



**18th ANNUAL REPORT
2007 - 2008**



MAZDA LIMITED

CONTENTS	PAGE No.
Notice	1 - 2
Directors' Report	3 - 8
Report on Corporate Governance	9 - 17
Auditors' Report	18 - 21
Balance Sheet	22 - 22
Profit & Loss Account	23 - 23
Cash Flow Statement	24 - 25
Schedules forming part of Balance Sheet	26 - 29
Schedules forming part of Profit & Loss Account	30 - 31
Notes forming part of Accounts	32 - 41
General Business Profile	42 - 42

BOARD OF DIRECTORS :

NANALAL C. MEHTA (Chairman)
SORAB R. MODY (Managing Director)
SAMUEL W. CROLL - III
DADY K. CONTRACTOR
MOHIB N. KHERICHA
SHEILA S. MODY
HOUTOXI F. CONTRACTOR
HARBHAJANSINGH B. KHALSA
PERCY X. AVARI (Whole-time Director)
SHANAYA S. MODY (Whole-time Director)

FINANCIAL CONTROLLER :

CYRUS J. BHAGWAGAR

COMPANY SECRETARY :

NISHITH C. KAYASTH

REGISTERED OFFICE :

C/1-39/13/16 G.I.D.C., Naroda,
Ahmedabad-382 330.

BANKERS :

State Bank of India
Specialized Commercial Branch,
Opp. Gandhigram Rly. Station,
Ashram Road, Ahmedabad-380 009.

AUDITORS :

Apaji Amin & Co., Chartered Accountants
304, Akansha Building, Near Mount Carmel School,
Navrangpura, Ahmedabad-380 009.

SHARES LISTED AT :

Ahmedabad Stock Exchange Limited
Kamdhenu Complex,
Opp. Sahajanand Complex,
Panjarapole, Ambawadi,
Ahmedabad-380 015.
(Company Code - 36100)

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.
(Company Code - 523792)

REGISTRAR & SHARE TRANSFER AGENTS :

Sharepro Services (India) Pvt. Ltd.
Satam Industrial Estate, 3rd floor,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai-400 099.



NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of members of Mazda Limited will be held at the Registered office of the company at C/1-39/13/16 GIDC, Naroda, Ahmedabad-382 330, on Monday, 29th September, 2008 at 09.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date and the Reports of the Directors and the Auditor's thereon.
2. To declare dividend for the year ended 31st March, 2008.
3. To appoint a Director in place of Dr. Nanalal C. Mehta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Sheila S. Mody, who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint a Director in place of Mrs. Houtoxi F. Contractor, who retires by rotation and being eligible offers herself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:
C/1-39/13/16 GIDC,
Naroda, Ahmedabad – 382 330

Place : Ahmedabad
Date : 28/07/2008

By Order of the Board,

Nishith Kayasth
Company Secretary



NOTES:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member of the company. Proxies in order to be effective must be lodged at the registered office of the company not less than 48 hours before the commencement of the meeting.
- (2) The Register of Members and the Share Transfer Books of the company will remain closed from 20th September, 2008 to 26th September, 2008 (both days inclusive).
- (3) Members are requested to bring the copy of their Annual Report and the duly filed Attendance Slip at the Annual General Meeting.
- (4) The dividend warrants pertaining to earlier years issued by the company are not yet encashed by some of the members. Hence, those members who have not encashed the dividend warrants may please get the same revalidated by the company and encash them at the earliest to avoid inconvenience at a later date.
- (5) Members holding shares in physical form are requested to notify immediately the change, if any, in their registered address. The members holding shares in demat mode may contact their Depository Participant for change in their registered address and bank mandate as the same will be printed on the dividend warrants.
- (6) The equity shares of the company are available for dematerialisation, as the company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE885E01034.

Registered Office:
C/1-39/13/16 GIDC,
Naroda, Ahmedabad – 382 330

Place : Ahmedabad
Date : 28/07/2008

By Order of the Board,

Nishith Kayasth
Company Secretary



DIRECTORS' REPORT

To,
THE MEMBERS,
MAZDA LIMITED

Your Directors have pleasure in presenting the Eighteenth Annual Report on the business and operations of the company along with the Audited Accounts for the year ended March 31, 2008.

1. FINANCIAL RESULTS

(Rs. in Lacs)

Sr. No. Particulars	2007-08	2006-07
i. Sales (excluding excise duty) and other Income	6023.21	5262.48
ii. Profit before interest, depreciation and tax	1078.59	850.58
iii. Interest	(-) 25.23	(-) 46.53
iv. Tax Expenses	(-) 357.58	(-) 250.16
v. Cash Profit	695.78	553.89
vi. Depreciation	(-) 100.31	(-) 88.22
vii. Prior period & Extra ordinary items	(-) 2.37	---
viii. Profit for the year	593.10	465.67
ix. Balance of Profit brought forward	1169.62	803.67
x. Total Profit available for appropriation	1762.72	1269.34
xi. Transfer to general reserve	31.00	25.00
xii. Proposed Dividend	63.87	63.87
xiii. Dividend Tax	10.85	10.85
xiv. Profit carried to Balance Sheet	1657.00	1169.62

2. DIVIDEND & TRANSFER TO GENERAL RESERVE

Your directors have recommended a dividend of Rs. 1.50 per share (15%) for the year ended 31st March, 2008, subject to approval of the shareholders at the ensuing Annual General Meeting of the company. The outflow due to dividend payment for the current year will be Rs. 63.87 Lacs and dividend distribution tax of Rs. 10.85 Lacs making the total outflow (including Dividend Tax) of Rs. 74.72 Lacs.

Your directors propose to transfer the amount of Rs. 31.00 Lacs (Previous year 25.00 Lacs) to the General Reserve, having regard to the requirements of Section 205 (2A) of the Companies Act, 1956 and with reference to the Companies (Transfer of profits to Reserve) Rules, 1975.

3. OPERATIONS

The year under review has been another good year for your company. The total income of the company during the year increased by about 14% to Rs. 64.21 Crores against Rs. 52.62 Crores of the previous financial year.

The profit before tax also increased by about 33% to Rs. 9.54 Crores from Rs. 7.16 Crores of the previous financial year. The profit after tax has increased by 27% to Rs. 5.95 Crores from Rs. 4.66 Crores of the previous financial year.

4. FINANCE AND ACCOUNTS

During the year under review, your company has regularly paid the principal and interest to the term lender and there has been no default towards them. The company is at present using financial assistance in the form of working capital facilities and Term Loan from State Bank of India, Ahmedabad. Your company has overall banking limits to Rs. 16.51 Crores to capture its fund requirements.

5. MANAGEMENT DISCUSSION AND ANALYSIS

- (a) **Industry Structure and Developments:** The Indian economy continued its growth momentum during the year 07-08 while manufacturing sector had a noticeable slow down compared to the previous year. Your company's clients are in automotive, agricultural, heavy engineering, electrical equipments and power industry. Your company has designed MEG motivated ejector systems in past and its demand has been continuously increasing and the company has received orders from clients like Reliance Industries Limited. Your company expects good growth in this line of business.

The Indian industry is experiencing the challenging time with high inflation rate and interest rate hikes which has also affected the growth of the engineering industry. In particular, steel prices have fluctuated in the current year which has affected the margins of your company but your company can overcome from this situation with effective cost controls and improved production quality.

As you are aware that your company has started manufacturing and exporting its food division products like soft drink concentrates, essences and jams etc. to various countries including gulf countries wherein the company has found a tremendous demand for its products.

- (b) **Segment-wise Performance:** Your company has decided to merge its vacuum and valve segments from April 2008 onwards as the food division has become reportable segment and vacuum and valve can be merged as both represent the engineering segment. Therefore, the segments will be food products and engineering products.

Your company has continued its growth prospective in its vacuum business and its Sales has increased by almost 16% in the current year.

The Valves business has been continued in its normal trend and it has not registered any growth for the year under review.

The food business of your company has registered a good growth in the year under review with the sale of Rs. 1.42 Crores in the export segment.

- (c) **Outlook:** The growth momentum in the Indian economy is expected to slow down a bit with the high inflation rates. But your company is expecting to maintain its growth in the engineering sector with secured orders from companies like Reliance, Triveni, Siemens and L&T which will improve the growth of your company. Your company has developed strong technical base and is gaining confidence levels of customers for their developments of new designs and new application in engineering products.

The acquisition of third unit has been held up with the local authority clearances but the same is expected to be resolved in the current year. The manufacturing at the third unit can be started after completion of the formalities for acquisition in the current financial year 08-09.

- (d) **Opportunities and threats:** Your company is a strong and established player in its products. Your company is planning to tap down the opportunities available in the power and steel sectors which helps to improve its growth momentum and increase in the turnover. The company is looking forward to increase its export turnover as the demand from foreign countries are continuously increasing.

Although, the steep appreciation of the rupee in the international market, high inflation rate, increase in the cost of materials and high interest rates are the main concerns for the future growth story of your company.

- (e) **Internal control systems and risk management:** Your company has effective and adequate internal control systems, which ensure reliable financial reporting, safeguarding of assets, adherence to management policies and promotion of ethical conduct. These systems are regularly reviewed, modified and improved upon, to conform to changes in the business environment and processes. The procedures followed by your company also require a regular internal audit to be conducted for each business unit and internal audit department conduct such audits. In addition, the Board has appointed an Audit Committee which on regular intervals, in co-ordination with internal and statutory auditors reviews the adequacy of internal control system within the company.

The company's internal process covers processes for identification, assessment and mitigation of various kinds of risks, which includes strategic, operational, financial and environmental risks. Such risks are discussed and the decisions to mitigate such risks are taken in the Board and Audit Committee meetings and other functional committee meetings wherein senior management are involved.

Company's internal auditor reviews the internal controls, risk assessment and mitigation procedures, independently as a part of their internal audit process and their observations and findings are presented, reviewed and discussed in the Audit Committee meetings. The Board also reviews the risk assessment and mitigation procedures periodically.

- (f) **Human Resources and Industrial Relations:** The year under review has witnessed company's constant efforts in strengthening Human Resources, providing them better working atmosphere with advanced infrastructure, which helps them exploring their talent.

The company has employed 175 personnel as at 31st March, 2008 consisting of persons well qualified in technical and managerial skills and having the requisite competence required for their tasks.

Industrial relations during the year continued to be cordial and peaceful.

- (g) **Cautionary statement:** Certain statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied therein.

6. EXPORTS AND TECHNOLOGY DEVELOPMENTS

Exports for the year were at Rs. 10.45 Crores as compared to Rs. 6.12 Crores for the previous year increasing by almost 10% compared to the last year. The export business with the Croll Reynolds Inc., USA is growing with the increased demand in the international markets for the engineering products.

Due to technological advancements, your company has derived benefits like improvements in the quality of the current products, cost reductions, development of new and critical products with development of new designs for its products.

7. FIXED DEPOSITS

Your company has not accepted new Fixed Deposits during the year under review. The matured Fixed Deposits are repaid in time. The existing Fixed Deposits are within the limits prescribed under Companies (Acceptance of Deposits) Rules, 1975 as amended to date.

8. DIRECTORS

Dr. Nanalal C. Mehta, Chairman, who retires by rotation and being eligible offers himself for re-appointment.

Mrs. Sheila S. Mody, Director, who retires by rotation and being eligible offers herself for re-appointment.

Mrs. Houtoxi F. Contractor, Director, who retires by rotation and being eligible offers herself for re-appointment.

The brief resume of the appointing directors are given in the Corporate Governance Report.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2008 and of the profit of the company for the year ended on that date;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

10. REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the stock exchanges, a separate section on Corporate Governance together with a certificate from the Statutory Auditors confirming compliance is set out in the Annexure forming part of this report.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to 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 regarding Conservation of Energy, Technology Absorption, Research & Development and Foreign Exchange earnings & outgo are given in Annexure – A which forms part of Directors' Report.

12. EMPLOYEES

As required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended to date, the particulars of which are given in Annexure – B which forms part of this Directors' Report.

13. AUDITORS

M/s. Apaji Amin & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The notes to the accounts referred to in the Auditors' report are self-explanatory and, therefore, do not call for any further comments.

14. APPRECIATION

Your Board takes this opportunity to express its sincere appreciation of the excellent contribution made by all its employees towards the overall performance of your company. Your Directors also thank all the shareholders, distributors, suppliers, bankers and other business associates for their valuable service and support during the year under review.

For and on behalf of the Board,

Place : Ahmedabad
Date : 28/07/2008

S. R. MODY
Managing Director



ANNEXURE - A TO DIRECTORS' REPORT

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

FORM - B

Sr. No.	Particulars	Action taken
1.	Research & Development (R&D)	
A.	Specific areas in which R&D carried out by the company	Product improvement and cost controlling
B.	Benefits derived as a result of the above R&D	Enhanced capacity and improved performance of the production capacity
C.	Future plan of action	Cost effective production and product development
D.	Expenditure on R&D a. Capital b. Recurring c. Total d. Total R&D expenditure as a percentage of total turnover	Nil Nil Nil Nil
2.	Technology absorption, adaptation and innovation	
A.	Efforts, in brief, made towards technology absorption, adaptation and innovation	The technology for manufacturing of turbine by-pass valves from Ke Kauer Engineering, Germany is fully absorbed.
B.	Benefits derived as a result of the above efforts	The Company has designed new turbine by-pass valves using Disc Stack design from further R&D done on the technology absorbed from KE Kauer Engineering.
C.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: a. Technology imported b. Year of import c. Has technology been fully absorbed? d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	Technical Know how & information 2001 Yes N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Inflow:

- On Sale of Products Rs. 10,51,01,929

Foreign Exchange Outgo:

- On Foreign Travel Rs. 11,39,225
- On Subscription Rs. 17,534
- On Purchase of Materials Rs. 56,41,075
- On purchase of capital goods Rs. 14,10,373
- Payment of Dividend Rs. 7,49,250
- Royalty to collaborators Rs. 4,64,308
- Factory consumable expenses Rs. 1,18,500
- Equipment repairs expenses Rs. 1,30,569

ANNEXURE – B TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2008.

Sr. No.	Name	Designation	Remuneration* (Rs.)	Qualification	Experience (Yrs)	Commencement of Employment	Age (Yrs)	Particulars of Last Employment/ Employer/ Last Post & Period for which post held
1.	Sorab R. Mody	Managing Director	57,70,535	B.com.	30	01/12/1991	62	J.N. Marshall Ltd. - Branch Manager

* Remuneration includes Salary, commission, Leave Travel Assistance & Medical Reimbursement.

For and on behalf of the Board,

Place : Ahmedabad
Date : 28/07/2008

S. R. MODY
Managing Director



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

The following is a report on Corporate Governance Code as implemented by your company.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

There is more widespread understanding and acceptance that good corporate governance ultimately leads to better performance, increased investor confidence and higher value creation. Therefore, we at Mazda Limited are committed to the highest standards of corporate governance in all its activities and processes. We always seek to ensure that we attain our performance rules with integrity.

Our Board exercises its fiduciary responsibilities in the widest sense of the term. The company recognises that good corporate governance is a continuing exercise and is committed to follow the best practices in the overall interest of the stakeholders. The company has moved further in its pursuit of excellence in corporate governance.

2. BOARD OF DIRECTORS

The Board comprises of 10 directors out of which 3 directors are executive directors, 3 are non-executive and 4 directors are independent directors. The company has a non-executive and independent Chairman. Therefore, composition of the Board is in conformity with clause 49 of the Listing Agreement with the stock exchanges.

(a) Composition of Board

Name of the Directors	Category of Directors	No. of Board Meetings Held while holding the office	Attended while holding the office	Attendance at the last AGM	No. of Directorship in other Companies*	No. of Committees in which member / Chairman*
Dr. Nanalal C. Mehta (Chairman)	Non-Executive & Independent	5	2	No	NIL	NIL
Mr. Sorab R. Mody (Managing Director)	Promoter & Executive	5	5	Yes	NIL	NIL
Mr. Samuel W. Croll-III	Non-Executive	5	1	No	NIL	NIL
Mr. Dady K. Contractor	Non-Executive & Independent	5	3	No	6	3 / 1
Mr. Mohib N. Khericha	Non-Executive & Independent	5	5	Yes	4	2 / 2
Mrs. Sheila S. Mody	Non-Executive	5	5	Yes	NIL	NIL
Mrs. Houtoxi F. Contractor	Non-Executive	5	1	No	NIL	NIL
Mr. Harbhajansingh B. Khalsa	Non-Executive & Independent	5	5	No	NIL	NIL
Mr. Percy X. Avari	Executive	5	5	Yes	NIL	NIL
Ms. Shanaya S. Mody	Executive	5	5	Yes	NIL	NIL

* excluding private companies & Mazda Limited

(b) Remuneration of directors

Non-executive directors are paid sitting fees only for their directorship in your company. The details of remuneration paid to directors for the year ended 31st March, 2008 are as follows:

Name of Directors	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Dr. Nanalal C. Mehta (Chairman)	50,000	NIL	NIL	50,000
Mr. Sorab R. Mody (Managing Director)	NIL	29,04,000	28,66,535	57,70,535
Mr. Mohib N. Khericha	93,000	NIL	NIL	93,000
Mr. Samuel W. Croll-III	10,000	NIL	NIL	10,000
Mr. Dady K. Contractor	30,000	NIL	NIL	30,000
Mrs. Sheila S. Mody	98,000	NIL	NIL	98,000
Mrs. Houtoxi F. Contractor	10,000	NIL	NIL	10,000
Mr. Percy X. Avari	NIL	23,00,800	NIL	23,00,800
Mr. Harbhajansingh B. Khalsa	93,000	NIL	NIL	93,000
Ms. Shanaya S. Mody	NIL	23,11,200	NIL	23,11,200

(c) Details of Board Meetings held during the year:

During the year under review, five board meetings were held on following dates:

16 April 2007	27 October 2007	28 January 2008
30 July 2007	15 December 2007	

3. REMUNERATION COMMITTEE

The Remuneration Committee comprises of three non-executive and independent directors. The present members of the committee are Mr. Mohib N. Khericha, Dr. Nanalal C. Mehta and Mr. Harbhajansingh B. Khalsa.

Remuneration Committee frames policy on Board and its directors with approval of the Board. It makes recommendation for the compensation including variable portion of the remuneration package payable to the executive directors of the company. It also assists the Board in implementation of the HR policy.

Only one meeting of Remuneration Committee was held on 30th July, 2007 and except Dr. Nanalal C. Mehta, all members had attended the meeting.

4. AUDIT COMMITTEE

The Audit Committee was constituted as per the provisions of Section 292A of the Companies Act, 1956 and Listing Agreement with the stock exchanges. The Audit Committee of Directors comprises of three Non-executive and independent Directors. The present members of Committee are Mr. Mohib N. Khericha, Dr. Nanalal C. Mehta, and Mr. Harbhajansingh B. Khalsa. The Company Secretary acts as the secretary to the Committee. All the members of the Audit Committee are financially literate. Mr. Mohib N. Khericha acts as a chairman of the Audit Committee.

The Terms of Reference of the Audit Committee includes discussions with statutory auditors and internal auditors of the company concerning the accounts of the company, internal control system, scope of audit and observations of the Auditors. This also includes review of quarterly, half yearly and annual financial results of the company before submission to the Board. The Audit committee also makes recommendations to the Board on any matter relating to the financial management of the company.

The Chairman of the Audit Committee has attended the Annual General Meeting of the company.

Details of Audit Committee meetings and attendance:

During the year under review, four Audit Committee meetings were held on the following dates:

16 April 2007 30 July 2007 27 October 2007 28 January 2008

Mr. Mohib N. Khericha and Mr. Harbhajansingh B. Khalsa were present in all the meetings and Dr. Nanalal C. Mehta was present in meetings held on 16th April, 2007 and 28th January, 2008.

5. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee comprises of Dr. Nanalal C. Mehta (Non-Executive & Independent Director), Mr. Percy X. Avari and Mrs. Sheila S. Mody. The Committee looks into various matters relating to:

- Expeditious redressal of investors grievances;
- Transfer and transmission of shares;
- Issue of duplicate share certificates;
- Review of shares dematerialised;
- All other matters related to shares.

During the year 2007-08, 13 complaints were received from shareholders. All the complaints were resolved and no complaint is pending with the company.

6. SHARE TRANSFER COMMITTEE

During the year under review, share transfer committee met 24 times. All valid requests for share transfers received during the year have been acted upon and there were no shares pending for transfer as on March 31, 2008. Both the members were present in all the meetings.

7. GENERAL BODY MEETINGS

The details of the Annual General Meetings held during the last three years are as follows:

Date	Venue	Time	Special resolution passed, if any
26 September 2007	C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad-382 330	9.30 A M	Yes (2 Nos.)
30 September 2006	C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad-382 330	9.30 A M	Yes (2 Nos.)
30 September 2005	C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad-382 330	9.30 A M	No

8. DISCLOSURES

- There were no transactions of a materially significant nature with the promoters, the Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the company at large.

Related party transactions are disclosed in the Notes Forming Parts of Accounts in this Annual Report.

There are no non-compliances by the company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

- The company has implemented the Whistle Blower policy and the same has been reviewed by the Audit Committee. No complaints have been received under the policy during the financial year under review.
- Code of Conduct for Board of Directors were circulated and approved by the Board and same is implemented for one level below the Board and for the Board of Directors.
- CEO/CFO certification has been received by the company for financial statements and the same forms part of this Report.
- The Board receives on a quarterly basis, certificates of compliance with the provisions of all applicable laws from the Managing Director and Compliance officer, which are taken on record by the Board.
- Mazda Limited has complied with mandatory requirements of Corporate Governance Code. The Board would review implementation of non-mandatory requirements of Corporate Governance Code in due course of time. Auditors' certificate regarding compliance of Corporate Governance Code for the financial year 2007-08 is annexed to this report.

9. BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

1) **Dr. Nanalal C. Mehta, Chairman of the company retires by rotation and being eligible offers himself for re-appointment.**

Dr. Nanalal C. Mehta aged 83 years, has been on the Board of the company since 1992. He has done his P.h.d. in Chemical Engineering from Purdue University, U.S.A. He has held senior management positions in different multi-national companies during his career. His last employment was with Union Carbide (India) Limited as General Sales Manager. His vast experience and knowledge in the field of management has immensely helped the company.

He is not a director/chairman/member in any other company except Mazda Limited. He is not holding any shares in Mazda Limited.

2) **Mrs. Sheila S. Mody, director of the company retires by rotation and being eligible offers herself for re-appointment.**

Mrs. Sheila S. Mody aged 61 years, has been on the Board of the company since 1992. She is a science graduate. Her experience and knowledge in the field of engineering has immensely helped the company.

She is not a director/chairman/member in any other company except Mazda Limited. She is holding 5,700 equity shares in your company as on 31st March, 2008.

3) **Mrs. Houtoxi F. Contractor, director of the company retires by rotation and being eligible offers herself for re-appointment.**

Mrs. Houtoxi F. Contractor aged 55 years, has been on the Board of the company since 1992. She is a commerce graduate and systems analyst. Her experience and knowledge in the field of computer information and technology has helped the company to develop the design and information system.

She is not holding directorship in any other company except Mazda Limited in India. She is holding 592 equity shares in your company as on 31st March, 2008.

10. MEANS OF COMMUNICATION

- | | |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| • Half-Yearly report sent to each household of shareholders | No |
| • Quarterly Results – Newspapers in which normally published | Business standard and Financial Express (Gujarati edition) |
| • Web site, where displayed | At Companies web site www.mazdalimited.com |
| • Presentation made to Institutional Investors or to Analysts | No |
| • Whether Management Discussion and Analysis Report is a part of Annual Report or not | Yes |

11. GENERAL SHAREHOLDERS INFORMATION

- AGM - Date 29th September, 2008, Monday
- - Time 9.30 AM
- - Venue C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad- 382 330

- Financial Calendar (Tentative) April 2008 to March 2009
 - (a) First Quarter Results Last week of July 2008
 - (b) Second Quarter Results Last week of October 2008
 - (c) Third Quarter Results Last week of January 2009
 - (d) Fourth Quarter Results Last week of April 2009
 - (e) Results for the year ending March 2009 (Audited) Last week of July 2009

- Date of Book Closure 20th September, 2008 to 26th September, 2008
(Both days inclusive)

- Dividend Payment Date (Tentative) 15th October, 2008

- Listing on Stock Exchanges
 - Bombay Stock Exchange Limited
 - Ahmedabad Stock Exchange Limited
 Listing fees for the period 2007-2008 has been paid to the stock exchanges.

- Stock Code
 - Bombay Stock Exchange Limited: 523792
 - Ahmedabad Stock Exchange Limited: 36100

- Demat ISIN No. For NSDL and CDSL INE885E01034

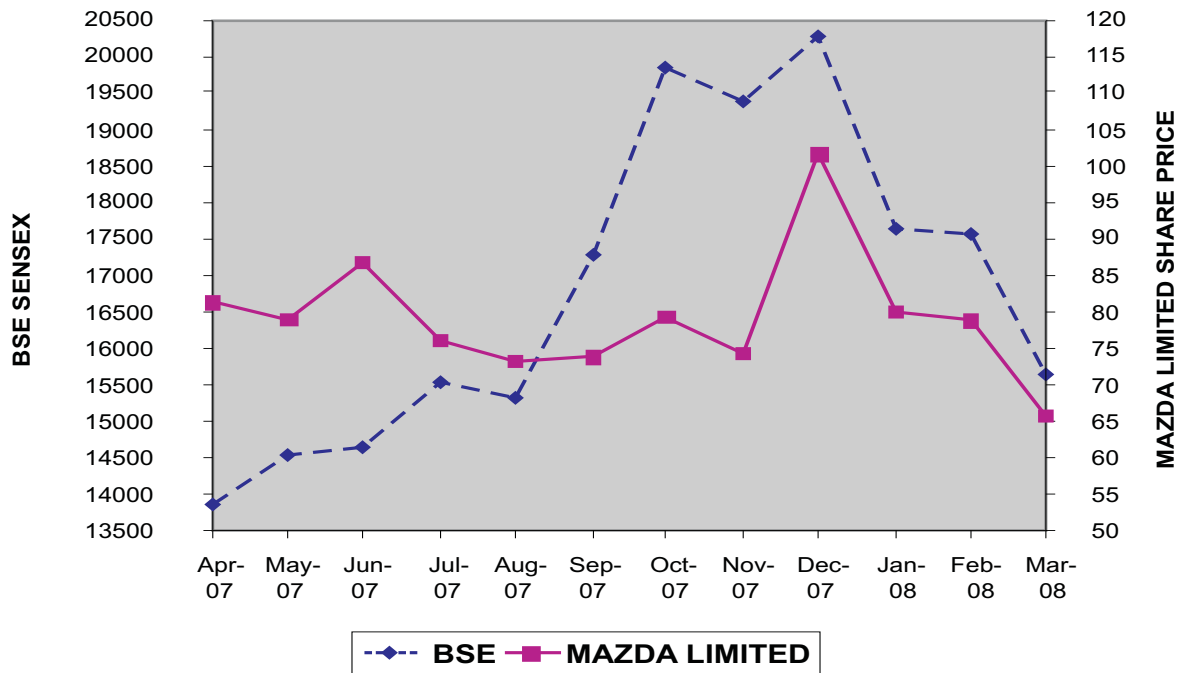
- CIN NO. L29120GJ1990PLC014293

- Monthly Highs and Lows of Market Price of the company's Shares Traded on Bombay Stock Exchange Limited for the period April 2007 to March 2008:

Month	Bombay Stock Exchange Limited (BSE)	
	High	Low
April, 2007	97.80	75.90
May, 2007	87.95	75.00
June, 2007	92.00	71.05
July, 2007	94.65	75.00
August, 2007	83.85	68.70
September, 2007	83.45	72.00
October, 2007	83.00	61.25
November, 2007	88.00	68.00
December, 2007	103.80	74.60
January, 2008	119.90	65.65
February, 2008	88.00	67.05
March, 2008	78.40	52.50

Source: BSE Website

• **Stock Price Performance in comparison to BSE Sensex**



• **Shareholding pattern as on March 31,2008**

Categories	No. of Shares	Amount in Rs.	% of Total
Promoters and its group (Indian)	11,52,465	1,15,24,650	27.07
Institutions and Banks	3,25,800	32,58,000	7.65
Bodies Corporate	4,95,977	49,59,770	11.65
Indian Public	17,36,841	1,73,68,410	40.79
NRIs / OBCs	47,417	4,74,170	1.11
Foreign Company	4,99,500	49,95,000	11.73
Total	42,58,000	4,25,80,000	100.00

• **Distribution of shareholding as on March 31, 2008**

Shareholding	Shareholders		No. of shares	
	Folios	% of total Nos.	Shares	% of total capital
Less than 500	4940	88.95	637605	14.97
501 to 1000	321	5.78	261738	6.15
1001 to 2000	144	2.59	217279	5.10
2001 to 3000	47	0.85	119424	2.80
3001 to 4000	17	0.31	64226	1.51
4001 to 5000	13	0.23	61979	1.46
5001 to 10000	40	0.72	288151	6.77
10001 and above	32	0.57	2607598	61.24
Total	5554	100.00	42,58,000	100.00



- Registrar and Share Transfer Agents
Sharepro Services Pvt. Ltd.
Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (East), Mumbai- 400 099.
Phone No. : 022 67720300
- Share Transfer System
Transfers of Shares are processed by the Share Transfer Agents and approved by the Share Transfer Committee, which meets at frequent intervals. Share transfers are registered and returned within 15 days from the date of receipt, if the relevant documents are complete in all respects.
- Name and email address of the Compliance officer of the company
Mr. Nishith C. Kayasth, Company Secretary
Email: nishith@mazdalimited.com
- Dematerialisation of shares and liquidity
85.73% of the paid-up capital has been dematerialised as on March 31, 2008.
- Plant Location
Unit-I C/1-39/13/16 GIDC, Naroda, Ahmedabad- 382 330
Unit-II Plot No. 11 & 12, Hitendranagar Sahakari Vasahat Ltd., N.H. Road, Naroda, Ahmedabad- 382 340
- Address for correspondence
Mazda Limited - Corporate Office:
650/1, Mazda House, Panchvati 2nd Lane,
Ambawadi, Ahmedabad- 380 006.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant for any queries related to change of address or change in bank mandate.

For and on behalf of the Board,

Place : Ahmedabad
Date : 28/07/2008

S. R. MODY
Managing Director



CERTIFICATION BY MANAGING DIRECTOR & CFO OF THE COMPANY

To,
The Board of Directors

We to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2008 and that to the best of our knowledge and belief :
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the company during the year which are fraudulent, illegal or violate the company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We further certify that :
 - a. there have been no significant changes in internal control over financial reporting during the year;
 - b. there have been no significant changes in accounting policies during the year and the same have been disclosed in notes to the financial statements; and
 - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Ahmedabad
Date : 28/07/2008

C. J. BHAGWAGAR
Financial Controller

S. R. MODY
Managing Director



AFFIRMATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

To,
The Board of Directors

The company has adopted a Code of Conduct for all the Board members and senior executives of the company, including the Managing Director.

I hereby confirm that all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct applicable to them in respect of the year ended 31st March, 2008.

Place : Ahmedabad
Date : 28/07/2008

S. R. MODY
Managing Director

COMPLIANCE CERTIFICATE FOR CORPORATE GOVERNANCE

To the members of Mazda Limited,

We have examined the compliance of conditions of Corporate Governance by Mazda Limited for the year ended March 31, 2008 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to review of the procedures and implementations thereof, adopted by the company for ensuring compliance with 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 clause 49 of the above mentioned Listing Agreement.

We state that in respect of investors grievances received during the year ended 31st March, 2008, no investor grievances were pending as per the records maintained by the Shareholders / investors' Grievances Committee.

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

**For and on behalf of,
APAJI AMIN & CO.
Chartered Accountants**

Place : Ahmedabad
Date : 28/07/2008

(T. B. SETHNA)
Partner
Membership No. 35476



AUDITORS' REPORT

To the Members,
MAZDA LIMITED

1. We have audited the attached Balance Sheet of **MAZDA LIMITED** as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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 conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 of India as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto 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 purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept at the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanation given to us, none of the directors are disqualified as on 31st March, 2008 from being appointed as directors 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 Significant Accounting Policies and other notes thereon and with reference to Note No. 10 regarding Gratuity and Leave Encashment as per AS-15 gives the information required by the Companies Act, 1956, in the manner so required, and presented a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
 - ii) In so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

FOR APAJI AMIN & CO.,
CHARTERED ACCOUNTANTS,

PLACE : AHMEDABAD
DATE : 28/07/2008

(T. B. SETHNA)
PARTNER
Membership No. 35476

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. The Company has not disposed of substantial part of fixed assets during the year, accordingly the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable.
 - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4(iii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - b. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - c. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d. In respect of loans taken by the Company in earlier years, the interest payments are regular and the principal amount is repayable on demand.
 - e. There is no overdue amount in respect of loans taken by the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. Further on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control systems.

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section; and
 - According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements an exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
- According to the information and explanations given to us and the records of the Company examined by us, in our opinion undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date of becoming payable.
 - According to the information and explanations given to us and the records of the Company examined by us, the particulars of Sales Tax as at March 31, 2008 which have not been deposited on account of a dispute pending are as under:

Name of the Statute	Period to which amount relates	Authority where dispute is pending	Amount (Rs. In Lacs)
Central Sales Tax Act, 1951	Assessment year 2000-01	Gujarat Sales Tax Tribunal	3.26

10. The Company has no accumulated losses and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders as at the balance sheet date.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ society are not applicable to the Company.
14. The Company has no transactions relating to trading in securities, debentures and other investments.

15. According to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us on an overall basis, the term loans have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. During the year, 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.
19. During the period covered by Audit Report, the company has not issued any debentures. Therefore, a provision of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanatory given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

PLACE : AHMEDABAD
DATE : 28/07/2008

**FOR APAJI AMIN & CO.,
CHARTERED ACCOUNTANTS,**

**(T.B. SETHNA)
PARTNER**

Membership No. 35476



BALANCE SHEET AS AT 31ST MARCH, 2008

SR. NO.	PARTICULARS	SCHEDULE	AS AT 31/03/2008 Rs.	AS AT 31/03/2007 Rs.
SOURCES OF FUNDS				
I	SHAREHOLDERS' FUNDS			
	SHARE CAPITAL	A	4,25,80,000	4,25,80,000
	RESERVES & SURPLUS	B	<u>21,53,03,488</u>	<u>16,34,65,885</u>
			25,78,83,488	20,60,45,885
II	BORROWED FUNDS			
	SECURED LOANS	C	4,46,65,679	5,86,33,548
	UNSECURED LOANS	D	<u>15,00,000</u>	<u>15,00,000</u>
			4,61,65,679	6,01,33,548
III	DEFERRED TAX LIABILITY		1,42,23,505	1,29,67,581
	TOTAL		<u>31,82,72,672</u>	<u>27,91,47,014</u>
APPLICATION OF FUNDS				
I	FIXED ASSETS	E		
	GROSS BLOCK		17,26,49,067	15,36,67,777
	LESS : DEPRECIATION		<u>5,89,02,069</u>	<u>5,01,60,951</u>
			11,37,46,998	10,35,06,826
	CAPITAL WORK IN PROGRESS		<u>11,87,636</u>	<u>---</u>
			11,49,34,634	10,35,06,826
II	INVESTMENTS	F	3,000	2,00,03,000
III	CURRENT ASSETS, LOANS & ADVANCES			
	INVENTORIES	G	16,78,87,124	10,69,73,740
	DEBTORS	H	11,16,81,510	10,54,83,632
	CASH & BANK BALANCES	I	15,14,843	16,35,308
	LOANS, ADVANCES & DEPOSITS	J	<u>13,53,48,492</u>	<u>11,21,58,395</u>
			41,64,31,969	32,62,51,075
	LESS: CURRENT LIABILITIES & PROVISIONS			
	CURRENT LIABILITIES	K	10,39,12,607	9,74,28,526
	PROVISIONS	L	<u>10,91,84,324</u>	<u>7,31,85,360</u>
			21,30,96,931	17,06,13,886
	NET CURRENT ASSETS		20,33,35,037	15,56,37,188
	TOTAL		<u>31,82,72,672</u>	<u>27,91,47,014</u>

NOTES FORMING PARTS OF ACCOUNTS

M

THE SCHEDULES REFERRED TO ABOVE AND THE NOTES THEREON FORMAN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR ATTACHED
REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

**FOR APAJI AMIN & CO.,
CHARTERED ACCOUNTANTS,**

SORAB R. MODY
MANAGING DIRECTOR

SHEILA S. MODY
DIRECTOR

MOHIB. N. KHERICHA
DIRECTOR

(T. B. SETHNA)
PARTNER
MEMBERSHIP NO. 35476

CYRUS J. BHAGWAGAR
FINANCIAL CONTROLLER

NISHITH C. KAYASTH
COMPANY SECRETARY

PLACE : AHMEDABAD
DATE : 28/07/2008

PLACE : AHMEDABAD
DATE : 28/07/2008



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SR. NO.	PARTICULARS	SCHEDULE	YEAR ENDED 31/03/2008 Rs.	YEAR ENDED 31/03/2007 Rs.
I.	INCOME			
	GROSS SALES		67,42,42,936	58,85,73,128
	LESS : EXCISE DUTY		<u>7,20,41,195</u>	<u>6,34,42,178</u>
	NET SALES		60,22,01,741	52,51,30,950
	OTHER INCOME	N	<u>1,19,223</u>	<u>11,16,911</u>
			<u>60,23,20,964</u>	<u>52,62,47,861</u>
	INCREASE/(DECREASE) IN STOCK OF SEMI-FINISHED & FINISHED GOODS		<u>3,97,64,909</u>	<u>(31,23,072)</u>
	TOTAL - I		<u>64,20,85,873</u>	<u>52,31,24,789</u>
II	EXPENDITURE			
	MANUFACTURING & OTHER EXPENSES	O	41,37,60,428	33,89,26,324
	ADMINISTRATIVE & SELLING EXPENSES	P	12,04,66,489	9,91,40,962
	INTEREST	Q	25,22,936	46,52,579
	DEPRECIATION	E	<u>1,00,30,989</u>	<u>88,21,610</u>
	TOTAL - II		<u>54,67,80,841</u>	<u>45,15,41,475</u>
III	PROFIT BEFORE TAX (I-II)		<u>9,53,05,031</u>	<u>7,15,83,314</u>
IV	LESS: PROVISION FOR TAXATION			
	CURRENT INCOME TAX		3,20,00,000	2,37,00,000
	DEFERRED TAX		12,55,924	5,65,661
	FRINGE BENEFIT TAX		7,59,200	7,49,966
	EXCESS/ (SHORT) PROVISION OF INCOME TAX		<u>17,42,574</u>	<u>---</u>
			<u>3,57,57,698</u>	<u>2,50,15,627</u>
V	PROFIT AFTER TAX (III-IV)		<u>5,95,47,333</u>	<u>4,65,67,687</u>
VI	PRIOR PERIOD & EXTRA ORDINARY ITEMS		<u>2,37,259</u>	<u>---</u>
VII	PROFIT FOR THE YEAR (V-VI)		<u>5,93,10,074</u>	<u>4,65,67,687</u>
	BALANCE OF SURPLUS BROUGHT FORWARD		<u>11,69,62,198</u>	<u>8,03,66,982</u>
	SURPLUS AVAILABLE FOR APPROPRIATION		<u>17,62,72,272</u>	<u>12,69,34,669</u>
VIII	APPROPRIATIONS			
	TRANSFER TO GENERAL RESERVE		31,00,000	25,00,000
	PROPOSED DIVIDEND		63,87,000	63,87,000
	DIVIDEND TAX		10,85,471	10,85,471
	BALANCE CARRIED TO BALANCE SHEET		<u>16,56,99,801</u>	<u>11,69,62,198</u>
	TOTAL		<u>17,62,72,272</u>	<u>12,69,34,669</u>
	BASIC/DILUTED EARNINGS PER SHARE		<u>13.93</u>	<u>11.51</u>
	(refer notes to account Point No. 5 of Schedule M)			

NOTES FORMING PARTS OF ACCOUNTS

M

THE SCHEDULES REFERRED TO ABOVE AND THE NOTES THEREON FORMAN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR ATTACHED
REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

**FOR APAJI AMIN & CO.,
CHARTERED ACCOUNTANTS,**

**SORAB R. MODY
MANAGING DIRECTOR**

**SHEILA S. MODY
DIRECTOR**

**MOHIB. N. KHERICHA
DIRECTOR**

(T. B. SETHNA)
PARTNER
MEMBERSHIP NO. 35476

**CYRUS J. BHAGWAGAR
FINANCIAL CONTROLLER**

**NISHITH C. KAYASTH
COMPANY SECRETARY**

PLACE : AHMEDABAD
DATE : 28/07/2008

PLACE : AHMEDABAD
DATE : 28/07/2008



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	Year ended 31/03/2008 Rs. In Lacs	Year ended 31/03/2007 Rs. In Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	953.05	715.83
Adjusted for :		
Depreciation	100.31	88.21
Interest income	(15.89)	(7.19)
Rent Paid	17.77	16.17
Donation Given	0.75	0.40
Profit / Loss on Sale of Assets	2.46	---
Interest and finance charges	41.12	53.71
Exchange Rate Difference	10.27	14.38
	156.79	165.68
Operating Profits before working capital changes	1,109.84	881.51
Working capital adjustments :		
Debtors	(61.98)	(241.94)
Inventories	(609.13)	(90.16)
Other Receivables	112.73	(28.56)
Creditors	47.24	14.08
Other Payables	50.01	3.94
	(461.13)	(342.64)
Cash generated from operations	648.71	538.87
Direct Taxes paid	(362.06)	(245.50)
Cash Flow before Extra ordinary Items	286.65	293.37
Extraordinary Items	(31.16)	(30.95)
	255.49	262.42
NET CASH FROM OPERATING ACTIVITIES	255.49	262.42
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(222.65)	(268.88)
Sale of fixed assets	5.60	28.75
SBI TDRs (Deposit)	200.00	(200.00)
Interest received	15.89	7.19
	(1.16)	(432.94)
NET CASH USED IN INVESTING ACTIVITIES	(1.16)	(432.94)

PARTICULARS	Year ended 31/03/2008 Rs. In Lacs	Year ended 31/03/2007 Rs. In Lacs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / Reduction in Share Capital		30.00
Share premium received on equity warrant		180.00
Equity share warrant issued		(21.00)
Long term Borrowings from Bank	(8.89)	(37.88)
Working Capital Loans from Bank	(130.80)	92.96
Interest paid	(41.12)	(53.71)
Dividend Tax Paid	(10.85)	(2.78)
Dividend Paid	(63.87)	(19.79)
NET CASH FROM FINANCING ACTIVITIES	(255.53)	167.80
Net decrease in Cash & Cash Equivalents (A+B+C)	(1.20)	(2.72)
Add : Cash & Cash Equivalents as at 01/04/2007	16.35	19.07
Cash & Cash Equivalents as at 31/03/2008	15.15	16.35

Notes :

- The cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.
- The previous year's figures have been regrouped wherever necessary to make them comparable with this year's figures .

AS PER OUR ATTACHED
REPORT OF EVEN DATE

**FOR APAJI AMIN & CO.,
CHARTERED ACCOUNTANTS,**

(T. B. SETHNA)
PARTNER
MEMBERSHIP NO. 35476

PLACE : AHMEDABAD
DATE : 28/07/2008

FOR AND ON BEHALF OF THE BOARD

SORAB R. MODY
MANAGING DIRECTOR

CYRUS J. BHAGWAGAR
FINANCIAL CONTROLLER

PLACE : AHMEDABAD
DATE : 28/07/2008

SHEILA S. MODY
DIRECTOR

NISHITH C. KAYASTH
COMPANY SECRETARY

MOHIB. N. KHERICHA
DIRECTOR



SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS AT 31/03/2008 Rs.	AS AT 31/03/2007 Rs.
SCHEDULE - A : SHARE CAPITAL		
AUTHORISED 50,00,000 EQUITY SHARES OF RS.10/- EACH	5,00,00,000	5,00,00,000
ISSUED AND SUBSCRIBED 42,58,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID-UP	4,25,80,000	4,25,80,000
TOTAL	4,25,80,000	4,25,80,000
SCHEDULE - B : RESERVES & SURPLUS		
SURPLUS OF PROFIT & LOSS A/C	16,56,99,801	11,69,62,198
SHARE PREMIUM ON EQUITY WARRANT	3,00,00,000	3,00,00,000
GENERAL RESERVE :		
OPENING BALANCE	1,19,10,750	
ADD : TRANSFER FROM P&L A/C	31,00,000	
CAPITAL RESERVE	4,24,937	4,24,937
CAPITAL BUYBACK RESERVE	41,68,000	41,68,000
TOTAL	21,53,03,488	16,34,65,885
SCHEDULE - C : SECURED LOANS		
SBI - BILL PURCHASE	---	14,19,744
SBI - TERM LOAN	44,94,414	1,01,30,462
SBI - CHEQUE PURCHASE	10,65,447	8,63,375
SBI - OD A/C (CP LINKED WORKING CAPITAL LOAN)	3,36,14,456	4,54,76,396
CAR LOAN	45,54,750	7,43,571
ICICI BANK - CRAIN LOAN	9,36,612	---
TOTAL	4,46,65,679	5,86,33,548
Notes :		
1.	Cash credit facility, Term Loan, Export Packing Credit, Bill purchase facility and Cheque Purchase facility from the State Bank of India are secured by the Pledge/Hypothecation of stock, Book debts and equitable mortgage of the assets of the company and co-lateral security of premises owned by Mr. S. R. Mody, situated at Odhav GIDC and also personally guaranteed by Mr. S. R. Mody, who is the Managing Director of the company.	
2.	Car Loans are secured against Hypothecation of cars.	
SCHEDULE - D : UNSECURED LOANS		
FIXED DEPOSIT FROM DIRECTOR	15,00,000	15,00,000
TOTAL	15,00,000	15,00,000

SCHEDULE - E : DEPRECIATION

SR. NO.	PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK					
		AS ON 01/04/07	ADDITIONS	DEDUCTIONS/ TRANSFER	AS ON 31/03/08	AS ON 01/04/07	FOR THE YEAR	ADJUSTMENT ON TRANSFER	AS ON 31/03/08	AS ON 31/03/07	
1.	Factory Shed (Unit-I)	62,02,459	---	---	62,02,459	27,97,289	2,07,162	---	30,04,451	31,98,008	34,05,170
2.	Factory Shed (Unit-II)	2,26,38,014	2,42,639	---	2,28,80,653	30,02,544	7,58,973	---	37,61,517	1,91,19,136	1,96,35,470
3.	Office Building (2nd floor)	12,47,345	---	---	12,47,345	---	20,332	---	20,332	12,27,013	12,47,345
4.	Factory Building (Food Division)	64,25,153	6,81,670	---	71,06,823	11,80,300	2,27,402	---	14,07,702	56,99,121	52,44,853
5.	Plant & Machinery (Engineering)	4,79,86,618	40,54,593	---	5,20,41,211	89,23,591	23,66,101	---	1,12,89,692	4,07,51,519	3,90,63,027
6.	Plant & Machinery (Food Division)	25,96,536	10,74,931	---	36,71,467	1,40,240	1,51,965	---	2,92,205	33,79,262	24,56,296
7.	R & D Machinery (Engineering)	31,76,911	---	---	31,76,911	20,81,661	1,50,903	---	22,32,564	9,44,347	10,95,250
8.	R & D Equipment (Biotech)	8,91,105	---	---	8,91,105	2,32,800	42,327	---	2,75,127	6,15,978	6,58,305
9.	Electrical Installation	79,42,381	10,27,412	---	89,69,793	27,21,399	3,98,794	---	31,20,193	58,49,600	52,20,982
10.	Furniture & Fixtures	87,47,144	14,76,786	---	1,02,23,930	30,44,228	6,01,594	---	36,45,822	65,78,108	57,02,916
11.	Office Equipments	52,72,760	3,16,922	---	55,89,682	20,93,506	2,58,360	---	23,51,866	32,37,816	31,79,254
12.	Office Equipments (Guest House)	2,25,002	---	---	2,25,002	34,235	10,688	---	44,923	1,80,079	1,90,767
13.	Vehicles	1,04,06,559	68,92,016	20,96,026	1,52,02,549	62,58,269	10,81,719	12,89,871	60,50,117	91,52,432	41,48,290
14.	Computers	75,47,279	6,43,049	---	81,90,328	58,40,626	12,74,085	---	71,14,711	10,75,617	17,06,653
15.	Patterns	17,63,215	56,925	---	18,20,140	5,48,283	2,05,263	---	7,53,546	10,66,594	12,14,932
16.	Technical Design & Drawing	1,04,99,392	---	---	1,04,99,392	55,80,939	4,98,721	---	60,79,660	44,19,732	49,18,453
17.	Technical Know-How	1,00,99,904	---	---	1,00,99,904	56,81,041	16,83,317	---	73,64,358	27,35,546	44,18,863
18.	Computer Software	---	46,10,373	---	46,10,373	---	93,283	---	93,283	45,17,090	---
	TOTAL	15,36,67,777	2,10,77,316	20,96,026	17,26,49,067	5,01,60,951	1,00,30,989	12,89,871	5,89,02,069	11,37,46,998	10,35,06,826
	PREVIOUS YEAR	12,96,54,927	2,68,87,740	28,74,890	15,36,67,777	4,13,39,341	88,21,610	---	5,01,60,951	10,35,06,826	---
	Capital Work-in-Progress	---	11,87,636	---	11,87,636	---	---	---	---	11,87,636	---

PARTICULARS	ASAT 31/03/2008 Rs.	ASAT 31/03/2007 Rs.
SCHEDULE - F : INVESTMENTS		
<u>UNQUOTED :</u>		
100 EQUITY SHARES OF RS.30/- EACH OF BOMBAY MERCANTILE CO-OPERATIVE BANK LTD.	3,000	3,000
SBI (TDRs)	---	2,00,00,000
TOTAL	<u><u>3,000</u></u>	<u><u>2,00,03,000</u></u>
SCHEDULE - G: INVENTORIES		
RAW MATERIALS - ENGINEERING	6,50,29,220	4,87,21,516
RAW MATERIALS - FOOD DIVISION	59,31,706	12,97,695
SEMI FINISHED GOODS - ENGINEERING	7,04,32,054	3,02,44,788
FINISHED GOODS - ENGINEERING	2,22,98,801	2,43,34,859
CONSUMABLE STORES & SPARES - ENGINEERING	25,81,642	23,74,882
SEMI FINISHED GOODS - FOOD DIV.	16,13,701	---
TOTAL	<u><u>16,78,87,124</u></u>	<u><u>10,69,73,740</u></u>
SCHEDULE - H : DEBTORS		
(UNSECURED - CONSIDERED GOOD, UNLESS OTHERWISE STATED)		
DEBTORS OUTSTANDING FOR MORE THAN SIX MONTHS	1,36,85,116	82,82,813
DEBTORS OUTSTANDING FOR LESS THAN SIX MONTHS	9,79,96,394	9,72,00,819
TOTAL	<u><u>11,16,81,510</u></u>	<u><u>10,54,83,632</u></u>
SCHEDULE - I : CASH & BANK BALANCES		
CASH ON HAND	1,67,669	2,87,169
BANK BALANCES (WITH SCHEDULE BANKS IN CURRENT A/C)	4,54,575	4,79,844
BANK BALANCES IN DIVIDEND A/CS	5,27,245	4,56,225
EEFC ACCOUNT	3,65,353	4,12,069
TOTAL	<u><u>15,14,843</u></u>	<u><u>16,35,308</u></u>
SCHEDULE - J : LOANS, ADVANCES & DEPOSITS		
(UNSECURED - CONSIDERED GOOD, UNLESS OTHERWISE STATED)		
BALANCE WITH EXCISE AUTHORITIES	1,37,91,692	1,56,07,374
DEPOSITS AGAINST BANK GUARANTEES	85,80,976	1,19,39,552
SECURITY DEPOSITS AGAINST PROPERTY	90,00,000	90,00,000
OTHER DEPOSITS	38,39,278	36,55,919
ADVANCE TAXES	9,44,46,448	5,99,47,640
LOANS & ADVANCES TO EMPLOYEES	12,72,421	12,27,490
ADVANCES RECOVERABLE IN CASH OR KIND	33,64,744	1,06,32,196
PREPAID EXPENSES	10,52,934	1,48,225
TOTAL	<u><u>13,53,48,492</u></u>	<u><u>11,21,58,395</u></u>

PARTICULARS	ASAT 31/03/2008 Rs.	ASAT 31/03/2007 Rs.
SCHEDULE - K : CURRENT LIABILITIES		
ADVANCES FROM CUSTOMERS	2,34,18,940	2,10,65,714
SUNDRY CREDITORS FOR GOODS	6,40,77,060	5,66,50,881
SUNDRY CREDITORS FOR EXPENSES	1,34,24,323	1,61,26,823
SALES TAX LIABILITIES	8,29,814	17,95,288
SERVICE TAX LIABILITIES	52,986	1,90,302
UNCLAIMED DIVIDEND	5,27,245	4,56,225
OTHER CURRENT LIABILITIES	15,82,238	11,43,293
TOTAL	10,39,12,607	9,74,28,526

Note : Sundry creditors for goods and expenses includes due to SSI Rs. 41,66,063/- Previous Year Rs. 16,34,025/-

SCHEDULE - L : PROVISIONS

PROVISION FOR INCOME TAX	8,93,00,000	5,73,00,000
PROVISION FOR FRINGE BENEFIT TAX	15,09,166	7,49,966
PROPOSED DIVIDEND	63,87,000	63,87,000
PROVISION FOR DIVIDEND TAX	10,85,471	10,85,471
PROVISION FOR BONUS & LEAVE ENCASHMENT	18,69,979	13,20,343
EXCISE DUTY ON F.G. PAYABLE	48,35,595	39,35,014
PROVISION FOR MANAGING DIRECTOR'S COMMISSION	28,66,535	21,47,500
PROVISION FOR EXPENSES	13,30,578	2,60,066
TOTAL	10,91,84,324	7,31,85,360



SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	YEAR ENDED 31/03/2008 Rs.	YEAR ENDED 31/03/2007 Rs.
SCHEDULE - N : OTHER INCOME		
OTHER INCOME (MISCELLANEOUS)	---	1,96,350
DISCOUNT	1,19,223	---
OTHER INCOME (BALANCES WRITTEN OFF)	---	9,20,561
TOTAL	1,19,223	11,16,911
SCHEDULE - O : MANUFACTURING & OTHER EXPENSES		
RAW MATERIAL CONSUMPTION	33,28,34,766	26,32,43,402
POWER & FUEL EXPENSES	75,43,169	69,42,253
EXCISE & CUSTOM DUTY	34,91,697	2,85,166
FACTORY CONSUMABLE EXPENSES	1,22,81,318	96,09,653
FACTORY RENT (ODHAV)	11,91,240	10,80,000
INSPECTION & TESTING CHARGES	21,44,746	21,40,245
INWARD FREIGHT & CARTING CHARGES	75,91,634	83,90,643
LABOUR CHARGES	4,05,13,562	3,96,23,736
REPAIRS & MAINTENANCE (PLANT & MACHINERY)	29,15,928	47,22,665
WAGES	32,52,367	28,75,616
A S M E EXPENSES	---	12,945
TOTAL	41,37,60,428	33,89,26,324
SCHEDULE - P : ADMINISTRATIVE & SELLING EXPENSES		
ADVERTISEMENT EXPENSES	5,45,057	11,10,072
AUDIT FEES	2,02,248	1,57,136
BANK CHARGES	19,41,311	18,52,155
CENTRAL SALES TAX	31,60,170	16,158
CESS DUTY	24,158	21,701
CONSULTANCY CHARGES	50,41,310	68,97,938
DEBIT / CREDIT BALANCES WRITTEN-OFF	44,82,003	---
DIRECTORS' MEDICAL EXPENSES	3,61,000	2,13,415
DIRECTORS' REMUNERATION	67,83,600	38,84,400
DIRECTORS' SITTING FEES	3,84,000	4,54,000
MANAGING DIRECTOR'S COMMISSION	28,66,535	21,47,500
DONATION	75,000	39,500
EXHIBITION EXPENSES	46,349	59,550
ELECTRICITY EXPENSES	3,85,573	5,43,821
EQUIPMENT REPAIR EXPENSES	64,45,458	69,52,070
EXCHANGE RATE DIFFERENCE	10,27,030	14,38,444
FOREIGN TRAVELING EXPENSES	18,54,927	17,75,955
INSURANCE EXPENSES	19,44,789	21,39,669
LEASE, LICENSE FEES & RENT	5,86,068	5,36,628
LIQUIDATED DAMAGES	26,12,269	12,11,291
LOSS ON SALE OF ASSETS	2,46,155	---
MUNICIPAL TAX	2,95,825	2,89,811
OTHER ADMINISTRATIVE & SELLING EXPENSES	1,32,86,145	94,50,400
OUTWARD FREIGHT & CHARGES	84,24,881	50,86,236
CONVEYANCE EXPENSES	12,03,877	11,86,599



PARTICULARS	YEAR ENDED 31/03/2008 Rs.	YEAR ENDED 31/03/2007 Rs.
<u>PAYMENT TO & PROVISIONS FOR EMPLOYEES</u>		
Salaries and Bonus	2,79,47,806	2,19,75,485
Staff welfare expenses	18,78,522	17,22,996
Contribution to Provident & other Funds	30,31,912	66,94,234
Staff training expenses	46,021	92,560
PRINTING & STATIONERY EXPENSES	12,65,167	12,22,893
REPAIRS & MAINTENANCE (BUILDING)	7,80,201	4,53,360
REPAIRS & MAINTENANCE (OTHERS)	18,29,914	16,36,536
ROYALTY	4,64,308	4,34,019
SALES COMMISSION EXPENSES	1,44,81,318	1,22,22,828
SERVICE TAX EXPENSES	1,25,764	1,90,302
SHARE LISTING FEES	25,000	1,00,000
SHARE TRANSFER EXPENSES	30,552	33,124
TELEPHONE, FAX EXPENSES	20,09,057	21,52,651
TRAVELING EXPENSES	23,25,209	27,45,528
TOTAL	<u>12,04,66,489</u>	<u>9,91,40,962</u>
 SCHEDULE - Q : INTEREST		
INTEREST ON SBI - BILL/ CHEQUE PURCHASE	89,952	2,39,888
INTEREST ON SBI - CASH CREDIT	27,56,595	22,19,861
INTEREST ON SBI - EXPORT PACKING CREDIT	---	12,62,708
INTEREST ON VEHICLE LOANS	1,66,447	48,750
INTEREST ON FIXED DEPOSITS	1,65,000	1,65,000
INTEREST ON SBI-TERM LOAN	9,33,963	14,35,215
SUB TOTAL	<u>41,11,957</u>	<u>53,71,422</u>
LESS : INTEREST EARNED	<u>15,89,021</u>	<u>7,18,843</u>
TOTAL	<u>25,22,936</u>	<u>46,52,579</u>



SCHEDULE – M: NOTES FORMING PART OF ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTION

i) Basis of Preparations of Financial Statements :

The Financial Statements have been prepared under Historical Cost Convention and generally acceptable accounting practices followed in India and provisions of Companies Act, 1956 and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI).

ii) Use of Estimates :

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

B. SALES

- i) Sales are inclusive of Excise duty charged to customers and net of discount and rebates allowed.
- ii) Revenue is recognised based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery :
 - Revenue from sale of goods is recognised when the substantial risks and rewards of ownership is transferred to the buyer under the terms of contract.
 - Other income is accounted on accrual basis as and when the right to receive arises.

C. FIXED ASSETS

Fixed assets are carried at cost less accumulated depreciation.

All costs relating to the acquisition and installation of fixed assets, net of CENVAT credit, are capitalised.

Exchange differences relating to acquisition of fixed assets are adjusted in the cost of assets.

D. DEPRECIATION

Depreciation on fixed assets is provided on straight line method at the rates provided by Schedule XIV to the Companies Act, 1956.

E. INVENTORIES

- i) Finished products produced by the Company are valued at lower of cost or market value. Excise duty has been charged on finished goods.
- ii) Semi finished goods are carried at cost plus labour & manufacturing overheads where applicable.
- iii) Raw materials are valued at cost net of CENVAT.
- iv) Stores and spares are valued at cost.

The cost is determined using First In First Out (FIFO) method.

F. RESEARCH & DEVELOPMENT

Revenue expenditure pertaining to Research & Development is charged to revenue under respective heads of accounts in the year in which they are incurred. Capital Expenditure on Research & Development is shown as an addition to Fixed Assets.

G. EMPLOYEE BENEFITS

i) Defined Contribution Plan

Company's contribution paid/payable during the year to Provident Fund, Family Pension Funds, Employees State Insurance Corporation and Labour Welfare Fund are recognised in the Profit & Loss Account.

ii) Defined Benefit Plan

At the reporting date, Company's liabilities towards gratuity/ leave encashment is determined by independent actuarial valuation using the Projected Unit Credit method which considers each year of services as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the statement of Profit & Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined obligation.

H. INVESTMENTS

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in nature. Current Investments are stated at lower of cost or fair value.

I. TRANSACTIONS IN FOREIGN CURRENCIES

- i) Foreign exchange transactions are recorded at the rates of exchange on the dates of the respective transactions.
- ii) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year have been restated at closing rate.
- iii) The difference arising in translation of monetary assets and liabilities and gains and losses on foreign exchange transactions are recognised in the Profit & Loss Account.
- iv) Exchange difference arising on repayment in respect of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the respective fixed assets.

J. IMPAIRMENT OF ASSETS

The company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indications exist, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit & Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment losses no longer exist, than such loss is reversed and the asset is restated to that effect.

K. INTANGIBLE ASSET

Intangible asset is stated at cost of acquisition less accumulated amortisation. Technical know how is amortised over the period of six years.

L. TAXATION

Provision for Income Tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax assets and liabilities are measured as per the tax rates/laws that have been enacted by/or substantially enacted as on the Balance Sheet date.

Provision for Fringe Benefit Tax has been made according to the provisions laid down in the Income Tax Act, 1961.

M. PROVISION, CONTIGENT LIABILITIES AND CONTIGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

N. EXPENDITURE DURING CONSTRUCTION PERIOD

Expenditure during construction period is included under capital work-in- progress and the same is allocated to the respective fixed assets on completion of construction.

NOTES TO ACCOUNTS

1. CONTINGENT LIABILITY

2007-08
Rs. in Lacs

2006-07
Rs. in Lacs

i) Income tax:

1. Demand notice issued by DCIT, as per assessment order for Assessment year 2004-05 for disallowances of certain expenses and tax benefits	---	30.83
2. Block assessment order for which Income-tax department is in appeal	20.46	20.46
3. For assessment year 2000-01 for which Income-tax department is in appeal	---	1.10
4. For assessment year 1999-2000 for which Income-tax department is in appeal	2.22	2.22
5. For assessment year 1998-99 for which Income-tax department is in appeal	4.20	4.20
6. For assessment year 1996-97 for which Income-tax department is in appeal	5.56	5.56
Total	32.44	64.37

ii) Sales tax:

Disputed demand of sales tax for the assessment year 2000-01	3.26	3.26
--------------------------------------------------------------	------	------

2. MANAGERIAL REMUNERATION

2007-08
Rs. in Lacs

2006-07
Rs. in Lacs

1. Salary & Perquisites	71.55	45.29
2. LTA	3.61	2.74
3. Commission to Managing Director	28.67	21.47

3. PAYMENT TO STATUTORY AUDITORS

2007-08
Rs.

2006-07
Rs.

1. For Audit Work	1,68,540	1,23,464
2. For Income Tax Matters	71,734	87,500
3. For Tax Audit Work	33,708	33,672
4. For Certifications	11,089	23,573
5. Fees for Scrutinizer for postal ballot	—	8,418
Total	2,85,071	2,76,627

4. CURRENT ASSETS, LOANS AND ADVANCES

In the opinion of the Board, all current assets, loans and advances and other receivables are approximately of the value stated if realised in the ordinary course of business.

5. EARNINGS PER SHARE

In accordance with the Accounting Standard-20 (AS-20) 'Earnings Per Share' issued by the Institute of Chartered Accountants of India, the earnings per share is computed as under:

2007-08

2006-07

Particulars		
1. Net Profit for the year (Rs.in Lacs)	593.10	465.68
2. Weighted Number of Equity Shares *	N.A.	4045500
3. Actual Number of Equity Shares	4258000	N.A.
4. Nominal Value of Shares (Rs.)	10	10
5. Earnings Per Share (Rs.)	13.93	11.51

***NOTE:**

The earnings per share for the previous year has been calculated on weighted average basis on 3,00,000 shares allotted in the previous year due to conversion of equity share warrants. The weighted average shares calculated as per AS -20 is 40,45,500 equity shares on actual number of 42,58,000 equity shares as on 31st March, 2007.

6. SEGMENT REPORTING

In accordance with the Accounting Standard-17 (AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India, the details are as under:

- i) The Company's operation predominantly relates to manufacture of Engineering Goods like Vacuum Products and Valve Products and also involved in the business of food items.
- ii) The secondary segment is geographical, determined and based on the location of the Customers. Customers are classified as Domestic and Overseas.
- iii) Fixed Assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as allocation of assets and liabilities to segments is currently not practicable.

Primary Segment Information:

(Rs. in lacs)

Particulars	Vacuum Products	Valves Products	Food Products	Total
Revenues	5088.89	791.94	142.38	6023.21
Identifiable Operating Expenses	3300.65	599.91	194.02	4094.58
Segmental Operating Income	1788.24	192.03	(51.64)	1928.63
Unallocable Interest Charges				25.23
Unallocable Expenses				950.35
Total Profit before Tax				953.05
Taxes				357.58
Net Profit for the Year				595.47

Secondary Segment Information:

(Rs. in lacs)

Particulars	Domestic	Overseas	Total
Revenues	4978.40	1044.81	6023.21
Identifiable Operating Expenses	3368.36	726.22	4094.58
Segmental Operating Income	1610.04	318.59	1928.63
Unallocable Interest Charges			25.23
Unallocable Expenses			950.35
Total Profit before Tax			953.05
Taxes			357.58
Net Profit for the Year			595.47

7. **ADDITIONAL INFORMATION PURSUANT TO PARA. 3,4(C) AND 4(D) OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

a) **Licensed capacity/installed Capacity** - Not ascertainable

b) **Sales (Net of Excise) by class of goods (As certified by the Management):**

Sr. No.	Description of Goods	Unit	Qty	31/03/2008 Value (Rs. in lacs)	Qty	31/03/2007 Value (Rs. in lacs)
1.	Vacuam Systems	Set	980	3581.37	981	3163.89
2.	Desuperheaters	Nos	60	104.66	80	142.46
3.	PRS/PRDS	Nos	94	350.82	85	381.80
4.	Control Valves/ HPRV	Nos	102	109.14	65	107.08
5.	Pressure Reducing Valves	Nos	76	17.33	58	12.00
6.	Safety Valves	Nos	11	6.28	14	9.79
7.	Gate/Stop Valves	Nos	61	14.59	442	53.28
8.	Vacuam Pumps	Nos	220	185.94	140	138.75
9.	Pollution Control Equip.	Nos	22	66.66	10	140.51
10.	Valve Positioners	Nos	98	11.35	240	13.78
11.	Chill Vactor	Nos	43	151.28	24	135.82
12.	Rotajectors	Nos	36	151.91	27	115.90
13.	Evaporators	Nos	12	555.50	7	360.19
14.	Turbine By-Pass Valve	Nos	6	64.46	10	61.18
15.	Thermo Compressors	Nos	89	168.97	78	115.26
16.	B Cool (Food Division)	Kgs.	51631	142.38	5361	11.96
17.	Others (Including Spares)	Nos	3180	339.39	2683	287.66
TOTAL*				6022.02		5251.31

* Total of Rs 6022.02 Lacs and 5251.31 Lacs are other than scrap & purchase return.

c) **Materials Consumed :**

Sr. No.	Items	Unit	Qty	31/03/2008 Value (Rs. in lacs)	Qty	31/03/2007 Value (Rs. in lacs)
Engineering Division						
1.	Round Bar	MT	97.18	170.80	108.83	166.08
2.	Pipes & Tubes	MTRS	384612.33	818.21	257274.81	558.80
3.	Plates	MT	1020.40	825.70	1028.23	741.93
4.	Profiles & Circles	MT	95.00	164.70	91.30	113.06
5.	Flanges	NOS	26259.00	221.34	26015.00	218.91
6.	Castings	MT	29.30	30.27	46.96	67.45
7.	Stop Valves	NOS	6933.00	327.19	5898.00	283.40
8.	Instruments	NOS	1369.00	245.76	1593.00	173.19
9.	Bought Outs & Others	---	---	393.13	---	287.29
Food Division						
1.	Raw Material	KGS	285493.40	81.92	33191.74	7.83
2.	Packing Material	NOS	1692191.00	47.00	499695.00	14.50
3.	Packing Material	KGS	1063.00	2.34	---	---
TOTAL				3328.35		2632.43

d) Closing Stock :

Sr. Items No.	Unit	Qty	31/03/2008		31/03/2007	
			Value (Rs. in lacs)	Qty	Value (Rs. in lacs)	Value (Rs. in lacs)
1. Raw Materials : Engg. Div.						
Round Bar	MT	29.64	74.09	23.39	53.80	
Pipes & Tubes	MTRS	19188.95	98.18	39887.44	124.06	
Plates	MT	125.03	148.10	112.81	118.39	
Profiles & Circles	MT	1.21	6.55	7.18	10.28	
Flanges	NOS	4676.00	52.94	3509.00	33.78	
Castings	MT	5.76	9.09	12.47	14.82	
Stop Valves	NOS	1279.00	57.61	900.00	40.05	
Instruments	NOS	1027.00	87.08	504.00	32.60	
Others	---	---	142.46	---	83.18	
Raw Materials : Food Div.	KGS	33684.89	19.90	107629.00	5.96	
Packing materials : Food Div.	NOS	1265156.00	30.21	288241.00	7.02	
Packing materials : Food Div.	KGS	3856.10	9.20	---	---	
Total			735.42		523.94	
2. Semi finished goods : Engg. Div.			704.32		302.45	
Semi finished goods : Food Div.			16.14		---	
3. Finished goods : Engg. Div.			222.99		243.35	
TOTAL			1678.87		1069.74	

e) Information regarding Imports, Exports and other matters:

Sr. Description No.	31/03/2008 Value (Rs.)	31/03/2007 Value (Rs.)
1. CIF Value of Imported Raw Material	56,41,075	57,17,466
2. Capital Goods	14,10,373	11,81,070
3. Repairs & Maintenance	---	63,026

f) Foreign Exchange Earnings:

	31/03/2008 (Rs.)	31/03/2007 (Rs.)
Export of goods [including Rs. 8,97,42,791 on F.O.B. basis (Previous year Rs. 9,58,66,616)]	10,51,01,929	9,58,66,616

g) Expenditure incurred in foreign currency :

Sr. Description No.	31/03/2008 Value (Rs.)	31/03/2007 Value (Rs.)
1. Foreign Travel	11,39,225	11,42,193
2. Subscriptions	17,534	28,856
3. Technical Know-How to collaborators	---	15,85,855
4. Technical Consultancy Expenses	---	6,42,550
5. Dividend	7,49,250	2,49,750
6. Repairs to plant & machinery	---	65,366
7. Royalty to collaborators	4,64,308	3,85,322
8. Factory Consumable Expenses	1,18,500	---
9. Equipment Repairs Expenses	1,30,569	---
TOTAL	26,19,386	40,99,892

h) Consumption of Raw Materials:

Sr. No.	Description	%	31/03/2008 Value (Rs. in Lacs)	%	31/03/2007 Value (Rs. in Lacs)
1.	Indigenous	99.06	3297.16	99.09	2,596.32
2.	Imported	0.94	31.19	0.91	23.78
TOTAL		100.00	3328.35	100.00	2620.10

8. DEFERRED TAX

The major components and its movement of deferred tax liabilities and deferred tax assets are set out below:

Particulars	31/03/2008 (Rs.)	31/03/2007 (Rs.)
Deferred Tax Liabilities:		
Related to fixed assets	1,38,81,658	1,29,67,581
Add: Disallowance under Income-Tax Act, 1961	3,41,847	---
Closing balance	1,42,23,505	1,29,67,581
Deferred Tax Assets:	---	---
Net Deferred Tax Liability /Assets	1,42,23,505	1,29,67,581
Deferred tax liabilities: Difference between net book value of depreciable capital assets for the year is Rs. 12,55,924/-		

9. RELATED PARTY DISCLOSURES

In accordance with the Accounting Standard-18 (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the disclosures are as under:

a) List of Related Parties : Nature of Relationship

- i) Ahura Controls Pvt. Ltd. : Mrs. Sheila S. Mody, a Director of the Company is also the Managing Director of Ahura Controls Pvt. Ltd.
- ii) Croll-Reynolds Co. Inc. : Mr. Samuel W. Croll-III who is a Director of the Company is also a Director of New Jersey, U.S.A Croll-Reynolds Co. Inc. U.S.A.
- iii) Mr. Sorab R. Mody : Main Promoter and Managing Director of the Company.
- iv) Mr. Percy X. Avari : Key Management personnel being the Whole-time Director of the Company.
- v) Mrs. Sheila S. Mody : Director and wife of Mr. Sorab R. Mody, Main Promoter and Managing Director of the Company.
- vi) Ms. Shanaya S. Mody : Whole-time Director and daughter of Mr. Sorab R. Mody, Main Promoter and Managing Director of the Company.
- vii) H.T. Engineering (Gujarat) Pvt. Ltd. : Mrs. M.N. Tarapore who is a Director of H.T. Engineering (Gujarat) Pvt. Ltd. is a sister of Mr. Percy X. Avari who is a Whole-time Director of the Company.
- viii) H.T. Engineering : Husband of Mrs. M. N. Tarapore is a proprietor of H. T. Engineering. Mrs. M. N. Tarapore is a sister of Mr. Percy X. Avari who is a Whole-time Director of the Company.
- ix) Tarapore enterprise : Mrs. M. N. Tarapore and Husband of Mrs. M. N. Tarapore are partners in Tarapore Enterprise. Mrs. M. N. Tarapore is a sister of Mr. Percy X. Avari who is a Whole-time Director of the Company.

- b) The Company has entered into transactions, with certain parties that are listed above, during the year under consideration. Full disclosures have been made and the board considers such transactions to be in normal course of business and at rates agreed between the parties. The transactions with the parties are as under:

Sr. No.	Name of the Party	Nature of the Transaction	Amount (Rs. In lacs)
1.	Croll-Reynolds Co. Inc. New Jersey, U.S.A	Sale of goods Factory Consumable Expense Dividend payment	763.13 1.18 7.49
2.	Mr. Sorab R. Mody	Remuneration Rent Interest on fixed deposits Dividend Commission	29.04 11.91 1.65 11.15 28.67
3.	Mrs. Sheila S. Mody	Sitting Fees for Board Meetings Dividend	0.98 0.09
4.	Mr. Percy X. Avari	Remuneration Dividend	23.00 0.86
5.	Ms. Shanaya S. Mody	Salary Dividend	23.11 5.31
6.	H.T. Engineering (Guj.) Pvt. Ltd.	Purchase of raw materials	210.62
7.	H.T. Engineering	Labour charges	46.51
8.	Tarapore Enterprise	Labour charges	22.71

10. The Company has defined benefit gratuity plan managed by trust. The following table summaries the component of net benefit expenses recognised in the Profit & Loss Account and the funded status and amounts to be recognised in the balance sheet.

	Gratuity (Rs. in Lacs)	Pre. Leave (Rs. in Lacs)
i) Change in benefit obligations		
Projected benefit obligations at beginning of the period	86.15	16.51
Current Service Cost	6.00	4.00
Contribution by plan participants	---	---
Interest Cost	7.11	1.36
Benefits paid	---	(1.07)
Actuarial gain / (loss)	(4.68)	0.06
Projected benefit obligations (PBO) at the end of the period	<u>94.58</u>	<u>20.86</u>
ii) Change in plan assets		
Plans assets at the beginning of the period at fair value	6.06	---
Contributions	10.20	---
Expected return on plan assets	0.95	---
Actuarial gain / (loss)	(2.33)	---
Benefits paid	---	---
Plans assets at the end of the period, at fair value	<u>14.88</u>	<u>---</u>

	Gratuity (Rs. in Lacs)	Pre. Leave (Rs. in Lacs)
iii) Actual return on plan assets		
Expected Return on plan assets	0.95	---
Actuarial gain / (loss) on plan assets	(2.33)	---
Actual return on plan assets	<u>(1.38)</u>	<u>---</u>
iv) Present value of the defined benefit obligation		
Plan assets at the end of the period, at fair value	94.58	20.86
	(14.89)	---
Liability to be recognised in the balance sheet	<u>79.69</u>	<u>20.86</u>
v) Cost for the period		
Current Service Cost	6.00	4.00
Interest cost	7.11	1.36
Expected return on plan assets	(0.95)	---
Actuarial gain / (loss)	(2.35)	0.06
Expense recognised in the statement of profit & loss	<u>9.81</u>	<u>5.42</u>
vi) Assumptions		
Interest rate for discount	8.25%	8.25%
Estimated rate of return on plan assets	8.50%	---
Rate of escalation in salary (per annum)	6.25%	6.25%

Notes:

- i) Assumptions relating to future salary increase, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- ii) This being the first year of implementation, previous year figures have not been given.

11. Based on information available with the company, the name of the small scale industries to whom the amounts outstanding for more than 30 days and Rs. 1,00,000/- are M/s Tarapore Enterprise and M/s H.T. Engineering (Gujarat) Pvt. Ltd.
12. Balances of Sundry Debtors & Creditors are subject to confirmation.
13. Other income during the year has been set off against related expenses.
14. Previous year's figures have been reclassified / regrouped wherever considered necessary to conform to the current year's figures.

AS PER OUR ATTACHED
REPORT OF EVEN DATE

**FOR APAJI AMIN & CO.,
CHARTERED ACCOUNTANTS,**

(T. B. SETHNA)
PARTNER
MEMBERSHIP NO. 35476

PLACE : AHMEDABAD
DATE : 28/07/2008

FOR AND ON BEHALF OF THE BOARD

SORAB R. MODY
MANAGING DIRECTOR

CYRUS J. BHAGWAGAR
FINANCIAL CONTROLLER

PLACE : AHMEDABAD
DATE : 28/07/2008

SHEILA S. MODY
DIRECTOR

NISHITH C. KAYASTH
COMPANY SECRETARY

MOHIB. N. KHERICHA
DIRECTOR



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	14293	State Code	04
Balance Sheet	March 31, 2008	CIN No.	L29120GJ1990PLC014293

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III Position of Mobilisation and Deployment of Funds (Amount Rs. in Lacs)

Total Liabilities	3182.73	Total Assets	3182.73
-------------------	---------	--------------	---------

SOURCES OF FUNDS

Paid-up Capital	425.80	Unsecured Loans	15.00
Secured Loans	446.66	Deferred Tax Liability	142.24
Reserves & Surplus	2153.03		

APPLICATION OF FUNDS

Net Fixed Assets	1149.35	Investments	0.03
Net Current Assets	2033.35	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

IV Performance of the Company (Amount Rs. in Lacs)

Turnover (including other income)	6023.21	Total Expenditure	5467.81
Profit before Tax	953.05	Profit after Tax	593.10
Earnings per Share	Rs. 13.93	Dividend Rate	15.00%

V Generic Names of three principal products of the Company (As per Monetary Terms)

<u>Product Description</u>	<u>Item Code No. (ITC Code)</u>
Evaporators	84195090
Vacuum Systems	84212900
PRS/ PRDS	84811000



MAZDA LIMITED

Registered Office : C/1-39/13/16, GIDC, Naroda,Ahmedabad - 382 330.

ATTENDANCE SLIP

Folio No. : _____ DP ID : _____ Client ID : _____

No. of Shares : _____

(Name of Member / Proxy / Representative in BLOCK letters)

I hereby record my presence at the 18th ANNUAL GENERAL MEETING of the company held at the Registered Office at C/1-39/13/16, GIDC, Naroda, Ahmedabad - 382 330, on Monday, 29th September, 2008.

Member's / Proxy's Signature
(To be signed at the time of
handing over this slip)

NOTES :

1. Members / Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.
2. Please carry with you this attendance slip and hand over the same duly signed at the space provided, at the entrance of the Meeting Hall.
3. This meeting is for members. Please, therefore, do not bring person in the meeting who is not a member.

MAZDA LIMITED

Registered Office : C/1-39/13/16, GIDC, Naroda,Ahmedabad - 382 330.

PROXY FORM

Folio No. : _____ DP ID : _____ Client ID : _____

No. of Shares : _____

I / We _____ of _____
being a Member / Members of the above named company (MAZDA LIMITED), hereby appoint
_____ of _____ or failing him
_____ of _____ as my / our Proxy
to vote for me / us and on my / our behalf at the 18th ANNUAL GENERAL MEETING of the company to
be held on Monday, 29th September, 2008.

Signed this _____ day of _____ 2008

Signed by the said _____

┌───┐
│ Affix │
│ Re. 1/- │
│ Revenue │
│ stamp │
└───┘

NOTE : The Proxy to be effective should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the Meeting. The Proxy need not be a member of the company.

**BOOK - POST
(PRINTED MATTER)**

To,

If undelivered, please return to :

MAZDA LIMITED
Mazda House, 650/1, Panchwati 2nd Lane,
Ambawadi, Ahmedabad. 380 006.