

July 28, 2007

**CHAIRMAN'S SPEECH
AT THE
17TH ANNUAL GENERAL MEETING**

It gives me great pleasure to welcome you to the 17th Annual General Meeting of your company.

I trust by now, you have had opportunity to review the notice, directors' report and the audited account for the financial year 2006-2007. I am glad to state that we have delivered an encouraging financial and operating performance. We are looking at the future with continued optimism and confidence.

ECONOMIC SCENARIO

I take this opportunity to share with you our perspectives of the current economic environment and trends in the country. The financial year 2006-2007 was another good year for global economy, for India and for your company. The Indian Manufacturing Industry has emerged as a major contributor to the Indian Economy. Indian Economy grew by about 9.4% during 2006-2007.

We must also appreciate that the economy does face certain challenges. Some of these are need for better infrastructure, keeping inflationary pressures under control, higher Crude Oil prices, and higher Interest rates.

Our unit is related to Heavy Engineering and machine building Industry, mainly oil & gas equipment manufacturing industry. Oil and Gas equipment Industry is growing enormously and have contracts lasting for next $\frac{3}{4}$ years. Thus demand for our products is very substantial & will continue to be so for next $\frac{3}{4}$ years.

OPERATIONS AND FINANCIAL PERFORMANCE

Now I will come to financial and operating performance of your company. This is the 4th year in succession the company has been making net profits.

Sales turn-over grew by 23.71% to Rs.3923.00 Lacs

Profit Before Tax grew by 865.95% to Rs.532.24 Lacs

Export-turnover grew by 85.44% to Rs.2566.67 Lacs

In view of the large export potential Company has installed balancing equipment to improve its capacity utilization. Company has now undertaken 2'nd phase of adding balancing equipment. This will enhance capacity utilization to about 75% . The Company is in process to convert the plant at Chakan to 'world class' level.

In last couple of months the Indian rupee has appreciated considerably against USD, as the impact of this appreciation is about 8% loss to the Company . Raw material prices have gone moving up due to Ni prices in the International market. Bothe these factors are major causes of concern as overseas buyers are reluctant to compensate for the loss. To reduce the impact of rupee appreciation and raw material prices, the Company has formulated cost reduction plan.

General :

Steps are underway to obtain revocation of suspension of trading at BSE. SEBI adjudication matter is over and it is now expected that Company's shares will be DEMAT with NSDL and CDSL very soon and thus suspension will be revoked.

Acknowledgements

I take this opportunity to express my sincere gratitude, on your behalf, to the various Government authorities, Financial Institutions, Shareholders, Employees, Bankers, Suppliers, Customers, Management & Staff for their continued support in all our endeavors. I express my sincere thanks to my colleagues on the Board for their valuable contribution.

Thank you,

S. Padmanabhan
Chairman

