

**REPORT OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY
TO THE MEMBERS**

Your Directors have the pleasure in presenting the 27th Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2007.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2007 are as under: -

	2006-2007 (Rs. In Lacs)	2005-2006 (Rs. In Lacs)
Gross Sales and Other Income	23851.93	19615.13
Gross Profit before Depreciation	448.85	450.82
Less: Depreciation	151.76	176.50
Profit before Tax	297.09	274.32
Provision for Tax	105.00	85.00
Fringe Benefit Tax	11.72	6.47
Profit after Tax	180.37	182.85
Excess Provision for Income Tax W/back	14.98	36.33
Adjustment for Deferred Tax Assets /(Liabilities)	4.65	30.46
Net Profit for the year	160.74	249.64
Balance Brought Forward from Previous Year	2149.05	1899.40
Balance Carried Forward to Balance Sheet	2309.79	2149.04

DIVIDEND

In order to conserve the financial resources of the Company, the Directors have not recommended payment of dividend to the Shareholders of the Company for the financial year under review.

FIXED DEPOSITS

The company has not accepted any deposits from public during the financial year under report and as such there are no fixed deposits outstanding as on 31st March, 2007

CORPORATE GOVERNANCE

A detailed Report on Corporate Governance is given in "Annexure - A" to this report. The Auditors' Certificate relating to compliance of the conditions of Corporate Governance, as stipulated in clause 49 of the listing agreement with the Calcutta Stock Exchange where the Shares of the Company are listed is also enclosed.

DIRECTORS

In pursuance of Article 134 of the Articles of Association of the Company, Shri N.K. Sureka and Shri Puneet Kumar Saraf retire by rotation and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, it is hereby affirmed that :-

- in preparation of annual accounts, all applicable accounting standards have been followed.
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under report and of the profit and loss of the Company for that period ;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Mauria Udyog Limited (MUL), is India's largest cylinders manufacturing Company. It is an integrated, research based, cylinder manufacturing company, producing a wide range of international quality cylinders in different sizes at competitive prices, trusted by global customers. At present, it is ranked amongst the leading cylinder manufacturing company in the international market. The company has manufacturing operations in Faridabad adjoining the national capital of India, New Delhi and its products are well established in Middle-east countries, in European countries and African markets.

Driven by vision and inspired by innovation, MUL is well equipped with modern and latest machinery and highly trained and charged team of professionals producing goods of international recognition and standards. The company is quality conscious and its quality control systems are periodically assessed as per ISO 9001: 2000 certified by BSI accredited by UKAS and RvA. The company's quality plan is duly approved by Bureau Veritas Industrial Service (BVIS).

At present, the company is manufacturing LPG cylinders ranging from 5 kgs. to 48 kgs. gas capacity as per customers requirements. The company is a global supplier to a number of Fortune 500 oil companies.

DIVERSIFICATION :

I. TERRY TOWEL DIVISION

The company has diversified its manufacturing activities by taking up manufacturing of terry towels in addition to cylinders. The company has a top-of-the line manufacturing facility to manufacture world class terry towels as per the prevailing international trends. Spread over 30,000 sq. ft., the unit comprises of a modern facility and a weaving plant equipped with all the relevant machines.

Latest machines have been imported from the internationally renowned names in the industry like Vamatex, Sulzer, Nouva Pignone, Staubli etc. The mechanization of the manufacturing process has enhanced the finish of the product as well as the quality and to improve the quality further, the company has imported six looms in the year 2006 from M/s Smit Textile, Italy as the company is very much quality conscious.

ZERO DEFECT PRODUCTION IN TERRY TOWEL

Automatic Fabric Inspection machine has been installed to ensure that only zero defect fabric goes for production. To lend smooth velvet finish to the products, specialized shearing machines have been imported. The end product is also inspected by the finishing team for even minor defects, if any. The objective is to ship only those products which reflect MUL's unflinching commitment to quality.

II. CONSIGNMENT AGENCY

During the year under report, the company has taken the consignment agency of Rashtriya Ispat Nigam Limited, a Govt. of India undertaking and has handled 1,32,513 metric tons of steel during the period from June, 2006 to March, 2007 and the company is hopeful to continue with the said business in the years to come.

III. READYMADE GARMENTS

The company has entered into a new venture of readymade garments by the name GAPPLE and has taken the re-distribution work of GAP Inc., USA. In this direction, the company has opened show-rooms in NCR cities viz. Delhi, Gurgaon & Noida and also in metropolitan cities such as Mumbai.

The company is also planning to open approximately 20 more show-rooms for the said product in major metros of the country in the years to come.

IV. INTERNATIONAL TRADING & MERCHANDISING

The company has carried on with domestic trading in agro-commodities such as soyabean meal & oil and international & domestic trading in metals such as steel, brass, zinc, copper, ferrous and non-ferrous scrap and is hopeful to do better in the near future.

V. LPG CYLINDER ACCESSORIES

The company also manufactures various other Gas appliances such as LPG Burners, Cooker Rings, Heat Shields, Cylinder Guards, etc.

RECOGNITION & AWARDS

The company is the recipient of FIEO's **Niryat Shree Bronze** Trophy Award for its excellence in exports.

The Indian Council of Small & Medium Exporters (ICSME) has awarded **Niryat Shiromani Puraskar** to Shri N. K. Sureka, a director of the company and **Gold Medal** to the company for export performance on 23.03.2007.

The company participated in the "Haryana State Safety and Welfare Awards Scheme" in the year 2006 and the Directorate of Industrial Safety & Health, Labour Department, Haryana placed on record its appreciation of the management for taking proactive steps by implementing safety, health and welfare schemes of the workers.

AUTOMATION

The company's more than 50% plant has been automatized and the efforts are being made to switch over fully automation in the years to come.

RESEARCH & DEVELOPMENT(R&D)

MUL has its in-house R&D facility and a fully equipped design studio that creates innovative and vibrant designs for towels in line with prevailing international trends and forecasts. The studio is equipped with CAD system and is managed by well known and talented designers. It is also fully capable of designing towels as per the buyer's designs, material and colour specifications.

The management of the company also keeps a tab on the international trends by attending various international fairs & conferences. The company's continued focus on R&D has resulted in several approvals of its products in developed markets and significant progress in its initiative.

MUL has a complete and integrated towel manufacturing facility which makes its products internationally compatible in terms of quality and price. It also helps to reduce production lead time to a considerable extent.

It is now all set to carve a niche for itself in the competitive international market by exporting world class products.

FORGING NEW RELATIONSHIPS

Having consolidated its infrastructure and strengths, the company is planning to expand and grow its overseas market in times to come. It plans to forge mutually rewarding business associations with its potential clients. For this purpose, it has chalked out an ambitious plan. The management of the company is committed to provide its clients reliable and quality products at competitive prices and thus nurture enduring relationships with them.

The change in the international/local Govt. Policies do have its significant impact on the business of the company in the international as well as local markets, thus, effecting the volume of sales including the exports of the company.

RISK & CONCERNS

At MUL, all key functions and divisions are independently responsible to monitor risk associated within their respective areas of operations such as production, finance, insurance, shipping, legal and other issues like health, safety and environment.

Cylinders and terry towel products are globally traded commodities and their prices are subjected to international market forces of demand-supply and other factors that influence price volatility. With these two businesses presently accounting for the major proportion of MUL's revenues, changes in global price levels will have an impact on the company's performance.

As per global trend, all labour intensive manufacturing activities are being discontinued in the developed countries and are now shifting to developing countries wherein India is a preferred destination specially of products like Cylinders & Towels. The company is in an advantageous position as far as products manufactured are concerned.

AUDITORS

M/s. Salarpuria & Partners, Chartered Accountants, who retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Directors recommend that they may be re-appointed as Auditors of the Company for the Financial Year 2007-2008 on such remuneration as is fixed by the Shareholders.

Auditors' observations are explained in various notes on the Accounts and therefore do not call for any further comments.

FOREIGN EXCHANGE EARNINGS AND OUT GO

	Rs. in Lacs	
	2006 - 07	2005 - 06
a) C.I.F Value of Imports: (i) Materials	1913.39	2200.56
(ii) Capital Goods	5.78	237.93
b) Earning in Foreign Exchange F.O.B. Value of Export	8569.24	2584.72
c) Expenditure in Foreign Currency	1574.82	246.39

CONSERVATION OF ENERGY

As the products manufactured by the Company do not fall in the list of industries announced by the Government of India, the information required to be furnished in the prescribed Form 'A' is not required to be given and as such the same is not furnished herewith.

TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

Particulars of Technology Absorption

Research and Development in Form 'B' Ni

EMPLOYEES

As there have been no employees during the year under review who were paid remuneration of Rs. 24,00,000 per annum or more, if employed through out the year or Rs. 2,00,000/- per month and more, if employed for the part of the year, the information as required Under Section 217 (2A) of the Companies Act 1956 is thus not called for.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude to the Banks, Employees as well as Customers for their timely help in smooth functioning of your Company. Your Directors also extend their thanks to all the Shareholders of the Company for their trust and confidence in the Board of Directors of the Company.

V.K SUREKA
MANAGING DIRECTOR

N.K.SUREKA
EXECUTIVE DIRECTOR

By order of the Board of Directors
MAURIAUDYOG LIMITED
A.K. SUREKA
DIRECTOR

ROOM NO. 107, 1st FLOOR,
ANAND JYOTI BUILDING,
41, NETAJI SUBHAS ROAD,
KOLKATA - 700 001
(WEST BENGAL)

Date : 20th August, 2007