haveli)

UNIT III :

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

REGISTRARS 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. : 022-6772 0300 • Fax No. : 022-28375646
Email Id : 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.

NOTICE TO MEMBERS

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Precision Wires India Limited will be held on Saturday, 27th September, 2008 at 02.30 P.M at the Hall of The Mysore Association, 1st Floor 393, Bhaudaji Road, Maheshwari Udyan (King Circle), Matunga (Central Railway) Mumbai-400 019, to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2008, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To declare a dividend on equity shares.
- 3) To appoint a Director in place of Shri. Vijay M. Crishna who retires by rotation and is eligible for reappointment.
- 4) To appoint a Director in place of Shri. A. P. Kothari 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.

Special Business :

- 6) To consider and if thought fit, to pass with or without modification the following Resolution as a 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 Mahendra R. Mehta as Chairman and Managing Director of the Company for a period of Three years with effect from 1st October, 2008 to 30th September, 2011, 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 28.04.2008, a copy whereof initialed by the Chairman for the purpose of identification has been placed before the Meeting, which Letter of Appointment dated 28.04.2008 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 Mahendra R. Mehta within and in accordance with and subject to the limits and conditions prescribed in 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 Mahendra R. 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 Mahendra R. Mehta as Chairman & Managing 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 if in any financial year of the company during the currency of tenure of Shri Mahendra R. Mehta as Chairman & Managing 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 Mahendra R. 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.

By Order of the Board

S. G. Sathe
Company Secretary

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

Mumbai
26th June, 2008



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 relevant details in respect thereof pursuant to Clause 49 of the Listing Agreements 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 20th September, 2008 to 27th September, 2008 (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 10th October, 2008.
- 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 Unpaid 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 & Final) have been transferred to IEPF of the Central Government.

Information in respect of such unclaimed dividend 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
31.03.2001	26.09.2001	25.09.2008	25.10.2008
31.03.2002	24.01.2002 (Interim) (No further dividend was declared of F.Y. ended 31.03.2002)	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 (Final)	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
31.03.2007	26.09.2007	25.09.2014	25.10.2014

* 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, 2001 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

Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 (The Act) and pursuant to clause 49 of the listing agreement.

Item No. 3 & 4 :

Details of the Directors seeking reappointment at the ensuing Annual General Meeting.

NAME OF THE DIRECTOR	Shri. Vijay M. Crishna	Shri Ashwin P. Kothari
DATE OF BIRTH & AGE	8th March, 1945 AGE: 63 YEARS	14th September, 1942 AGE: 65 Years
DATE OF APPOINTMENT	Appointed as Additional Director on 11.9.91 and as Director on 25.9.92 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	Expertise in Engineering and I.T. Industry and extensive managerial experience.	Expertise in Ferrous and Non Ferrous Metal & Chemical Industries.
QUALIFICATIONS	B.A. (Economics)	S.B. (MIT)
LIST OF OTHER COMPANIES IN WHICH DIRECTORSHIP HELD AS ON 31ST MARCH 2008	(a) Godrej Upstream Ltd. (b) Statomat Special Machines (India) Pvt. Ltd. (c) Lawkim Ltd. (d) Godrej & Boyce Mfg. Co.Ltd. (e) Godrej Industries Ltd. (f) Godrej Agrovet Ltd. (g) Godrej Hicare Ltd.	a) Aroni Commercial Ltd. b) Gwalior Chemical Industries Ltd. c) Five Star Trading & Investment Co. Ltd. d) Rajashree Holdings Ltd. e) Parke Avenue Engineering Ltd. f) Meenakshi Steel Industries Ltd. g) Jatayu Textiles & Industries Ltd. h) Sunayna Trade & Investment Co. Ltd. i) Essel Mining & Industries Ltd. j) Aditya Birla Health Services Ltd. k) Sambhaw Finance & Trading Co. Ltd. l) Mahavir Box Manufacturing Pvt. Ltd. m) Jam-Jag-Deep Investments Pvt. Ltd. n) Vaibhav Medical & Education Foundation o) G.D. Birla Medical Research & Education Foundation
CHAIRMAN AND MEMBER OF THE COMMITTEES OF THE BOARD OF THE COMPANIES ON WHICH HE IS A DIRECTOR AS ON 31ST MARCH, 2008	Member - Audit Committee of Godrej Upstream Ltd.	Chairman- Shareholders Grievance Committee - Aroni Commercial Ltd.
SHAREHOLDING IN THE COMPANY	NIL	NIL

Shri Vijay M. Crishna and Shri A. P. Kothari are interested in their own re-appointments and none of other Directors are in any way concerned or interested in the said re-appointments.

Your Directors commend your approval to the re-appointments of Shri Vijay M. Crishna and Shri A. P. Kothari.



NOTICE TO MEMBERS

Item No. 6**Re-Appointment of Shri Mahendra R. Mehta, Chairman & Managing 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 Mahendra R. Mehta as Chairman & Managing Director of the Company. The present Term of Office of Shri. Mahendra R. Mehta as Chairman & Managing Director will be expiring on 30th September, 2008. The Board of Directors of the Company at its Meeting held on 28th April, 2008 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 Mahendra R. Mehta, as Chairman & Managing Director for a further period of Three Years with effect from 01.10.2008 on the remuneration as approved and recommended by the Remuneration Committee.

Accordingly, a Letter of Re-appointment dated 28.04.2008 has been issued to Shri. Mahendra R. Mehta.

The Principal Terms and conditions as contained in the said Letter of Appointment dated 28.04.2008 are as under :

Salary :

Rs. 2,25,000/- (Rupees Two Lacs Twenty Five Thousand only) per month,

Period :

For 3 Years with effect from 01.10.2008.

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 Mahendra R. Mehta.

Perquisites

1. **Housing :**
Rent free furnished residential accommodation. In case no residential accommodation is provided by the company the Chairman & Managing Director shall be entitled to house rent allowance as may be approved by the Board of Directors.
2. **Medical Re-imburement :**
Re-imburement of medical expenses incurred for Shri Mahendra R. Mehta and family.
3. **Reimbursement of gas, electricity, water charges and furnishings.**
4. **Leave travel concession for Shri Mahendra R. 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. 5,000/- 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 re-imburement 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 Mahendra R. 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, dependent children and dependent parents of the Chairman and Managing Director.

In the event of loss or inadequacy of profits in any financial year of the Company during the currency of tenure of the Chairman & Managing Director, the payment of above Salary and 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 Mahendra R. Mehta is functioning as Chairman & Managing 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 Chairman & Managing Director shall be entitled to re-imburement 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 Mahendra R. Mehta, as mentioned hereinabove at its meeting held on 28th April, 2008, which is in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

NOTICE TO MEMBERS

MEMORANDUM OF CONCERN OR INTEREST

Shri Mahendra R. Mehta, is concerned with or interested in the Resolution at item No. 6 as also in his Letter of Appointment dated 28.04.2008 referred in the said item aforesaid as they relate to the terms of his own Re-appointment and Remuneration.

Shri Milan M. Mehta, Vice Chairman & Managing Director and Shri Deepak M. Mehta, Whole-time Director may be deemed to be concerned with or interested in the above Re-appointment of Shri Mahendra R. Mehta as Chairman & Managing Director as they are his relatives.

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 28.04.2008 issued to Shri Mahendra R. Mehta, referred in the item No. 6 of Agenda 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 Resolution as Special Resolution for your approval.

By Order of the Board

S. G. Sathe
Company Secretary

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

Mumbai
26th June, 2008



DIRECTORS' REPORT

TO THE MEMBERS

The Directors hereby present the Nineteenth Annual Report of your Company, together with the Audited Accounts for the year ended 31st March, 2008.

1. Financial Results :

	(Rupees in Lacs)	
	2007-08	2006-07
Sales (including Excise Duty)	68937.16	69176.18
Less : Excise Duty	(11537.75)	(10621.04)
Sales (Net of Excise Duty)	<u>57399.41</u>	<u>58555.14</u>
Operating Profit	3913.53	3773.86
Add : Other Income	97.89	76.22
Profit before Interest, Depreciation & Taxes	4011.42	3850.08
Interest	(463.19)	(525.55)
Depreciation	(900.25)	(751.30)
Profit before Taxes & Extra-ordinary Items	2647.98	2573.23
Extra-ordinary Items	-	(27.63)
Profit before Taxes	2647.98	2545.60
Provision for Income Tax	(701.00)	(534.00)
Provision for Wealth Tax	(0.31)	(0.28)
Provision for Deferred Tax	(200.98)	(324.28)
Provision for Fringe Benefit Tax	(10.50)	(10.00)
Prior Years' Tax Adjustments	(10.42)	1.13
Profit after Tax	1724.77	1678.17
Add : Balance brought forward from last Account	351.95	347.29
Balance available : (A)	2076.72	2025.46
Which the Board of Directors have appropriated as under :		
(i) Proposed Dividend on Equity Shares for the year @ 36% (@ 35%)	416.29	404.73
(ii) Corporate Tax on Dividend	70.74	68.78
(iii) Transfer to General Reserve	1200.00	1200.00
(B)	1687.03	1673.51
Balance carried forwarded to Profit & Loss Account (A) - (B)	389.69	351.95

2. Dividend :

The Directors are pleased to recommend Dividend @ 36% for the year ended 31st March 2008, subject to the approval of Shareholders at the ensuing Annual General Meeting.

3. Operations :

During the year under review, total production of finished goods was about 20262 MT, an increase of approx 15%. Sales income gross & net of taxes was Rs. 68937 & Rs. 57399 lacs respectively. Price of our primary input remained volatile during the year.

You will recall, your company commenced for the first time during 06-07, production of Continuously Transposed Conductors (CTC) with foreign technology. Entire requirement of CTC was met through imports till then. Production in the first year was low due to teething troubles.

During the second half of the year under review, the position improved and trend during Quarter I of 08-09 is more encouraging. Due to sub-prime crisis, high cost of energy and inflationary pressures on the economy, for a brief period there may be down turn in the over all growth of the economy. However, Power Sector continues to enjoy priority of the Government with a view to tackle the endemic problem of power shortage in the Country.

Your Technology Transfer Agreement (Agreement) is valid till end of calendar year 2010. During the year under report, the Italian collaborator was taken over, by EsseX - a U S multinational. Recently Korean multinational, L G, took over Essex. The Agreement was amended, during March 2008, granting rights to your Company to export the product anywhere in the world.

Your Company continued to invest in Capex during the year under report. Some equipments have also been ordered for delivery during 2008-09. We are an Electric-Power-Deficit nation and therefore massive investment in Electric-Power-Sector enjoys top priority of the Government which, in turn, will induce faster growth of Electrical Equipment Manufacturing Sector. Your Company primarily caters to the requirements of electrical equipment manufacturing industry.

During the year under report, competition was more intense and there was pressure on margin. Thrust on exports has been maintained during the year.

Your Company discharged all its financial obligations in time without any default or delay, including payment of Term Loan Instalments and interest.

Out of a consignment of imported copper rods (E C Grade) from Australia, and cleared at Nhava Sheva (JNPT) Port, two trucks containing total 8 coils of aggregate net total weight of 33404 Kgs did not reach our Silvassa plant. Police Complaint was filed. The matter is sub-judice with Hon. Judicial Magistrate, First Class, at Uran - Navi Mumbai. The goods were insured and amount of Rs. 95.92 lacs claimed is accounted under Loans and Advances (Current Assets).

As you are aware, the Principal input of your Company is Copper. During the year under review, there has been substantial volatility in price thereof. To protect the interests of the Company and with required statutory permissions, your Company entered into transactions for hedging Copper, which are not of speculative / trading nature. The company does not enter into derivative transactions for trading or speculative purposes and all derivative transactions entered into by the company are to mitigate or offset the risk arising from the normal business activity.

DIRECTORS' REPORT

We invite your attention to Para 4 of the Auditors' Report regarding Marked to Market Losses. Marked to Market losses on unsquared Copper Hedging transactions as at 31st March, 2008, stood at Rs. 218.78 lacs. The same have not been provided as such losses are expected to flow back through future cash flows. Accounting Standard (AS 30) issued by Institute of Chartered Accountants of India is not Mandatory as yet. However, the Company intends to adopt the same in due course.

The net loss on Copper Hedging transactions squared up during the year is Rs 4,89,27,173/- (Previous year - Nil) and the same is included in the cost of Material Consumed (Schedule 11-B to the Profit and Loss Account for the year).

Paid-Up Capital of your Company increased from Rs. 1046 Lacs to Rs.1156 lacs due to conversion of 11 lacs Fully Convertible Debentures into Fully Paid Equity Shares during the year under review.

Despite the rising cost, PBDIT has been maintained, in fact is marginally slightly higher. There is substantial improvement in Debt Equity Ratio to 0.56 (0.77) and Reserves & Surplus 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.

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 :

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, particulars of the employees 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 2008-09. 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 has 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 :

- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and 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 the end of financial year ended 31st March, 2008 and of the profit of the Company for that period;
- 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 annual accounts for the year ended 31st March, 2008, 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 V. M. Krishna and Shri A P Kothari 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 26th June, 2008