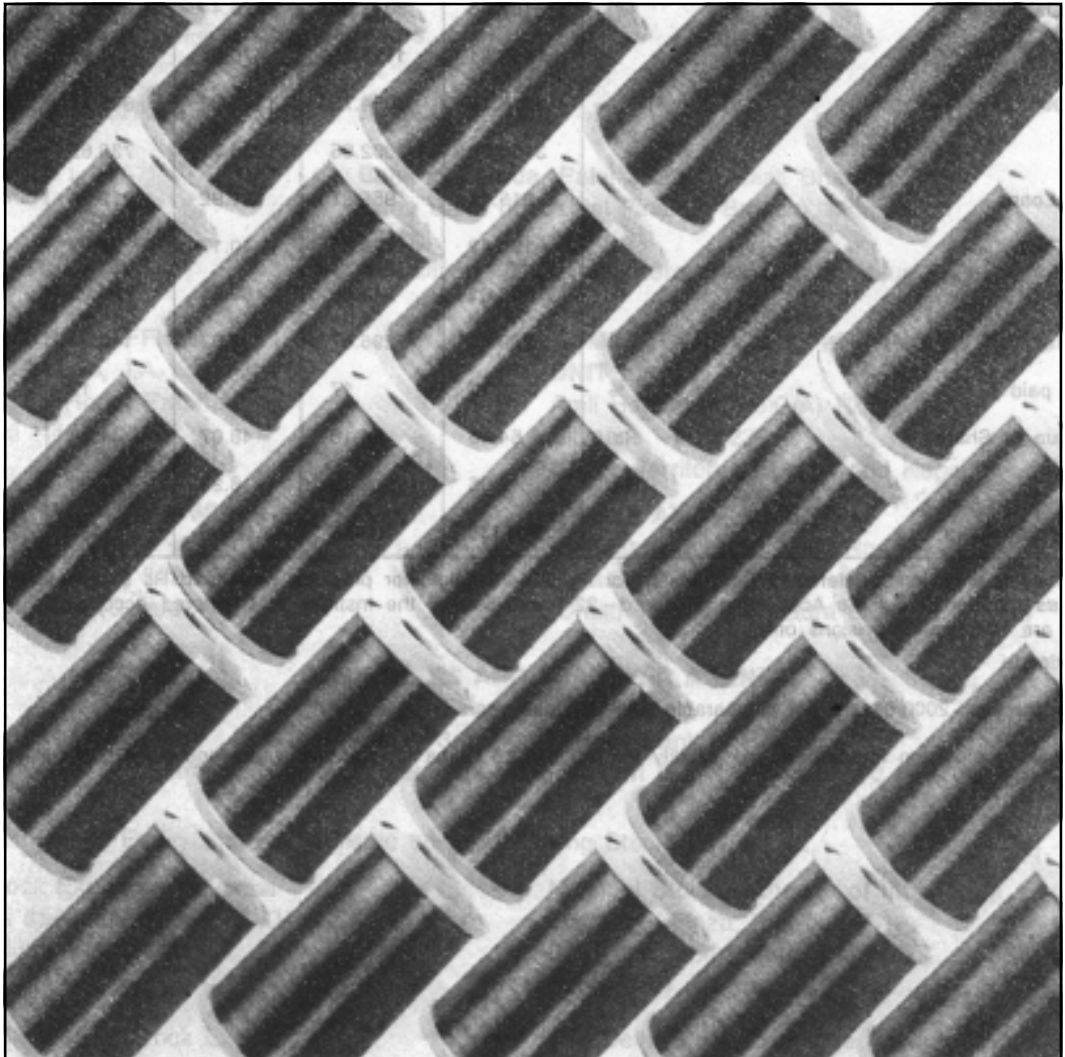


17th

Annual Report
2005-2006



PRECISION WIRES INDIA LIMITED

Rupees in Lacs

Financial Highlights

	2005/06	2004/05	2003/04	2002/03	2001/02
Equity Share Capital (Paid up)	1046.36	1046.36	1046.36	1046.36	1046.36
Reserves & Surplus	8734.27	7347.02	6336.41	5416.43	4651.37
Provision for Deferred Tax for the year - Liability/(Assets)	184.70	55.63	(7.63)	110.76	97.30
Current Assets	14921.13	10980.90	7855.33	6663.48	6037.27
Current Liabilities	10854.76	6595.64	4338.43	3658.54	3182.86
Inventories	3375.98	2026.87	1829.82	1742.37	1258.21
Sundry Debtors	7993.86	5855.99	4554.57	3408.22	3335.15
Creditors	10410.63	6341.06	4,108.51	3339.01	3154.69
Secured Loans	3554.44	1144.08	810.00	645.15	815.41
Interest Paid	150.91	91.10	63.25	89.10	180.42
Depreciation	463.70	460.51	367.26	326.97	308.01
Income Tax	634.45	676.03	484.29	465.54	269.46
Dividend paid	% 35	34	30	25	17
Book Value of Shares	Rs. 93.44	80.08	70.32	61.43	54.01
E.P.S.	Rs. 17.25	14.64	12.18	10.13	8.05
No. of Shareholders	**7825	**8857	** 9889	**11041	**11338

** 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. Sanjaya R. Kunder

BANKERS : Bank of Baroda, Palej 392 220, Dist. Bharuch

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

REGISTERED OFFICE :

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

PALEJ UNIT: ATLAS WIRES

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

ADMINISTRATIVE OFFICE AND WORKS :

UNIT I:

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

UNIT II: ATLAS WIRES

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
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai 400 023.

National Stock Exchange of India Ltd.,
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 Seventeenth 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 Thursday, 31st August, 2006 at 10.30 A.M to transact the following business:

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2006 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 Final dividend on Equity Shares.
- 3) To appoint a Director in place of Shri Deepak M. Mehta who retires by rotation and is eligible for reappointment.
- 4) To appoint a Director in place of Shri Ashwin 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.

By order of the Board

Sanjaya R. Kunder
Company Secretary

Registered Office:

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

Mumbai,
24th June 2006.

Notes :-

- 1) Relevant details in respect of Item Nos. 3 and 4 pursuant to Clause 49 of the Listing Agreements are annexed hereto.
- 2) 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.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from 26th August, 2006 to 31st August, 2006 (both days inclusive).
- 4) 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.
- 5) The Final Dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 10th September, 2006.
- 6) 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 established under Section 205 C of the said Act. Accordingly, Dividend for the Financial Year ended 31.03.1996, 31.03.1997 and 31.03.1998 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
31.03.1999	23-07-99	22-07-06	21-08-06
31.03.2000	04-04-00 (Interim)	03-04-07	03-05-07
	23-09-00	22-09-07	22-10-07
31.03.2001	26-09-01	25-09-08	25-10-08
31.03.2002	24-01-02 (Interim)	23-01-09	22-02-09
31.03.2003	22-09-03	21-09-10	21-10-10
31.03.2004	23.01.04 (Interim)	22.01.11	22.02.11
	19.08.04	18.08.11	18.09.11
31.03.2005	27.01.05 (Interim)	26.01.12	26.02.12
	28.07.05	27.07.12	27.08.12

* 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, 1999 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.

- 7) 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 Registrars and Share Transfer Agent of the Company in respect of physical share accounts.
- 8) 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 Deepak M. Mehta	Shri Ashwin P. Kothari
DATE OF BIRTH & AGE	20 th September, 1956, Age : 49 Years	14 th September, 1942 AGE: 63 Years
DATE OF APPOINTMENT	Since incorporation	Appointed as Additional Director on 28.10.1998 and as Director on 23.07.1999 at the Annual General Meeting.
EXPERTISE IN SPECIFIC FUNCTION	Over 25 years' of rich experience in the Industry	Expertise in Ferrous and Non Ferrous Metal & Chemical Industries.
QUALIFICATIONS	B.Com.	S.B.(MIT)
LIST OF COMPANIES IN WHICH OUTSIDE DIRECTORSHIP HELD AS ON 31ST MARCH 2006	Galvawire Agencies Pvt. Ltd	a) Aroni Chemical Industries Ltd. b) Four Dimensions Securities (India) Ltd. c) Gwalior Chemical Industries Ltd. d) Five Star Trading & Investment Co. Ltd. e) Rajshree Holdings Ltd. f) Parke Avenue Engineering Ltd. g) Meenakshi Steel Industries Ltd. h) Jatayu Textiles & Industries Ltd. i) Sunayana Traders & Investment Co. Ltd j) Essel Mining & Industries Ltd. k) Aditya Birla Health Services Ltd. l) Sambhav Finance & Trading Co. Ltd.
CHAIRMAN AND MEMBER OF THE COMMITTEE OF THE BOARD OF THE COMPANIES ON WHICH HE IS A DIRECTOR AS ON 31ST MARCH 2006	Member of Share Transfer & Shareholders Grievance Committee of the Company	Chairman of Shareholders Grievance Committee and Member of Audit Committee of Aroni Chemical Industries Ltd
Shareholding	3,82,160	NIL

DIRECTORS' REPORT

TO THE MEMBERS

The Directors hereby present the Seventeenth Annual Report of your Company, together with the Audited Accounts for the year ended 31st March 2006.

1. Financial Results

	(Rupees In Lacs)	
	<u>2005-06</u>	<u>2004-05</u>
Sales (including Excise Duty)	39658.41	32190.34
Less : Excise Duty	(5743.53)	(4523.38)
Sales (Net of Excise Duty)	<u>33914.88</u>	<u>27666.96</u>
Operating Profit	3223.74	2746.92
Add: Other Income	91.26	68.54
Profit before Interest, Depreciation & Taxes	3315.00	2815.46
Interest	(150.91)	(91.09)
Depreciation	(463.70)	(460.51)
Profit before Taxes & Extra-ordinary Items	2700.39	2263.86
Extra-ordinary Items	(76.40)	0.00
Profit before Taxes	2623.99	2263.86
Provision for Income Tax	(636.00)	(667.00)
Provision for Wealth Tax	(0.38)	(0.17)
Provision for Deferred Tax	(184.70)	(55.64)
Provision for Fringe Benefit Tax	(8.73)	0.00
Prior Years' Tax Adjustments	10.67	(9.03)
Profit after Tax	1804.85	1532.02
Add: Balance brought forward from last Account	160.03	174.42
Balance available : (A)	1964.88	1706.44

Which the Board of Directors have appropriated as under:

(i) Interim Dividend on Equity Shares for the year NIL (@15%	0.00	156.95
(ii) Proposed Final Dividend on Equity Shares for the year 35% (17%)	366.23	198.81
(iii) Corporate Tax on Interim Dividend	0.00	20.51
(iv) Corporate Tax on Final Dividend	51.36	27.88
(v) Transfer to General Reserve	1200.00	1142.26
(B)	1617.59	1546.41

Balance carried forwarded to Profit & Loss Account **(A) - (B)** **347.29** 160.03

2. Dividend

The Directors are pleased to recommend Final Dividend at 35% for the year ended 31st March 2006, subject to the approval of Shareholders at the ensuing A.G.M.

3. Operations

Your Company has, during the year under review, vigorously deployed resources for modernization, capacity expansion & diversification at Silvassa Units. Civil Work has been completed. Major Imported Equipments for on-going Projects have been received and some of them have been installed, erected & commissioned. The installed capacity has been added by 35%. During Q3 of the current fiscal some more Imported Plants are likely to go on stream.

Out of Rs. 4160 Lacs Capex incurred, about Rs. 2075 Lacs is out of internal accruals and the balance is Term Loan Borrowing from a Bank/Suppliers Credit. The Capital Work-in-Progress, Rs. 1065 Lacs, as at 31.03.2006 are already under commissioning. The Company has further committed resources for diversification and the equipments are likely to be received before October end 2006. Majority of the Investment so far made during the last 2 years is aimed at catering to the needs of Electric-Power-Sector and improve value-addition & exports.

Production of Fine Wires has commenced during Q4 of year under review. We hope to add to the further capacity in this Division during 07-08.

An Agreement for Technology Transfer for manufacture of Continuously Transposed Conductors (CTC), Enamelled Rectangular Strips and other Lapped / Covered Conductors with M/s. Invex SpA, Italy, one of the largest producers in the world in this field, has been entered into. We hope to commence the production of CTC and Enamelled Rectangular Strips / Conductors during current fiscal.

The total production of finished goods during the year under review is about 15342 MT (13771 MT), an increase of about 11.40%. Sales Income (net of taxes) is Rs. 339.14 Cr (Rs. 276.66 Cr), about 22% higher which is partially due to increase in the production and also the cost of our Principal Input, Copper. The Average Price of Copper was about 23% or so more as compared to the Previous Year. The International Price of Copper continues to be high and volatile.

Thrust on export has been maintained during the year. The demand from Domestic Electrical Equipment Industry for our product was good; though as expected, value-addition is under pressure due to intense domestic and foreign competition. The Domestic Electrical Equipment Manufacturing Industry, which is the Principal Consumer of our Finished Products has adequate technological competence, manpower resources and capacity. It's growth is likely to sustain for quite some time.

Copper is one of the important and principal input of Electrical Equipment Manufacturing Industry and Electrical-Power-Sector and as utmost priority has been accorded by the Govt to the same, Import Duty has been reduced during the year under review from 10% to 7.5% and it is hoped that the same may be reduced further to 5%.

On our finished product, being an Industrial Input, VAT (Value Added Tax) at 4% prevails in some important States in the country and other remaining States may rationalize the same.

Despite the rise in the Cost of Energy, Freight, Electric Power and some Inputs, the performance of your Company during the year under review is very satisfactory.

D I R E C T O R S ' R E P O R T

The contribution of our Palej Unit during the year under review is less than 9% of the total production of the Company and active actions are being contemplated.

4. Preferential Issue and Allotment of 1100000 (Eleven Lac) Unsecured Fully Convertible Debentures (FCDs)

Pursuant to the Resolution passed by the Members at an EGM held on 22nd May 2006, the Company has allotted 10 Lac and 1 Lac 13% FCDs to Reliance Capital Trustee Company Limited A/c Reliance Tax Saver (ELSS) Fund and Pradeep Sandeep Trading & Investment Pvt. Ltd respectively at Rs. 177.15 per Debenture aggregating to Rs. 19,48,65,000/-. Such FCDs issued shall be compulsorily fully convertible into one Equity Share of the Company of the Face Value of Rs. 10/- each at a Premium of Rs.167.15 per Equity Share within 365 days from the date of allotment. After allotment of Equity Shares against the above FCDs, the Paid-Up Capital of the Company will stand enhanced to 1,15,63,623 number of Fully Paid-Up Equity Shares of face value of Rs. 10/- each. Such FCDs are non-transferable with a lock-in period of one year from the date of allotment. The funds so raised, have been utilized as Working Capital.

5. 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.

6. 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.

7. 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.

8. 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 2006-07. The

Auditors have u/s 224 (1B) of the Companies Act 1956 furnished Certificate of Eligibility for reappointment.

9. 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.

10 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, 2006 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.

11. Directors

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri Deepak M. Mehta and Shri Ashwin P. Kothari retire by rotation and are eligible for reappointment.

12. 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 24th June, 2006.

DIRECTORS' REPORT

ANNEXURE I TO DIRECTORS' REPORT

Particulars of Employees as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2006.

Name	Age (Years)	Qualifications	Designation	Date of Commencement of employment	Experience (Years)	Remuneration (Gross) Rs.	Last Employment and position held
Shri Mahendra R. Mehta	77	—	Chairman & Managing Director	June 1975	54	58,78,875 #	Chairman & M.D Of Erstwhile Atlas Wires Ltd.
Shri Deepak M. Mehta	49	B.Com	Whole-time Director	January 1989	26	61,64,800	Whole-time Director Of Erstwhile Atlas Wires Ltd.
Shri Milan M. Mehta	43	B.S.(E.E.)	Vice Chairman & Managing Director	April 1996	21	61,39,236 #	Technical Director, Erstwhile Atlas Wires Ltd.

Notes:

- (1) Please refer Para 6 of the Directors' Report
 - (2) All the above persons are relatives of each other
 - (3) The above employments are contractual in nature.
 - (4) Remuneration (Gross) includes Salary, Commission, taxable value of perquisites and Company's contribution to Provident Fund.
- # However as Shri Mahendra R. Mehta and Shri Milan M. Mehta, Managing Directors each, hold more than 5% of the Paid-up Share Capital of the Company, are ineligible on this ground for entitlement to gratuity payment through the Trust created, provision in the current year, therefore, has been made for the gratuity payable to them at 15 days salary for the each year completed, being Rs. 1,15,385/- each for Shri Mahendra R. Mehta and Shri Milan M. Mehta respectively, which is not included above.

ANNEXURE II TO DIRECTORS' REPORT**1. Conservation of energy:**

- A. Energy consumption details in form "A" have not been prescribed for the class of industry to which your Company belongs.

2. Form "B"**Research and Development (R&D):**

- | | |
|---|--|
| 1. Special areas in which R & D carried out by the Company. | Close dimensional tolerance of Conductors. |
| 2. Benefits derived as a result of the above R & D | Better quality. |
| 3. Future plan of action | Reduction of Waste & Scrap generated during process. |
| 4. Expenditure on R & D | Nil |

Technology Absorption, Adaptation and Innovation:

- | | |
|---|----------------------------------|
| 1. Efforts, in brief, made towards technology absorption and innovation | Earlier Technology absorbed. |
| 2. Benefits derived as a result of the above efforts | Product and Quality Improvement |
| 3. Information about imported Technology | Technology Transfer in progress. |

3. Foreign Exchange Earnings and Outgo:

- | | |
|-----------|--------------------------------|
| Earnings | Rs. 88.34 (Rs. 52.28) Lacs |
| Outgoings | Rs. 2809.38 (Rs. 1153.82) Lacs |

Declaration on Compliance of the Company's Code of Conduct

This is to certify that the Company has adopted a Code of Conduct for the Members of the Board of Directors and Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them

Mumbai,
Dated 24.06.2006

Mahendra R. Mehta
Chairman & CEO.

CORPORATE GOVERNANCE REPORT FOR THE YEAR
1ST April 2005 to 31ST March 2006

(ANNEXURE III TO THE DIRECTORS' REPORT)

(as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. A brief statement on Company's Philosophy on code of Corporate Governance:

The Company continues to remain committed to satisfy the need for transparency in providing the necessary information to Shareholders about the functioning of the Board, the Management and upholding the Corporate Governance practices, within the limits set by the Company's competitive position.

2. Board of Directors:

The names and categories of the Directors on the Board, their attendances at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorship and Committee Membership held by them in other companies are as under:

Name of Director	Designation	Category	Number of Directorship in other companies*	Number of Board Committee membership held in other companies	Meetings of Board of Directors		AGM Attended
					Held	Attended	
Shri Mahendra R Mehta	Chairman and Managing Director	Promoter, Executive	—	—	6	6	Yes
Shri Milan M Mehta	Vice-Chairman and Managing Director	Promoter, Executive	1	—	6	6	Yes
Shri Deepak M Mehta	Whole-time Director	Promoter, Executive	—	—	6	6	Yes
Shri Vijay M Krishna	Director	Non-Executive, Independent	7	1	6	2	No
Shri P N Vencatesan	Director	Non-Executive, Independent	3	3	6	5	Yes
Shri P R Merchant	Director	Non-Executive, Independent	2	5	6	6	Yes
Shri A P Kothari	Director	Non-Executive, Independent	12	2	6	5	No

* Excluding Private, Foreign and Companies registered under Section 25 of the Companies Act, 1956.

During the year

- 6 Meetings of the Board of Directors (BoDs) were held, on 13.05.2005, 10.06.2005, 28.07.2005, 29.08.2005, 26.10.2005 & 27.01.2006 and the gap between two meetings did not exceed four months.
- Annual General Meeting (AGM) of the company was held on 28th July, 2005.

3. Audit Committee:

The Board of Directors had constituted an Audit Committee in the Year 2001.

Brief Description of Terms of Reference are as under:

- a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) To fix audit fees of the internal auditors and to approve payment for any other services.
- c) To meet Statutory Auditors and Internal Auditors, discuss their findings and related matters and to review with the Management the Quarterly Financial Results and also Annual Accounts before same are submitted to the Board for its consideration.
- d) To look into the various aspects envisaged by relevant SEBI guidelines & Listing Agreements (as amended) in this regard.

During the year

6 Meetings of the Audit Committee of the Board of Directors were held, on 13.05.2005, 10.06.2005, 28.07.2005, 29.08.2005, 26.10.2005, 27.01.2006.

The Composition of the Audit Committee and the details of meetings attended by the Members are given below:

Name of the Members	Category	Audit Committee Meeting	
		Held	Attended
Shri P N Vencatesan, Chairman (Chartered Accountant)	Independent, Non-Executive	6	5
Shri P R Merchant (Retired Senior Banker)	Independent, Non-Executive	6	6
Shri A P Kothari (Technocrat-Entrepreneur)	Independent, Non-Executive	6	5

Shri P.N.Vencatesan and Shri P R Merchant, the Chairman and the Member of the Audit Committee respectively, were present at the Annual General Meeting held on 28th July,2005.

4. Remuneration Committee:

The Board of Directors had constituted a Remuneration Committee in the year 2002, comprising of three Independent & Non-Executive Directors--- Shri P N Vencatesan (Chairman), Shri P R Merchant and Shri A P Kothari.

The terms of reference of the Remuneration Committee include to determine Company's policy on specific remuneration packages for Executive Directors, including pension rights and compensation payment, after taking into account the financial position of the Company, trends in the industry,

appointee's qualifications, experience, past performance, past remuneration etc., and considering interest of the company and shareholders.

During the year, two meetings were held on 29th August, 2005 and 27th January, 2006

Details of meetings attended by the Members are given below:

Name of the Members	Category	Remuneration Committee Meeting	
		Held	Attended
Shri P N Vencatesan, Chairman (Chartered Accountant)	Independent, Non-Executive	2	1
Shri P R Merchant, (Retired Senior Banker)	Independent, Non-Executive	2	2
Shri A P Kothari, (Technocrat-Entrepreneur)	Independent, Non-Executive	2	1

Shri P.N.Vencatesan, Chairman and Shri P.R.Merchant, Member were also present at the Annual General Meeting held on 28th July,2005.

Non-Executive Directors do not receive any remuneration except the sitting fees for attending Meetings of the Board of Directors and / or the Committees of Directors.

Details of remuneration to all the Directors are as under:

Name of Director	Gross Remuneration to Executive Directors							Remuneration to Non-Executive Directors
	Service Contract	Notice Period	Salary Rs.	Commission as per section 198 of Company's Act Rs.	Perquisites (Excluding Contribution to PF & Provision for Gratuity) Rs.	Contribution to PF & Provision for Gratuity Rs.	Total Rs.	Sitting Fees for attending Board & Committee meetings Rs.
Shri Mahendra R Mehta	5 Years w.e.f. 01.10.2003	90 days	2400000	2789938	400937	*403385	5994260	Nil
Shri Milan M Mehta	5 years w.e.f. 01.04.2001 (Re-appointed w.e.f. 01.04.2006 for 3 Years)	90 days	2400000	2789938	661298	**403385	6254621	Nil
Shri Deepak M Mehta	5 years w.e.f. 01.08.2002	90 days	2400000	2789938	686862	288000	6164800	Nil
Shri Vijay M Crishna								20,000
Shri P N Vencatesan								108,000
Shri P R Merchant								112,000
Shri A P Kothari								90,000

* Includes Provision for Gratuity of Rs. 115385/-,

** Includes Provision for Gratuity of Rs. 115385/-

5. Share Transfer & Shareholders'/Investors' Grievance Committee:

The Committee consists of 3 Directors --Shri P. N. Vencatesan, Non- Executive & Independent Director as the Chairman, Shri Milan M Mehta, Managing Director and Shri Deepak M Mehta, Whole-time Director.

Shri Sanjaya R. Kunder, Company Secretary is the Compliance Officer.

Number of complaints received from the Investor From 01.04.2005 to 31.03.2006 comprising non receipt of Dividend warrants and non receipt of Shares sent for transfer etc. 11

Number not solved to the satisfaction of the Investors as on 31.03.2006 Nil

Number of pending transfer of shares as on 31.03.2006 12*

*Transfers lodged during March 2006. Approved and effected during April 2006.

No share transfers are generally pending beyond a reasonable time except when some clarifications are required from sellers etc.

The Company has also conducted Secretarial Audit relating to the issue of shares, request for dematerialization of shares, Register of Members and changes in share capital, for every quarter effective from quarter ended 31st December, 2002 onwards.

6. General Body Meetings:

The details of the last three Annual General Meetings (AGMs) held were as follows:

Financial Year	Date & Time	Location	Number of Special Resolutions passed at the AGMs
2004-05	28.07.2005 at 10.00 A.M.	Hall of Mysore Association, 1st floor, 393 Bhaudaji Road, Maheswari Udyan (King Circle) Matunga (Central Railway), Mumbai-400019.	Nil
2003-04	19.08.2004 at 3.00 P.M.	Hall of Mysore Association, 1st floor, 393 Bhaudaji Road, Maheswari Udyan (King Circle) Matunga (Central Railway), Mumbai-400019.	4
2002-03	22.9.2003 at 3.00 P.M.	Hall of Mysore Association, 1st floor, 393 Bhaudaji Road, Maheswari Udyan (King Circle) Matunga (Central Railway), Mumbai-400019.	2

All the Special Resolutions set out in the Notices of the last three AGMs were passed by the Shareholders at the respective Meetings with the requisite majority on Show of hands.

No Special Resolutions, requiring voting through postal ballots were put through last year and no such resolutions are proposed to be put through at the ensuing Annual General Meeting of the Company.

7. Disclosures:

A. Disclosure on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large :-

—Transactions with related parties as per requirements of Accounting Standard -18 are disclosed in Notes to Accounts. None of these transactions have potential conflict with interest of the Company at large.

B. Details of non-compliance by the Company, penalties imposed, strictures passed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years :- **NIL**

C. Details of Compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreements :-

—The Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. Regarding the status of the compliance with the Non-mandatory requirements of the said Clause, the Company has constituted a Remuneration Committee comprising of Non-Executive & Independent Directors.

8. Means of communication:

The Quarterly / Half yearly / Annual Unaudited / Audited financial results of the company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors.

The Quarterly Financial Statements, Corporate Governance Reports & Quarterly Shareholding Pattern statements and Annual Report are also available on the EDIFAR website.

Whenever required advance intimation covering vital information of interest to Shareholder is conveyed to Stock Exchanges.

The Results were published in the "Free Press Journal" and vernacular "Navshakti" news papers. Other Communications with shareholders take place through individual notices of Annual / Extra Ordinary General Meetings, along with the Agenda and Explanatory Statements thereto.

The Management Discussion and Analysis Report is attached with the Directors' Report in the Annual Report.

9. General Shareholder Information: Annual General Meeting of year 2006

Day, Date month & Time:

Thursday, 31st August, 2006 AT 10.30 A.M.

Venue:

Hall of Mysore Association,
1st Floor, 393, Bhaudaji Road,
Near Maheshwari Udyan (King Circle), Matunga,
(Central Railways) Mumbai – 400 019.

Financial Calender for 2006-07 (tentative):

Financial Results for

First Quarter 4th/5th Week of July, 2006

Second Quarter 3rd/4th Week of October, 2006

Third Quarter 3rd/4th Week of January, 2007

Audited Annual Results 4th Week of June, 2007

Date of Book closure : from 26th August, 2006 to 31st August, 2006 (both days inclusive)

Dividend payment date:

Final Dividend on fully paid Equity shares, subject to the approval of Members at the ensuing Annual General Meeting, at 35 % i.e. Rs.3.50 per such fully paid equity share of Rs.10/- each on or before 30th September, 2006.

Listing on Stock Exchanges & Stock Codes:

Bombay Stock Exchange Ltd (BSE) (523539)

National Stock Exchange of India Ltd (NSE) PRECWIRE

The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2005-06.

Market Price Data:

Month & Year	BSE		NSE		SENSEX	
	High	Low	High	Low	High	Low
Apr-05	88.80	77.65	88.70	78.00	6649.42	6118.42
May-05	100.00	82.10	99.00	82.00	6772.74	6140.97
Jun-05	126.90	95.25	127.40	96.00	7228.21	6647.36
Jul-05	175.40	96.00	174.75	103.00	7708.59	7123.11
Aug-05	195.80	147.00	195.00	147.00	7921.39	7537.50
Sep-05	194.55	155.00	194.50	153.90	8722.17	7818.90
Oct-05	175.00	142.50	175.05	144.10	8821.84	7656.15
Nov-05	174.10	143.00	173.45	155.00	9033.99	7891.23
Dec-05	182.75	161.00	188.50	151.00	9442.98	8769.56
Jan-06	189.00	164.05	189.90	152.70	9945.19	9158.44
Feb-06	187.00	153.00	176.00	150.15	10422.65	9713.51
Mar-06	187.50	150.00	182.75	158.15	11356.95	10344.26

Registrar and Transfer Agents:

M/s Sharepro Services (India) Private Ltd, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099, Tel No. (022)28215168 / (022)28329828 Fax No. (022)28375646, Email Id. sharepro@vsnl.com; sharepro@shareproservices.com

Share Transfer System:

Transfers in physical form are lodged with the Company / Transfer Agents. The Transfer Agents have complete computerised facility for processing the transfers. After verification of the transfers lodged in physical form, the transfer agents prepare a statement of transfers which is reviewed by the Shareholders Grievances Committee of Directors and if in order, the transfers are approved, once in a fortnight. The share certificates duly transferred are then sent by the transfer agents to the transferees, which completes the transaction. In case of any complaint from shareholders for delay in transfer, the matter is actively followed up by the company with the transfer agents and the same is resolved to the satisfaction of the shareholder.

Shareholding Pattern as on 31.03.2006:

Category	No. of Shares held	% of Shareholding
Promoters	6673357	63.78
Mutual Funds and UTI	293825	2.81
Banks, Financial Institutions & Insurance Cos.	500	0.00
Foreign Financial Institutions	969594	9.27
Private Corporate Bodies	230248	2.20
Indian Public	2142558	20.48
NRIs/OCBs	152541	1.46
Any others *	1000	0.00
GRAND TOTAL #	10463623	100.00

* These shares are held by an Independent Directors and their relatives and they are not in control of the Company.

Excluding 1600 forfeited Equity Shares.

Distribution of holding as on 31.03.2006:

No. of Shares		No. of Shareholders		No. of Shares	
From	To	Number	%	Number	%
Less than 501		7355	94.02	917865	8.77
501-1000		203	2.59	167241	1.60
1001-2000		95	1.21	147155	1.41
2001-3000		42	0.54	108186	1.03
3001-4000		20	0.26	71689	0.68
4001-5000		19	0.24	89171	0.85
5001-10000		25	0.32	174215	1.67
10001 & above		64	0.82	8788101	83.99
Total		7823	100.00	10463623	100.00

Dematerialisation of shares and liquidity:

The Equity Shares of the Company are in compulsory demat segment. 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. About 35.97% of Company's Share Capital are dematerialised as on 31.03.2006.

The Company's shares are regularly traded on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

Outstanding GDRs/ ADRs/ Warrants etc – N I L**Plant Locations:**

Company's Plants are located at :

Unit I &
Unit II (ATLAS WIRES - SILVASSA) &
Unit III
Plot Survey No.125/2, Amali Hanuman (66KVA) Road, Silvassa 396 230
(Union Territory of Dadra & Nagar Haveli)

PALEJ UNIT (ATLAS WIRES)
Plot No.3, GIDC, National Highway No.8
Palej 392 220 Dist Bharuch, Gujarat

Address for correspondence:
Registered Office :
Saiman House, J.A.Raul Street, Sayani Road,
Prabhadevi, Mumbai 400 025.
Tel : 2436 0089 / 2437 6281
Fax : 2436 2593 / 2437 0687
Email : pwil@vsnl.com / awl@vsnl.com

MANAGEMENT DISCUSSION AND ANALYSIS**a. Industry structure and development:**

The Company produces Winding Wires of Enamelled Copper, which are used in the manufacture of both rotating and static electrical equipment, such as electric motors, transformers, switch gears, instruments, consumer and industrial electronics,

auto-electricals, refrigerators, air-conditioners, washing machines, domestic appliances, pumps, fans etc. The Wire is also used by repairs & re-winding sector. There are a number of players in the Industry, many in SSI Sector. Markets and Capacities are fragmented in the Country. Your Company continues to remain the Market- leader.

b. Opportunities and threats:

Due to low level of borrowing and good reserves your Company had decided to modernize, diversify and install technically advanced equipments, to maintain lead in the markets. Electric power sector development is expected to increase demand of our products. The growth of Electrical Equipment Industry is rapid. In fact, some sectors of the Electrical Industry, the growth is of about 20%. Diversification will help exports. On-going investments in Capex will increase our installed capacity and expand, in future, our customer-base. Your Company committed substantial Capex investment till March 2007.

Technology Transfer Agreement with one of the most reputed and world renowned Italian Manufacturer, M/s. InveX SpA will further spurt the growth of the Company in future.

However, areas where structural re-orientation of the Policy of the Government needed are :

- i) Enforcement of Value-Addition Norms specified in FTA with neighbouring countries in respect of duty-free import of Enamelled Copper Winding Wires (Ch 8544.1110).
- ii) Duty-Free imports of Wires are allowed for Electronics and some other industries. Since on our Principal Input, Copper & Insulating Varnishes attract Customs Duty @ 7.5% & 12.5% respectively, domestic Winding Wire Industry should be granted duty-free imports of Copper and Insulating Varnishes so that supply of such Wires to Domestic Electronics Industry etc can be made duty-free and also at an international price.
- iii) Flexibility in Labour Laws
- iv) De-bottleneck of infrastructural constraints.

c. Segment-wise or product-wise performance:

The Company's core activity is production and sales of only one product i.e. Winding Wire of Enamelled Copper. Despite the decline in the production at Palej Plant, the overall total production of 15342 MT (13771 MT) of finished goods during the year under review is more by about 11.40%. On-going modernization and diversification will help the growth of the Company. The over all performance of the Company including profit, reserves & cash flow is very satisfactory. The Company has discharged during the year all fiscal obligations in time.

d. Outlook:

During the year under review the Government has reduced import duty on Copper Wire Rods, our Principal Input (Ch.7408). Our products are entirely used by Electrical Equipment Industry. Demand, Growth & Export of Electrical Equipment Manufacturing Industry in India is on fast track. This will provide a substantial boost to the Domestic Industry.

The cost of energy and infrastructural bottleneck pose immense problems to the developing Nations. We shall continue to be a power-deficit Nation for at least 15 years. Massive

capacity-addition in Electricity Power Sector is only a matter of time. In the circumstances, for certain core-sectors of economy, & particularly with regard to power & infrastructure sectors the policy is unlikely to change. The demand of our products is, therefore, likely to go up. Improved living standard of people due to rapid industrialization may usher increase in demand of Electrical Equipments, Automobiles and Domestic Appliances.

e. Risks and concerns:

Please refer to point (b) and (d) above.

f. Internal control systems and their adequacy:

Commensurate with the size of your company and the nature of its business, your company has adequate internal control procedures and regular Internal Audit system. This has been confirmed by the Auditors in their report to the members.

g. Discussion on Financial performance with respect to Operational performance :

Overall production and sale of finished goods is more during the year despite decline in production at Palej Unit. The Average Price of our Principal Input, Copper was about 23% more during the year. However, in the last quarter of 2005-2006, the price increase was even more as compared to last quarter of 2004-2005. Sales net of taxes was Rs.339.14 Cr (276.66 Cr). Inventory, Sundry Debtors & Creditors are higher.

Other Income at Rs.91 Lacs (Rs.68 Lacs) is higher mainly due to the profit on sale of shares of our Bankers. Interest is higher at Rs.151 Lacs against (Rs. 91 Lacs) due to drawal of Term Loan for Capex. Insurance claim of Rs.19 Lacs in respect of flash flood in 2004-2005 at Silvassa Units was received. The Capital Work-in-Progress is higher at Rs.1065 Lacs (Rs.454 Lacs) due to on-going implementation of various Projects.

Depreciation at Rs.463 Lacs (Rs.460 Lacs) is higher mainly due to Capex addition of about Rs.4100 Lacs. It may also be recalled that Depreciation of Rs.460 Lacs for the year 2004-2005 included an amount of Rs. 63 Lacs towards accelerated depreciation due to revision in the estimate of useful life of certain fixed assets. Other expenditure includes Rs. 21.64 Lacs (Rs. 1.35 Lacs) towards provision of loss on scrapping of Fixed Assets. Foreign Exchange Loss of Rs.3.73 Lacs (Rs. 5.44 Lacs) is on imports of inputs, due to increase in exchange rates.

An amount of Rs.76.40 Lacs has been charged to Profit and Loss Account, being an extra Ordinary Item towards expenses incurred on cost of setting -up own 66 KV-High Tension Electric Power Substation facility, part of which now belongs to the Electric-Supply-Authorities.

Secured Loans of Rs.3554 Lacs (Rs.1144 Lacs) including Term Loan drawal of Rs.2378 Lacs (Rs.550 Lacs) is for on-going implementation of Capex. Loans & Advances at Rs.1995 Lacs (Rs.1512 Lacs) includes Rs. 612 Lacs (Rs.594 Lacs) FCNR receivable account and also Rs. 971 Lacs (Rs. 361 Lacs) towards balance with Excise Authorities. Current Liability of Rs. 10854 Lacs (Rs. 6595 Lacs) has increased due to Creditors for supply of Input (Copper) and Excise

Duty provision on Closing Stock of Finished Goods. Current Assets have also gone up substantially to Rs. 14921 Lacs (Rs.10981 Lacs) rounded off.

Due to substantial capitalization, Provision for Deferred Tax has increased to Rs.184 Lacs. Increase in cost of Packing Material is due to higher production, improved packing and higher cost. Increase in the repairs and maintenance Rs. 200 Lacs (Rs. 129 Lacs) includes repairs to Imported Plant. Increase in the freight and transportation Rs.350 Lacs (Rs. 286 Lacs) is due to rise in production as well as increase in the freight structure due to high energy cost.

However, Profit before Interest, Depreciation and Taxes (PBDIT) Rs.3315 Lacs (Rs.2815.46 Lacs) and Profit after

Tax (PAT) Rs.1804.85 Lacs (Rs.1532.02 Lacs) for the year under review is satisfactory. The Reserves without revaluation of Assets is at the end of the year under review is Rs.8734.27 Lacs (Rs.7347.01 Lacs)

h. Material Developments in Human Resources / Industrial Relations including number of people employed.

Your company has a stable and well-trained managerial, supervisory and shop-floor level work force. On-going training programmes at various levels was undertaken. Industrial relations during the year were satisfactory. The company continues to pursue various options available, including man power rationalization and productivity norms for the high-cost Palej Unit. This matter is engaging attention.

A U D I T O R S ' R E P O R T

To the Members of
PRECISION WIRES INDIA LIMITED,

1. We have audited the attached Balance Sheet of Precision Wires India Limited, as at 31st March 2006, the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the "Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes forming part of the accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006 and
 - (ii) in so far as it relates to the Profit and Loss account, of the profit of the Company for the year ended on that date.
 - (iii) in the case of the Cash Flow statement of the cash flows for the year ended on that date.

For S.R. Divatia & Co.
Chartered Accountants

Shalin S Divatia
Partner
Membership No 39755

Mumbai,
Dated, 24th June, 2006

A U D I T O R S ' R E P O R T
ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our Report on even date :

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- ii. (a) The inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. The Company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted / taken any loans secured or unsecured, to / from parties listed in the registers maintained under Section 301 of the Companies Act, 1956, clauses iii(b), iii(c) iii(d), iii(e), iii(f) & iii (g) of paragraph 4 of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts / arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts / arrangements have been made at prices, which are reasonable having regard to the prevailing market prices, of such goods, materials or services at the relevant time.

- vi. The Company has not accepted deposits from the public. Hence the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder are not applicable to the Company.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as applicable to it.
- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

Nature of Statute	Nature of Dues	Amount (Rs.)	Forum where dispute is pending
Gujarat Sales Tax Act	Sales Tax	11,14,630/-	Appellate Tribunal
Central Sales Tax Act	Sales Tax	1,14,892/-	Assessing Authority
Central Excise Act	Excise Duty	4,55,000/-	Appellate Tribunal
Income Tax Act	Income Tax matter	9,36,960/-	Commissioner of Income Tax (Appeals)

- x. The Company does not have accumulated losses as at 31st March, 2006. The Company has not incurred any cash losses during the financial year covered by the audit or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of the information and explanations given to us, by the management we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution, bank or to debenture holders during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

A U D I T O R S ' R E P O R T

- xiii In our opinion the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Accordingly in our opinion the provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv In our opinion and according to the information and explanation given to us the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii Based on the information and explanations given to us and on an overall examination of the balance sheet and cashflow statement of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xviii The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix The Company has not issued any debentures
- xx The Company has not raised any money by public issue during the year.
- xxi Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Thanking you,

Yours faithfully,

For S.R. Divatia & Co.
Chartered Accountants

Shalin S Divatia
Partner
Membership No 39755

Mumbai,
Dated, 24th June, 2006

S.R. DIVATIA & CO.
CHARTERED ACCOUNTANTS

To the Members of
Precision Wires India Limited

We have examined the compliance of conditions of corporate governance by Precision Wires India Limited ("the Company") for the year ended on 31st March, 2006, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned listing agreement. We have to state that the records of investor grievances are maintained by the Registrar and

Transfer Agents appointed by the Company. The Registrar and Transfer Agents have certified that during the year under review there were no investor grievances pending/unattended to for more than 30 days.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For. S.R. Divatia & Co.
Chartered Accountants

Shalin S. Divatia.
Partner.

Place : Mumbai
Dated : 24.06.2006

BALANCE SHEET AS AT 31ST MARCH, 2006

	Sch.	As at 31.3.2006 Rupees		As at 31.3.2005 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	104,644,230	104,644,230	
Reserves and Surplus	2	<u>873,427,388</u>	<u>978,071,618</u>	<u>839,345,829</u>
LOAN FUNDS				
Secured Loans	3	355,444,319		114,408,365
Deferred Tax Liability	4	<u>99,045,544</u>		<u>80,575,865</u>
TOTAL		<u>1,432,561,481</u>		<u>1,034,330,059</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	1,231,101,136	821,545,677	
Less : Depreciation		<u>(333,880,553)</u>	<u>(289,799,125)</u>	
Net Block		897,220,583	531,746,552	
Capital Work-in-Progress		<u>106,575,343</u>	<u>45,495,698</u>	
		1,003,795,926		577,242,250
INVESTMENTS	6	21,776,418		17,178,795
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories		337,598,484	202,686,945	
Sundry Debtors		799,385,808	585,598,536	
Cash and Bank Balances		136,031,313	150,288,546	
Loans and Advances		199,537,360	151,298,351	
Other Current Assets		<u>19,560,033</u>	<u>8,218,100</u>	
		<u>1,492,112,998</u>	<u>1,098,090,478</u>	
Less: CURRENT LIABILITIES AND PROVISIONS	8			
Current Liabilities		1,043,679,155	636,878,306	
Provisions		<u>41,797,012</u>	<u>22,686,178</u>	
		<u>1,085,476,167</u>	<u>659,564,484</u>	
NET CURRENT ASSETS	(7-8)	406,636,831		438,525,994
MISCELLANEOUS EXPENDITURE				
(to the extent not written off)	9	352,306		1,383,020
TOTAL		<u>1,432,561,481</u>		<u>1,034,330,059</u>
Significant Accounting Policies and Notes on Accounts - Schedule	14			

As per our report of even date.

For S.R. Divatia & Co.
Chartered Accountants

Shalin S. Divatia
Partner
Membership No. 39755

Mumbai,
Dated 24th June, 2006

For and on behalf of the Board

Mahendra R. Mehta Chairman, Managing Director & CEO

Milan M. Mehta Vice Chairman & Managing Director

Sanjaya R. Kunder Company Secretary

Upen Shah Vice-President & CFO

Mumbai,
Dated 24th June, 2006

**PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2006**

	Sch.	<u>2005/06</u> <u>Rupees</u>	<u>2004/05</u> <u>Rupees</u>
INCOME			
Sales and Processing Income	#	3,965,841,479	3,219,034,048
Less: Excise Duty	**	(574,353,252)	(452,337,840)
Net Sales		3,391,488,227	2,766,696,208
Other Income	10	9,126,136	6,853,653
TOTAL		<u>3,400,614,363</u>	<u>2,773,549,861</u>
EXPENDITURE			
Operating Expenses	# 11,12	3,069,114,286	2,492,004,060
Interest	13	15,091,348	9,109,507
Depreciation	5	46,369,835	46,050,713
TOTAL		<u>3,130,575,469</u>	<u>2,547,164,280</u>
Profit before Taxes & Extraordinary Items		270,038,894	226,385,581
Less: Extraordinary Items (Refer Note No. B-10 of Schedule 14)		(7,639,575)	-
Profit before Taxes		262,399,319	226,385,581
Less: Provision for Income Tax		(63,600,000)	(66,700,000)
Less: Provision for Wealth Tax		(38,000)	(17,000)
Add/(Less): Provision for Deferred Tax		(18,469,679)	(5,563,492)
Add/(Less): Provision for Fringe Benefit Tax		(873,631)	-
Add/(Less): Income Tax Adjustments		1,066,792	(903,055)
Profit after Taxes		180,484,801	153,202,034
Add : Balance brought forward		16,003,099	17,442,596
		196,487,900	170,644,630
Less : Appropriations:			
Transfer to General Reserve		(120,000,000)	(114,225,720)
Interim Dividend			
@ Rs. NIL (Rs. 1.50) per Equity Share		0	(15,695,435)
Proposed Dividend			
@ Rs. 3.50 (Rs. 1.90) per Equity Share		(36,622,681)	(19,880,884)
Provision for Corporate Tax			
on Interim Dividend		0	(2,051,198)
on Proposed Dividend		(5,136,331)	(2,788,294)
Balance carried forward		<u>34,728,888</u>	<u>16,003,099</u>
Basic and Diluted Earning per Share of Rs. 10/- each (in Rs.) (Refer Note B-14 of Schedule 14)		17.25	14.64

Refer Note B-7 - Schedule 14.

** The above amount of Excise Duty of Rs. 57,43,53,252/- (Rs. 45,23,37,840/-) includes an amount of Rs. 2,08,72,666/- (Rs. 71,71,898/-) towards valuation of inventories as at 31.3.2006 in accordance with the Guidance Note on Accounting Treatment of Excise Duty issued by The Institute of Chartered Accountants of India.

Significant Accounting Policies and Notes on Accounts - Schedule 14.

As per our report of even date.

For S.R. Divatia & Co.
Chartered Accountants

Shalin S. Divatia
Partner
Membership No. 39755

Mumbai,
Dated 24th June, 2006

For and on behalf of the Board

Mahendra R. Mehta Chairman, Managing Director & CEO

Milan M. Mehta Vice Chairman & Managing Director

Sanjaya R. Kunder Company Secretary

Upen Shah Vice-President & CFO

Mumbai,
Dated 24th June, 2006

SCHEDULES TO BALANCE SHEET

	As at 31.3.2006 Rupees	As at 31.3.2005 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED :		
12,000,000 (12,000,000) Equity Shares of Rs. 10/- each.	120,000,000	120,000,000
3,000,000 (3,000,000) Unclassified Shares of Rs. 10/- each.	<u>30,000,000</u>	<u>30,000,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
ISSUED :		
10,465,223 (10,465,223) Equity shares of Rs. 10/- each.	<u>104,652,230</u>	<u>104,652,230</u>
SUBSCRIBED :		
10,463,623 (10,463,623) Equity shares fully paid up	104,636,230	104,636,230
Add: Forfeiture of 1,600 (1,600) Equity shares (Amount originally paid up)	<u>8,000</u>	<u>8,000</u>
	<u>104,644,230</u>	<u>104,644,230</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Central and State Government Subsidies	2,000,000	2,000,000
Capital Redemption Reserve	11,698,500	11,698,500
General Reserve :		
Balance as per last Balance Sheet	705,000,000	602,500,000
Less: Impairment loss on Assets (Refer Note No. B-14 of Schedule 14)	0	(18,285,726)
Add: Deferred Tax Credit on Impairment of Assets	0	6,560,006
Add: Transfer from Profit & Loss Account	<u>120,000,000</u>	<u>114,225,720</u>
	825,000,000	705,000,000
Balance in Profit and Loss Account	<u>34,728,888</u>	<u>16,003,099</u>
TOTAL	<u>873,427,388</u>	<u>734,701,599</u>
SCHEDULE 3 : SECURED LOANS		
Term Loans		
– From a Bank	<u>237,823,839</u>	<u>55,000,000</u>
	237,823,839	55,000,000
Working Capital borrowings from Banks	<u>117,620,480</u>	<u>59,408,365</u>
TOTAL	<u>355,444,319</u>	<u>114,408,365</u>
(Refer Note B-3 of Schedule 14)		
SCHEDULE 4 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability arising on account of		
Depreciation	102,384,193	83,778,100
Unamortized/ Unpaid Expenditure	0	(297,475)
	<u>102,384,193</u>	<u>83,480,625</u>
LESS :		
Deferred Tax Assets arising on account of:		
Unamortized/ Unpaid Expenditure	(295,944)	(413,857)
Retirement benefits	<u>(3,042,705)</u>	<u>(2,490,903)</u>
	(3,338,649)	(2,904,760)
TOTAL	<u>99,045,544</u>	<u>80,575,865</u>

SCHEDULES TO BALANCE SHEET
SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2005	Additions	Sale/ Adjustment	As at 31.03.2006	Upto 01.04.2005	For the year	On Sale/ Adjustment	Impairment Loss	Upto 31.03.2006	As at 31.03.2006	As at 31.03.2005
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land	10,218,351	-	-	10,218,351	-	-	-	-	-	10,218,351	10,218,351
Buildings	96,609,493	97,497,080	-	194,106,573	22,473,691	3,355,849	-	-	25,829,540	168,277,033	74,135,802
Plant And Machinery	679,474,552	311,561,228	(6,395,042)	984,640,738	240,552,135	39,254,297	(2,208,153)	-	277,598,279	707,042,459	438,922,417
Technology Transfer Cost	7,843,263	394,650	-	8,237,913	4,636,106	1,356,813	-	-	5,992,919	2,244,994	3,207,157
Vehicles	5,703,335	2,883,536	(23,002)	8,563,869	2,404,343	646,443	(19,303)	-	3,031,483	5,532,386	3,298,992
Office Equipments	12,158,281	2,165,471	(60,950)	14,262,802	10,971,378	843,445	(60,951)	-	11,753,872	2,508,930	1,186,903
Furniture & Fixtures	9,538,402	1,532,488	-	11,070,890	8,761,472	912,988	-	-	9,674,460	1,396,430	776,930
TOTAL	821,545,677	416,034,453	(6,478,994)	1,231,101,136	289,799,125	46,369,835	(2,288,407)	-	333,880,553	897,220,583	531,746,552
Previous Year	(746,089,354)	(82,748,473)	(7,292,150)	(821,545,677)	(228,686,157)	(46,050,713)	(3,223,471)	(18,285,726)	(289,799,125)	(531,746,552)	(517,403,197)
Capital Work in Progress (Including Advances on Capital Account)										106,575,343	45,495,698
										1,003,795,926	577,242,250

Buildings include Rs. 1,42,53,393/- (Rs. 14,253,393/-) being the cost of Residential Flats for employees at Palej / Silvassa

As at 31.3.2006 Rupees	As at 31.3.2005 Rupees
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SCHEDULE 6 : INVESTMENTS

(Long Term, other than Trade Investments, at cost, unless otherwise stated)

Long Term :
UNQUOTED

Government Securities -

 6 years National Savings Certificates
(deposited with Government Authorities)

10,000

10,000

Other Investments :
UNQUOTED

 100 (NIL) Equity Shares of Rs. 10/-
each of Mogaveera Co-Op Bank Ltd, fully paid

1,000

-

QUOTED

 6,957 (30,000) Equity Shares of
Rs. 10/- each of Bank of Baroda fully paid
(Market Value Rs. 16,02,197/- (Rs. 65,41,500/-))

1,600,110

2,550,000

CURRENT INVESTMENTS

 NIL (1433552) Units of Rs. 10/- each
of BOB Liquid (Dividend) Fund
(Repurchase Value Rs. NIL (1,46,18,795/-))

0

14,998,829

 19,821 (NIL) Units of Rs. 1000/- each of UTI
Liquid Cash Plan Institutional (Dividend) Fund
(Repurchase Value Rs. 2,01,72,966/- (NIL))

20,165,308

-

20,165,308

14,998,829

Provision for Decline in value of investments

0

20,165,308

(380,034)

14,618,795

TOTAL
21,776,418
17,178,795

SCHEDULES TO BALANCE SHEET

	As at 31.3.2006 Rupees	As at 31.3.2005 Rupees
SCHEDULE 7 :		
CURRENT ASSETS, LOANS AND ADVANCES.		
INVENTORIES (At lower of cost or net realisable value)		
Raw Material	62,041,518	62,653,384
Work in Progress	62,889,762	36,062,631
Finished Goods	177,010,914	67,751,833
Stores, Spares and Consumables	19,191,792	19,177,143
Reels and Packing Material	15,340,387	17,041,954
Copper Scrap	1,124,111	0
	<u>337,598,484</u>	<u>202,686,945</u>
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months.	12,688,574	21,510,452
Others	786,697,234	564,088,084
	<u>799,385,808</u>	<u>585,598,536</u>
CASH AND BANK BALANCES		
Cash on hand	594,358	412,175
Balances with Scheduled Banks		
In Current Accounts	124,744,541	140,631,368
In Term Deposits		
I) Under lien with Bank	2,142,725	2,195,818
ii) Others	139,000	50,000
In Margin Money Accounts	115,183	163,133
In Dividend Accounts	2,015,928	2,154,145
Remittance in Transit	6,279,578	4,681,907
	<u>136,031,313</u>	<u>150,288,546</u>
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in kind or for value to be received	95,672,029	105,454,203
Deposits	4,225,043	5,211,192
Advance Payment of Taxes (net)	2,461,237	3,881,747
Balance with Customs and Central Excise Authorities	97,179,051	36,751,209
	<u>199,537,360</u>	<u>151,298,351</u>
OTHER CURRENT ASSETS		
Interest accrued but not due	327,298	205,484
Export benefits accrued	19,232,735	8,012,616
	<u>19,560,033</u>	<u>8,218,100</u>
TOTAL	<u>1,492,112,998</u>	<u>1,098,090,478</u>

SCHEDULES TO BALANCE SHEET

	As at 31.3.2006 Rupees	As at 31.3.2005 Rupees
SCHEDULE 8 :		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors		
(i) Total outstanding dues of small scale industrial undertakings	1,641,336	1,428,921
(ii) Total outstanding dues of creditors other than small scale industrial undertakings	<u>974,259,282</u>	<u>590,350,995</u>
	975,900,618	591,779,916
Security Deposits	600,000	618,000
Unclaimed Dividend *	2,015,928	2,154,145
Other Liabilities	<u>65,162,609</u>	<u>42,326,245</u>
	1,043,679,155	636,878,306
PROVISIONS :		
Provision for Wealth Tax	38,000	17,000
Proposed Dividend	36,622,681	19,880,884
Provision for Corporate Tax on Dividend	<u>5,136,331</u>	<u>41,797,012</u>
	41,797,012	2,788,294
TOTAL	<u>1,085,476,167</u>	<u>659,564,484</u>

* There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

SCHEDULE 9 : MISCELLANEOUS EXPENDITURE

(To the extent not written off)

Preliminary Expenses	0	146,951
Amalgamation Expenses	<u>352,306</u>	<u>1,236,069</u>
TOTAL	<u>352,306</u>	<u>1,383,020</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	2005/06 Rupees	2004/05 Rupees
SCHEDULE 10 : OTHER INCOME		
Interest (Tax Deducted at Source Rs. 1,404/- (Rs.88,503/-)	1,084,891	1,648,521
Income from Investments *	361,839	660,743
Miscellaneous Receipts	2,501,622	3,445,500
Excess/(Short) Provision of Previous Years	57,324	303,565
Provision for decline in value of investment written back	380,034	0
Profit on sale of Investment	<u>4,740,426</u>	<u>795,324</u>
TOTAL	<u>9,126,136</u>	<u>6,853,653</u>

* Refer Note B-9, of Schedule 14

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	2005/06 Rupees	2004/05 Rupees
	<hr/>	<hr/>
SCHEDULE 11 :		
(A) (ACCRETION)/DECRETION TO STOCK		
Stock at close		
Finished Goods	(155,790,767)	(59,246,427)
Copper Scrap	(1,124,111)	0
Wire Enamel	<u>(21,220,147)</u>	<u>(8,505,406)</u>
	<u>(178,135,025)</u>	<u>(67,751,833)</u>
LESS : Stock at commencement		
Finished Goods	59,246,427	88,901,912
Copper Scrap	0	631,467
Wire Enamel	8,505,406	2,858,103
	<u>67,751,833</u>	<u>92,391,482</u>
(ACCRETION) / DECRETION	<u>(110,383,192)</u>	<u>24,639,649</u>
(B) MATERIAL CONSUMED		
Stock at commencement		
Copper Wire Rods	14,143,220	15,146,783
Work-in-progress	36,062,631	24,146,059
Enamels & Chemicals (Refer Note B-2C of Schedule 14)	48,510,164	23,217,348
	<u>98,716,015</u>	<u>62,510,190</u>
Add: Purchases		
Copper Wire Rods	2,740,579,706	2,057,045,981
Enamels & Chemicals	<u>157,589,124</u>	<u>166,644,364</u>
	<u>2,898,168,830</u>	<u>2,223,690,345</u>
Less: Stock at close		
Copper Wire Rods	(24,273,196)	(14,143,220)
Work-in-progress	(62,889,762)	(36,062,631)
Enamels & Chemicals	<u>(37,768,322)</u>	<u>(48,510,164)</u>
	<u>(124,931,280)</u>	<u>(98,716,015)</u>
	2,871,953,565	2,187,484,520
Cost of Material Purchased and Sold	3,562	0
Material Consumed	<u>2,871,957,127</u>	<u>2,187,484,520</u>
Total Material Consumed (A + B)	<u>2,761,573,935</u>	<u>2,212,124,169</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	2005/06 Rupees	2004/05 Rupees
SCHEDULE 12:		
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Packing Material Consumed	28,724,924	23,925,210
Stores and Spares	20,623,506	21,714,580
Power and Fuel	83,415,658	77,456,620
Repairs and Maintenance		
Building	1,134,631	2,563,415
Machineries	20,033,765	12,933,566
Other Assets	1,046,500	1,403,062
Payments and provisions for employees		
Salary, Wages, Bonus etc.	48,748,507	46,026,641
Staff and Labour Welfare	1,027,586	1,128,157
Contributions to Provident and other Funds	5,879,014	5,956,430
Directors' Sitting Fees	330,000	275,000
Rent	4,962,076	4,798,826
Rates and Taxes	1,803,106	1,744,127
Travelling Expenses	3,713,604	2,979,518
Insurance	3,468,572	2,545,267
Freight and Transportation	35,081,144	28,647,253
Commission on Sales	11,288,870	9,939,525
Cash Discount	27,292	944,124
Goods lost in transit	145,052	0
Other Expenses	32,511,313	29,945,861
Foreign Exchange Loss (net)	373,208	544,938
Loss on Sale of Assets (net)	7,089	2,812,001
Provision for loss on Fixed Assets scrapped/discarded	2,164,219	134,528
Preliminary / Deferred Expenses Written Off	146,951	197,444
Amalgamation Expenses Written Off	883,764	883,764
Provision for decline in value of Investments	0	380,034
TOTAL	<u>307,540,351</u>	<u>279,879,891</u>

SCHEDULE 13 : INTEREST

Interest on Fixed Loans	6,773,350	949,518
Other Interest	8,317,998	8,159,989
TOTAL	<u>15,091,348</u>	<u>9,109,507</u>

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of Financial Statements:

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

2 Fixed Assets and Depreciation:

i Fixed Assets are stated at cost, net of Modvat/ Cenvat credit, where applicable less accumulated depreciation and impairment losses. Cost includes financing and other costs incurred for bringing the assets to its working condition for the intended use. Borrowing costs related to the acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are capitalised. Cost of fixed assets not ready for their intended use before such date are disclosed under capital work in progress.

ii Depreciation on Fixed Assets (except those described below) is provided on the Straight Line Method at the rates specified from time to time in Schedule XIV to the Companies Act, 1956 which management considers as being representative of the useful economic lives of such assets:

The management estimates the useful lives of certain assets as follows:

Office Equipments	5 years
Computer	3 years
Furniture and Fixtures	5 years

Technology Transfer Cost is amortised over a period of 6 years.

iii Depreciation on additions to assets or on sale of assets as the case may be is calculated pro-rata from the month of such addition or upto the month of such sale.

iv Assets scrapped / discarded from use and held for disposal are stated at lower of book value or their estimated net realisable value.

3 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

4 Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. [Current investments are carried at lower of cost and fair value. Long term investments are carried at cost]. However, provision for diminution in value is made to recognise a decline other than temporary, if any, in the value of the investments.

5 Inventories:

- i Inventories are valued on FIFO basis at lower of cost or estimated net realisable value.
- ii In cases where duty paid materials are consumed prior to duty-free import of material for manufacture of products for export, the estimated excess cost of such material over that of duty free materials is carried forward and charged to revenue on consumption of such duty-free materials.
- iii Provision for diminution in value is made whenever necessary.
- iv Closing stock of finished goods include Excise duty payable thereon wherever applicable.

6 Excise duty

Credit availed of Excise duty paid on inputs is reduced from the cost of material and is carried forward in Current Assets, Loans and Advances pending utilisation.

7 Amalgamation Expenses :

Amalgamation Expenses are amortised equally over a period of six years beginning with the year of payment.

8 Income and Expenditure:

- i Revenue / Income and Cost / Expenditure are generally accounted on accrual basis as they are earned or incurred, except those with significant uncertainties.
- ii Sales are recognised at the point of despatch of goods to the customers. Sales are net of discounts, sales tax and returns.
- iii Interest income is recognised on time proportion basis.
- iv Dividend on Investments is accounted when received.
- v Insurance claim receivable is recognised in the year of the loss to the extent ascertainable.

9 Foreign Currency Transactions:

- i Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.
- ii The difference in translation of monetary assets and liabilities and realised gains and losses on foreign transactions are recognised in the Profit and Loss Account other than those relating to the liabilities for fixed assets that are adjusted to the cost of the related fixed assets.
- iii The premium or discount on forward exchange contracts is recognised in the profit and loss account over the period of the contract.

10 Retirement Benefits:

- i Gratuity Benefits are accounted for on the basis of amount determined by actuarial valuation made by Life Insurance Corporation of India (LIC) and are funded accordingly by the approved Trust. Any shortfall between liabilities determined on actuarial basis and funds available is charged to Profit and Loss account. Contribution made to LIC is charged to Profit and Loss Account, except in case of certain employees, where the same is provided on the assumption that such benefit is payable at the end of the year.
- ii Retirement benefits in the form of provident fund and pension scheme are accounted on accrual basis and charged to the Profit and Loss Account of the year.
- iii The monetary value of leave encashment benefit is provided on the assumption that such benefit is payable at the end of the year.

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

11 Taxes on Income

In accordance with Accounting Standard AS 22 - Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted

for using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the asset can be realised in future.

B. NOTES ON ACCOUNTS

1. Contingent Liabilities :

	Rs. Lacs 2005/06	Rs. Lacs 2004/05
a. Estimated amount of Contracts remaining to be executed on Capital Account (net of advances paid) and not provided for	575.63	1315.00
b. Guarantees given by Bank to third parties	207.89	341.17
c. Disputed Income Tax Demands (not acknowledged) against which Company / Department has preferred an appeal	108.42	95.55
d. Disputed Wealth Tax Demands (not acknowledged) against which Company / Department has preferred an appeal	3.40	3.40
e. Disputed demands of Central Excise against erstwhile Atlas Wires Limited pending in Appeal	4.55	4.55
f. Disputed demand of Gujarat Electricity Board pending at Apex Court	4.22	4.22
g. In respect of matter pending in labour court, estimated at	0.75	0.75
h. No provision has been made in the accounts for the liability arising on revision, if any, in the salary and wages of the employees at Palej Unit due and pending from 1st January 2004 and at Unit II, Atlas Wires, Silvassa due and pending from 1st January, 2005 and the same shall be accounted on determination.		

2 Information pursuant to part II of Schedule VI.

2 (A) Capacities and Production (rounded off to the nearest Metric Ton) @

	Capacity		Production	
	Licensed	Installed	Own Account 2005/06	Own Account 2004/05
Enamelled Round Copper Winding Wires & Rectangular Strips — covered / non-covered	38000	21620		
Wire Enamels	(38000)	(15950)		
	1500	1500		
	(1500)	(1500)		
Resins / Phenolic Resin	250	0		
	(250)	(0)		
			Job work basis 2005/06	Job work basis 2004/05
Enamelled Round Copper Winding Wires			2311	1776
Bare Copper Wires Own account			0	0
Job work - Inter Unit Unit I			0	18
Job work - Inter Unit Unit II			128	497
Job work - Inter Unit Palej Unit			89	136
Job work - Inter Unit Unit III			136	0
Total			454	651
Wire Enamels			0	0
(Including captive consumption of 68 MT (63 MT))			899	841

@ As certified by the Managing Director

**SCHEDULE 14: SIGNIFICANT ACCOUNTING
POLICIES AND NOTES ON ACCOUNTS**

B. NOTES ON ACCOUNTS (Contd.)**2 (B) Sales and Processing Income**

Sr No.	Product	M.Tons (Rounded off)	Rupees
1	Enamelled Round Copper Winding Wires		
	– Own account	12773 (12140)	3,626,433,251 (2,981,381,541)
	– Jobwork account	2308 (1777)	199,880,353 (137,161,960)
2	Bare Copper Wires		
a)	Own account	0 (0)	0 (0)
b)	Job work - Inter Unit		
	Unit I	101 (18)	+ (+)
	Unit II	128 (497)	+ (+)
	Palej	89 (136)	+ (+)
	Unit III	136 (0)	+ (+)
		454 (651)	+ (+)

+ Value excluded from Profit & Loss account on consolidation.

(In addition, Excise Duty paid Rs. NIL (28,69,923/-) on Inter Unit transfer is included in Gross Sales & Excise Duty)

Sr No.	Product	M.Tons (Rounded off)	Rupees
3	Wire Enamels		
a)	Sale	0 (8)	0 (968,484)
b)	Inter Unit Transfer		
	Unit I	524 (564)	+ (+)
	Unit II	210 (150)	+ (+)

(In addition, Excise Duty paid Rs. 1,26,74,971/- (Rs. 124,44,720/-) is included in Gross Sales & Excise Duty)

+ Value excluded from Profit & Loss account on consolidation.

4	Waste and Scrap of Copper	565 (476)	125,493,012 (82,511,198)
5	Others		521,711 (1,031,925)

(In addition, Excise Duty paid Rs. 8,38,180/- (Rs.6,64,297/-) on Inter Unit transfer is included in Gross Sales & Excise Duty)

2 (C) Opening and Closing Stock

Sr. No.	Product	Opening Stock		Closing Stock	
		Quantity (M.T.) (Rounded off)	Value Rupees	Quantity (M.T.) (Rounded off)	Value Rupees
1	Copper	80 (99)	14,143,220 (15,146,783)	95 (80)	24,273,196 (14,143,220)
2	Enamels & Chemicals	456 (208)	48,510,164 (23,217,348)	314 (456)	37,768,322 (48,510,164)
3	Material under process	192 (144)	36,062,631 (24,146,059)	236 (192)	62,889,762 (36,062,631)
4	Finished Goods				
	(a) - Enamelled Round Copper Winding Wires	251 (404)	59,246,427 (88,901,912)	476 (251)	155,790,767 (59,246,427)
	(b) - Wire Enamel	82 (27)	8,505,406 (2,858,103)	180 (82)	21,220,147 (8,505,406)
5	Copper Scrap	0 (4)	0 (631,467)	5 (0)	1,124,111 (0)

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. NOTES ON ACCOUNTS (Contd.)
2 (D) Raw Material Consumed

Sr. No.	Description		M.Tons (Rounded Off)	Rupees
1	Copper			
a)	Own Account	#	13189 (12108)	2,703,622,599 (2,046,132,972)
b)	Supplied by customers for production of Enamelled Wire on Job Work basis.		2311 (1784)	Not Applicable (Not Applicable)
c)	For Bare Copper Wire produced			
	For Inter Unit Transfer on job work basis	Unit I	101	+
	For Inter Unit Transfer on job work basis	Unit II	128	+
	For Inter Unit Transfer on job work basis	Palej Unit	89	+
	For Inter Unit Transfer on job work basis	Unit III	136	
			454	+
			(651)	(+)

/ + Quantity and Value of consumption of copper for Bare Wire produced on job work for Inter Unit transfer is included in Quantity and Value of consumption of Copper - Own Account.

Sr. No.	Description		M.Tons (Rounded Off)	Rupees
2	Enamels and Chemicals			
a)	Own Account		1610 (1464)	168,330,966 (141,351,548)
	[Includes chemicals used for production of enamels 942 MT (875 MT) / Rs. 8,00,96,214 /- (Rs. 6,84,03,718)]			
b)	Supplied by customers for production of enamelled copper wires on Jobwork basis.		0 (17)	N.A. (N.A.)
			2005/06 Rupees	2004/05 Rupees

2 (E) Value of Imports calculated on CIF Basis.

(Including Material in Transit)

1.	Raw Materials	67,983,608	73,971,366
2.	Consumable Stores & Spares and Repairs to Plant	8,259,313	6,196,529
3.	Capital Goods	203,111,569	33,588,905

2 (F) Value of Raw Materials and Stores & Spares consumed:

	Percentage	Value
a. Raw Materials :		
Imported	3 (3)	79,966,918 (59,412,730)
Indigenous	97 (97)	2,791,986,646 (2,128,071,790)
	100 (100)	2,871,953,564 (2,187,484,520)
b. Stores & Spares :		
Imported	22 (39)	4,582,003 (8,460,621)
Indigenous	78 (61)	16,041,503 (13,253,959)
	100 (100)	20,623,506 (21,714,580)

**SCHEDULE 14: SIGNIFICANT ACCOUNTING
POLICIES AND NOTES ON ACCOUNTS**

B. NOTES ON ACCOUNTS (Contd.)

	2005/06 Rupees	2004/05 Rupees
2 (G) Expenditure in foreign Currency		
Technology Transfer Cost	394,650	1,483,916
Testing/Membership Fees	48,423	11,040
Miscellaneous payments	0	0
Travelling	1,141,088	130,641
2 (H) Amount of Dividend remitted during the year in foreign currency	NIL	NIL
2 (I) Earnings in Foreign Exchange Export of Goods on FOB Basis	8,834,333	5,227,859
2 (J) Remuneration to Auditors (excluding Service Tax)		
i) Remuneration to Auditors		
(a) Audit Fees.	300,000	200,000
(b) Tax Audit Fees.	30,000	30,000
(c) Certification Fees.	26,653	12,500
(d) Taxation Matters.	15,000	32,000
Total	371,653	274,500
In addition to the above, an aggregate sum of Rs. 40,000/- (Previous Year - Rs 40,000/-) has been paid /is payable to a partner of the firm of Auditors in his personal capacity for Company Law matters.		
2 (K) Expenses/Debits and (Income / Credits) pertaining to previous year(s) :		
Manufacturing	17,890	(103,258)
Administration & Selling Expenses	(75,214)	(207,711)
Sales Tax	0	7,404
	(57,324)	(303,565)
2 (L) (a) Computation of profits in accordance with Section 198 of the Companies Act, 1956 :		
Net Profit before Tax	262,399,320	226,385,580
Less :		
Provision for decline in Value of Investment	(380,034)	
Profit on Sale of Investments	(4,740,426)	(795,324)
Add :		
Directors' Remuneration *	18,182,911	16,385,458
Directors' sitting fees	330,000	275,000
Loss on sale of Investments	0	0
Loss on sale of assets	7,089	2,812,001
Provision for decline in value of investments	0	380,034
Loss on Scrapping of Assets	2,164,219	0
Preliminary/Deferred Revenue Expenses	146,951	197,444
Amalgamation Expenses written off	883,764	883,764
	278,993,793	246,523,957
Net Profit for Section 198 of the Companies Act	278,993,793	246,523,957
10 % (10%) of Net Profit as above	27,899,379	24,652,396
Commission payable @ 1% (1%) of Net Profit as above to each of three Directors	8,369,814	7,395,719
- Total 3% (Previous Year -3%)	0	0
Total Commission for the Year to three working Directors	8,369,814	7,395,719

No adjustment of Depreciation is shown above as the Company depreciates fixed assets based on estimated useful lives not lower than implicit in Schedule XIV of the Companies Act, 1956. Accordingly, rates of depreciation used by the Company are higher than or equal to the minimum prescribed by the Schedule XIV.

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. NOTES ON ACCOUNTS (Contd.)

	2005/06 Rupees	2004/05 Rupees
2 (L) (b) Remuneration paid / payable during the year to Managing / Whole time Directors*		
Salary	7,200,000	6,700,000
Leave Encashment	210,000	0
Leave Travel Allowance	600,000	633,333
House Rent Allowance	300,000	300,000
Perquisites	639,097	552,406
Contribution to Provident & Pension Funds	864,000	804,000
	<u>9,813,097</u>	<u>8,989,739</u>
Commission	8,369,814	7,395,719
	<u>18,182,911</u>	<u>16,385,458</u>

* Excluding Provision for Gratuity Rs. 2,30,770/- (Rs.4,61,540/-) other than on actuarial valuation and provision for leave salary Rs. 8,00,000/- (Rs. 5,86,923/-)

3 Term Loan and Working Capital Borrowings from Bank of Baroda, in addition to personal guarantees of three directors, are secured, by way of first charge on Plant and Machinery and other Fixed Assets (existing as well as to be purchased), Stock-in-Trade, Book Debts and Equitable Mortgage of Land & Factory Buildings of the Company.

4 In accordance with the Guidance Note on Accounting Treatment for Excise Duty issued by The Institute of Chartered Accountants of India, the Excise Duty on Finished Goods lying in Bonded Store Rooms of the factories, estimated at a) Rs. 70,72,019/- (Rs. 32,53,631/-) + b) 55,53,371/- (Rs.7,55,992/-) + c) Rs.82,47,276/- (Rs.31,62,275/-) for individual Units aggregating to Rs.208,72,666/- (Rs.71,71,898/-) has been included in the valuation of finished goods inventory. There is no impact on the profits of the Company due to the above treatment. The above amount of Rs. 208,72,666/- (Rs. 71,71,898/-) included in the amount of Excise Duty of a) Rs. 27,83,43,909/- (Rs. 22,79,91,006/-) + b) Rs. 19,92,79,452/- (Rs. 13,52,73,098/-) + c) Rs.9,67,29,891/- (Rs.8,90,73,736/-) for individual Units, aggregating to Rs. 57,43,53,252/- (Rs. 45,23,37,840/-) appearing in the Profit and Loss Account as deduction from Sales and Processing Income

5 As the Company operates in the single business segment of Enamelled Copper Winding Wires, there are no reportable segments of business as defined under the Accounting Standard AS 17-Segment Reporting issued by The Institute of Chartered Accountants of India.

6 Disclosure of Transactions with related parties as required under Accounting Standard AS 18 on Related Party disclosures issued by The Institute of Chartered Accountants of India are given below :

a) Relationship:	Key Management personnel:	
Chairman & Managing Director	Managing Director	Whole Time Director
Shri Mahendra R Mehta	Shri Milan M Mehta	Shri Deepak M Mehta
	Relatives of key management personnel:	
Mrs S M Mehta, Wife	Mrs G M Mehta, Wife	Mrs S D Mehta, Wife
	Master A M Mehta, son	Master N D Mehta, son
	Miss M M Mehta, daughter	

Mrs S M Mehta is also the mother of Shri Milan M Mehta and Shri Deepak M Mehta.

Shri Milan M Mehta and Shri Deepak M Mehta are brothers and sons of Shri Mahendra R Mehta.

b) The following transactions were carried out with related parties in the ordinary course of business:

Nature of Transaction	2005-06		2004-05	
	Rupees	Rupees	Rupees	Rupees
Rent Paid	307,200	614,640	Relatives	
Security Deposit Given for Premises (Paid in Prior Year)	2,000,000	2,000,000	Relatives	
Remuneration	18,182,911	16,385,458	Key Management Personnel	

c) The Company does not have any subsidiary Company.

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. NOTES ON ACCOUNTS (Contd.)

- 7 a) The following being Inter Unit Transactions during the year have been excluded in these Accounts

	2005/06 Rupees	2004/05 Rupees
1. Sales & Processing Income / Purchase - Copper Wire Rods	1,798,186	2,425,165
2. Sales & Processing Income / Purchase - Enamels etc.	73,676,556	72,053,106
3. Sale & Processing Income / Stores & Spares/Packing	4,762,429	2,088,175
4. Other Income / Other Expenses	90,000	90,000

- b) The profit arising on transfer of material by one Unit to another and in Stock as at 31st March 2006 has been excluded from the valuation of relevant closing stock.

- 8 During the year under review, the Company has purchased and sold the following investments:

Sr. No.	Scheme	Face Value Rs	No. of Units Purchased & Sold	Amount Invested Rs
1	BOB Liquid (Dividend) Fund	10/-	2,904,102 (11,634,710)	30,000,000 (120,000,000)
2	UTI Liquid Cash Plan Institutional (Dividend) Fund	1000/-	83,700 (0)	85,117,162 (0)

- 9 Income from Investments consists of (a) Dividends from Companies Rs. 96,000/- (Rs 1,59,000/-) and (b) Dividends from Units of Mutual Funds - Rs. 2,65,839/- (Rs. 5,01,743/-)

- 10 Extra-ordinary Items aggregating Rs.76,39,575/- (Rs.NIL) relates to the cost incurred by the Company for setting up of High Tension Power Distribution Facilities which now belongs to the Electricity Supply Authority in accordance with the Rules & Regulations.

- 11 Amounts due to Small Scale Industrial Undertakings, and outstanding for a period exceeding 30 days are : NIL

- 12 During the year, the Company has made a provision for loss of Rs. 21,64,219/- (Rs. 1,34,528/-) towards scrapping of certain items of Plant & Machinery on account of technological obsolescence of such machinery.

- 13 In view of Accounting Standard Interpretation on Accounting for Fixed Asset AS-10, issued by The Institute of Chartered Accountants of India, during the year, Machinery spares of an aggregate purchase cost of Rs. 20,46,681/- (Rs. 36,25,795/-) which are meant for specific machines and use whereof is irregular have been capitalised with the cost of relevant Plant and Machinery. Depreciation on the same has been provided on a systematic basis over a period not exceeding the useful life of the principal item of Plant & Machinery. During the year, the written down value of such capitalised spares actually put to use, aggregating to Rs.18,91,902/- (Rs.7,76,865/-) is charged to Profit and Loss Account under the head "Repairs and Maintenance, Machineries". The original cost and accumulated depreciation thereof has been reduced from the Block of Fixed Assets.

- 14 Earning Per Share (EPS) - EPS is calculated by dividing the profit attributable to the equity shareholders by the average number of equity shares outstanding during the year as stated below.

	2005-06	2004-05
a Profit after tax	180,484,801	153,202,034
b Number of Shares	10,463,623	10,463,623
c EPS	17.25	14.64
d Facevalue per share	10.00	10.00

- 15 Figures in brackets pertain to the previous year.

- 16 Previous year's figures have been regrouped/reworked wherever necessary.

As per our report of even date.

For S.R. Divatia & Co.
Chartered Accountants

Shalin S. Divatia
Partner
Member Ship No. 39755

Mumbai,
Dated 24th June, 2006

For and on behalf of the Board

Mahendra R. Mehta Chairman, Managing Director & CEO

Milan M. Mehta Vice Chairman & Managing Director

Sanjaya R. Kunder Company Secretary

Upen Shah Vice-President & CFO

Mumbai,
Dated 24th June, 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details :

Registration No. 11-54356 State Code 11 (Ref. Code List 1)

 Balance Sheet Date : Date Month Year
 31 03 2006

II Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1,432,561	Total Assets	1,432,561
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Sources of Funds :

Paid-up Capital	104,644	Reserves & Surplus	873,427
Secured Loans	355,444	Unsecured Loans	0
Deferred Tax Liability	99,046		

Application of Funds :

Net Fixed Assets	1,003,796	Investments	21,776
Net Current Assets	406,637	Misc. Expenditure	352
Accumulated Losses	NIL		

IV Performance of Company (Amount in Rs. Thousands) :

Turnover	3,974,968	Total Expenditure	3,712,568
+ Profit/ -Loss Before Tax	262,400	+Profit/ -Loss After Tax	180,485
Earning Per Share Rs.	17.25	Dividend Rate %	35%

V Generic Names of Three Principal Products/Service of Company

i) Item Code No. (ITC Code) 85441110

Product Description : Winding Wires of Enamelled Copper

The Company deals in only one product.

For and on behalf of the Board

Mahendra R. Mehta Chairman, Managing Director & CEO

Milan M. Mehta Vice Chairman & Managing Director

Sanjaya R. Kunder Company Secretary

Upen Shah Vice-President & CFO

 Mumbai,
 Dated 24th June, 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	Rupees in Lacs	
	31.03.2006	31.03.2005
A. Cash Flow From Operating Activities		
Net profit before tax and extraordinary items	2,700.39	2,263.85
Add / (Deduct) : Adjustments for		
Interest	150.91	91.10
Depreciation (net)	463.70	460.51
Preliminary Expenses / Deferred Revenue Written off	1.47	1.97
Amalgamation Expenses Written off	8.84	8.84
(Profit)/Loss on sale of assets	0.07	28.12
Imported Spares Written off	18.92	7.77
(Refer Note No B-13 in Notes to Accounts Sch 14)		
Provision for Loss on Fixed Assets Scrapped / Discarded	21.64	1.35
Profit / Loss on sale/write-off of Investment	(47.40)	(7.95)
Provision for Decline in Value of Investments	0	3.80
Provision for Decline in Value of Investments Written Back	(3.80)	0
Income from investments	(3.62)	(6.61)
	<u>610.73</u>	<u>(6.61)</u>
Operating Profit before working capital changes	3,311.12	2,852.74
Add / (Deduct) Adjustments for :		
Trade and Other Receivables	(2,137.88)	(1,301.41)
Inventories	(1,349.12)	(197.05)
Trade and Other Payables	4,069.39	2,229.05
Loans and Advances	(496.60)	(988.03)
Other Current Assets	(113.42)	(12.27)
	<u>(27.63)</u>	<u>(12.27)</u>
Cash generated from operations	3,283.49	2,583.03
Direct Taxes paid (net of refunds)	(620.03)	(686.24)
Cash flow before extraordinary items	2,663.46	1,896.79
Extraordinary items	(76.40)	-
Net cash from operating activities	2,587.06	1,896.79
B. CASH FLOW FROM INVESTING ACTIVITIES - Inflow / (Outflow)		
Purchase of fixed assets (including Capital Work In Progress)	(4,771.14)	(1,165.05)
Proceeds from Sale of Fixed assets	1.27	3.46
Investments In Units Of Mutual funds	(1,368.52)	(1,200.00)
Proceeds of sale of investments/Units of Mutual Funds	1,373.75	1,207.96
Income from Investments	3.62	6.61
Net cash generated / (used) in investing activities	(4,761.02)	(1,147.02)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in / (Repayment of) term loans	1,828.24	550.00
Increase/(Decrease) in Bank borrowings	582.12	(215.92)
Interest paid	(150.91)	(91.10)
Dividends paid	(228.07)	(375.99)
Net cash generated/(used) in financing activities	2,031.38	(133.00)
Net increase/(decrease) in cash equivalents	(142.58)	616.77
Cash and cash equivalents as at 1st April, 05	1,502.89	886.12
Cash and cash equivalents as at 31st March, 06	1,360.31	1,502.89

Note : Interest Income represents mainly amounts received from customers for delayed payments and income on Bank-Fixed- Deposits under lien with the Bank. Hence the Interest Income is considered as a part of the operational activities of the Company.

As per our report of even date.

For S.R. Divatia & Co.
Chartered Accountants

Shalin S. Divatia
Partner
Member Ship No.39755
Mumbai,
Dated 24th June, 2006

For and on behalf of the Board

Mahendra R. Mehta Chairman, Managing Director & CEO

Milan M. Mehta Vice Chairman & Managing Director

Sanjaya R. Kunder Company Secretary

Upen Shah Vice-President & CFO

Mumbai,
Dated 24th June, 2006



PRECISION WIRES INDIA LTD.

REGD. OFFICE: SAIMAN HOUSE, J.A. RAUL STREET, OFF. SAYANI ROAD,
PRABHADEVI, MUMBAI - 400 025.

17TH ANNUAL GENERAL MEETING 2005-2006

PROXY FORM

I/We _____ of _____ in the district
of _____ being a Member/Members of PRECISION WIRES INDIA LIMITED hereby
appoint _____ of _____
in the district of _____ or failing him
_____ of _____ in the
district of _____ as my/our Proxy to vote for me/us on my/our behalf at the **17th Annual General
Meeting** of the Company to be held on **Thursday, 31st August, 2006** at 10.30 a.m. and any adjournment
thereof.

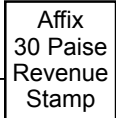
Signed this _____ day of _____ 2006

*DP Id: _____ *Client Id: _____

Reg. Folio No.: _____

No. of Shares held _____

Signature _____



NOTE:

1. A MEMBER ENTITLED TO VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE MEMBER.
 2. THE PROXY FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN **48 HOURS** BEFORE THE TIME FOR HOLDING THE MEETING.
- * APPLICABLE FOR MEMBERS HOLDING SHARES IN ELECTRONIC FORM.

— ✂ Tear Here —

PRECISION WIRES INDIA LTD.

REGD. OFFICE: SAIMAN HOUSE, J.A. RAUL STREET, OFF. SAYANI ROAD,
PRABHADEVI, MUMBAI - 400 025.

ATTENDANCE SLIP

(This slip may please be handedover at the entrance of the meeting hall)

Regd. Folio No.: _____ *DP Id: _____ *Client Id: _____

No. of Shares held _____

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company to be held
on **Thursday, 31st August, 2006** at the Hall of The Mysore Association, 1st Floor, 393 Bhaudaji Road, Maheshwari
Udyan (Kings' Circle), Matunga (Central Railway), Mumbai – 400 019.

Full Name of Shareholders / Proxy (in Block Letters) _____

Signature of the Shareholder / Proxy _____

* APPLICABLE FOR MEMBERS HOLDING SHARES IN ELECTRONIC FORM.