



MATHER AND PLATT FIRE SYSTEMS LIMITED

Annual Report 2007

MATHER AND PLATT FIRE SYSTEMS LIMITED

Board of Directors

Chairman Mr. Peter Wurzbacher
Mr. Jerome Perrod
Mr. Otto Northe
Mr. P. M. Nene
Mr. Kiran Malhotra
Mr. Bomi Daruwala
Mr. Ravindra Pal Bhatia
Mr. Shailendra Jha

Company Secretary

Mr. Amol Kulkarni

Auditors

M/s. Lodha & Company

Banker

HSBC

**Registered &
Corporate Office**

Mumbai-Pune Road,
Chinchwad, Pune: 411019 (India)

Share Transfer Agent

Sharepro Services (I) Pvt. Ltd.
Satam Industrial Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099.

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NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the members of Mather And Platt Fire Systems Limited will be held on Saturday, 26th April, 2008 at Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411034 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st December, 2007 and the Profit and Loss Account for the financial year ended on that date together with the reports of the Directors and Auditors thereon.
 2. To appoint a Director in place of Mr. Otto Northe, who retires by rotation and being eligible, offers himself for re-appointment.
 3. To appoint a Director in place of Mr. Kiran Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
 4. To appoint a Director in place of Mr. Bomi Daruwala, who retires by rotation and being eligible, offers himself for re-appointment.
 5. 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.
- By Order of the Board of Directors
For Mather And Platt Fire Systems Limited
- Place : Pune **Amol Kulkarni**
Date : 12th February, 2008 Company Secretary
- ### NOTES:
1. The Register of Members/Beneficial Owners and the Share Transfer Registers of the Company will remain closed from 21st April, 2008 to 26th April, 2008 (both days inclusive).
 2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIS/HER SELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
 3. Information on Directors retiring by rotation and seeking reappointment is given in Annexure I hereto.
 4. Members are requested to notify change of address, if any, (a) to their respective Depository Participant in case of shares held in electronic form and (b) to the Registrar & Transfer Agent, M/s. Sharepro Services (I) Pvt. Ltd., at Satam Industrial Estate, 3rd floor, above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099, in case of shares held in physical form.
 5. Any member desirous of obtaining any information pertaining to the accounts may forward such queries in writing to the Finance & Accounts Department at the Registered Office at least 7 days prior to the meeting in order to enable the Company to keep the information ready to the extent possible.
 6. Members or their Authorised Representatives/ Proxies are requested to bring their copies of Annual Report at the meeting.
 7. Members having multiple accounts in identical names or joint accounts in the same order are requested to intimate to the Company's Registrar & Transfer Agent, the ledger folios of such accounts, for consolidation of all such shareholdings into one account.
 8. Members intending to dematerialise their shareholdings may approach any Depository Participant for opening a Beneficiary Demat Account. For any additional information/ clarification, members may contact National Securities Depositories Ltd. or Central Depository Services (India) Ltd.

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ANNEXURE I TO THE NOTICE

BRIEF RESUME AND OTHER DETAILS OF THE DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

Name	Mr. Otto Northe	Mr. Kiran Malhotra	Mr. Bomi Daruwala
Date of Birth	01.10.1952	14.11.1945	19.03.1964
Age (Years)	55	62	43
Qualifications and experience	Graduate in Economics with 24 years experience in the field of finance and has worked as Chief Financial Officer in reputed international companies. He is also working as Chief Financial Officer – Asia at WILCO China Ltd.	Mechanical Engineer with 32 years experience in the field of marketing and management in reputed companies. He is also a Managing Director of Hoerbiger India Pvt. Ltd.	Commerce & law graduate and a Chartered Accountant as well as Cost Accountant with 20 years experience in the legal field, especially advisory in the matters of joint ventures, technology transfers, corporate restructuring, mergers and acquisitions, project finance and real estate, etc. He is associated as partner with M/s. Vaish Associates, corporate tax and business advisory law firm.
Directorships held in other companies (excluding foreign companies)	Mather And Platt Pumps Ltd.	Mather And Platt Pumps Ltd., Hoerbiger India Pvt. Ltd., Hoerbiger Drive Technology India Pvt. Ltd.	Mather And Platt Pumps Ltd., Liquid Controls India Pvt. Ltd.
Memberships / Chairmanships of Committees in the Company	Member of Audit Committee	Alternate Chairman of the Audit Committee	Member of Audit Committee
Memberships / Chairmanships of Committees in other companies (excluding foreign companies)	Member of the Audit Committee – Mather And Platt Pumps Ltd.	Alternate Chairman of the Audit Committee, Chairman of Shareholders & Investors Grievance Committee and Member of Remuneration Committee – Mather And Platt Pumps Ltd.	Member of the Audit Committee, Shareholders & Investors Grievance Committee and Remuneration Committee – Mather And Platt Pumps Ltd.
Shareholding in the Company	NIL	NIL	NIL

DIRECTORS' REPORT

Dear Members,

Your Directors present 15th Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st December 2007.

SUMMARISED FINANCIAL RESULTS

	(Rs. in Millions)	
	Year ended 31.12.2007	Year ended 31.12.2006
Sales & Services	3.3	7.1
Other Income	0.7	0.7
Profit / (Loss) before Interest, Depreciation and Tax	2.1	4.1
Less : Interest	1.6	1.9
Depreciation	-	-
Profit before Tax	0.5	2.2
Profit after Tax	0.5	2.2
Balance Profit / (Loss) brought forward from previous year	(104.7)	(106.9)
Balance of Loss	(104.2)	(104.7)
Amount received from parent company for implementation of the Scheme of Arrangement with unsecured creditors	9.0	N.A.
Reduction of principal value of liabilities arising out of the said Scheme.	17.3	N.A.
Net Accumulated Loss carried to Balance Sheet	(77.9)	N.A.

REVIEW OF OPERATIONS

As in the previous year, the activities of the Company were restricted merely to completing the existing projects and recovery of dues. The Scheme of Arrangement proposed by the Company with its unsecured creditors was approved by the Hon'ble High Court, Bombay vide its Order dated 30th April 2007. The scheme became effective on 30th July 2007 on its filing with the Registrar of Companies, Maharashtra, Pune. The Company is implementing the scheme. The total amount of dues covered by the said scheme is around Rs. 57 Million out of which the Company is required to pay around Rs.40 Million, in phased manner upto 9th year from the effective date of the scheme and the balance amount along with the interest, if any, is waived off.

DIVIDEND

In view of the accumulated losses your Directors do not recommend any dividend.

DIRECTORS

In accordance with the provisions of the Companies Act,

1956 and the Articles of Association of the Company, Mr. Otto Northe, Mr. Kiran Malhotra and Mr. Bomi Daruwala, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

PARTICULARS OF EMPLOYEES

During the year under review the Company did not have any employee falling within the purview of Section 217(2AA) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (a) in the preparation of Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (b) the Directors had 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 at the end of the financial year ended 31st December 2007 and of the profit of the Company for that financial year;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the Annual Accounts on a going concern basis.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION ETC.

Since the activities have been restricted merely to completing the existing projects and recovery dues, there is nothing significant to be mentioned under this head.

The details of foreign exchange earnings and outgo for the Financial Year under review are as under:

	Rs. In Million	
	Year ended 31.12.2007	Year ended 31.12.2006
Foreign Exchange earned	Nil	Nil
Foreign Exchange Outgo	0.02	0.16

The Company has during the year under review, received financial assistance equivalent to Rs. 9,000,000/- from WILO AG, Germany (holding Company) for the purposes of implementation of the Scheme of Arrangement with the unsecured creditors.

CORPORATE GOVERNANCE

The report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed hereto as Annexure A.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The report on Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement is annexed hereto as Annexure B.

AUDITORS

M/s. Lodha & Company, Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from the Auditors to the effect that their re-appointment if made, by the Company for the year 2008 would be within the limit prescribed under Section 224(1-B) of the Companies Act, 1956.

The Board of Directors recommends their re-appointment.

LISTING

The shares of the Company are listed at Bombay Stock Exchange Limited and The Pune Stock Exchange Limited.

Listing fees for the year 2007-08 have been paid to both the Stock Exchanges.

ACKNOWLEDGEMENT

Your Directors convey their sincere gratitude to the Government and Statutory Authorities, Banks, Shareholders, Creditors, Customers and Employees for the continued support extended to the Company at all times.

For and on behalf of the Board of Directors

Peter Wurzbacher
Chairman

Place: Pune

Date : 12th February, 2008

**ANNEXURE A TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT**
1. Company Philosophy on Corporate Governance:

Corporate Governance relates to systems and processes that directs corporate resources and management strategies towards maximizing value for stakeholders while ensuring accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. A good governance process should thus provide sufficient transparency over corporate policies, strategies and decision making process while strengthening internal control system and building relationship with all the stakeholders, including employees and shareholders. The adherence to good governance practices in true spirit, not just in letter, will help align interest of stakeholders and enhance investor confidence.

2. Board of Directors:

The Board of Directors of your Company consists of eight Directors. The composition of the Board of Directors and the number of other Directorships and Committee Memberships / Chairmanships of the Directors are given below:

Name of the Director	Category	Number of other Directorships +	Number of other Committee Memberships / +Chairmanships ++
Mr. Peter Wurzbacher, Chairman*	PD	1	0/0
Mr. Jerome Perrod	PD	1	0/1
Mr. Otto Northe	PD	1	1/0
Mr. Ravindra Pal Bhatia	OD	1	1/0
Mr. Shailendra Jha	OD	0	0/0
Mr. P. M. Nene	ID	5	1/1
Mr. Kiran Malhotra	ID	3	2/1
Mr. Bomi Daruwala	ID	2	3/0
Mr. Mayanth Kanagasundrem**	PD	1	1/0

PD – Non-Executive Promoter Director, ID – Non-Executive Independent Director, OD – Other Non-Executive Director

* - Appointed w.e.f. 7th February, 2007 **Resigned w.e.f. 1st February 2007

+ Excluding directorships / committee positions held in foreign companies / bodies corporate

++ Committee includes Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee only.

None of the Directors is relative of any other Director.

During the financial year ended on 31st December 2007, four Board Meetings were held on 7th February 2007, 28th April 2007, 25th August 2007, and 27th October 2007. The attendance of the Directors at the Board Meetings and at the last Annual General Meeting is as follows:

Name of Director	Attendance at Last Annual General Meeting held on 30.06.2007	Number of Board Meetings attended during 01.01.2007 to 31.12.2007
Mr. Peter Wurzbacher*	No	4
Mr. Jerome Perrod	No	1
Mr. Otto Northe	Yes	3
Mr. P. M. Nene	No	3
Mr. Kiran Malhotra	Yes	3
Mr. Bomi Daruwala	Yes	3
Mr. Ravindra Pal Bhatia	Yes	4
Mr. Shailendra Jha	Yes	4
Mr. Mayanth** Kanagasundrem	Not Applicable	Not Applicable

*Appointed w.e.f. 7th February, 2007, **Resigned w.e.f. 1st February 2007

3. Audit Committee:

Audit Committee consisted of Mr. P. M. Nene, Mr. Kiran Malhotra, Mr. Bomi Daruwala and Mr. Mayanth Kanagasundrem as members. Mr. Mayanth Kanagasundrem ceased to be the member of the Committee w.e.f. 1st February 2007 on account of his resignation from the Directorship of the Company. Mr. Otto Northe was inducted as the member of the Committee w.e.f. 7th February, 2007. The members have elected Mr. P. M. Nene as the Chairman and Mr. Kiran Malhotra as Alternate Chairman. During the financial year ended 31st December, 2007, the Audit Committee met four times on 07th February 2007, 28th April 2007, 25th August 2007 and 27th October 2007. The particulars of attendance at the Audit Committee meetings are as under:

Name of the Director	No. of meetings attended
Mr. P. M. Nene	3
Mr. Kiran Malhotra	3
Mr. Bomi Daruwala	3
Mr. Otto Northe	2

The terms of reference of the Audit Committee cover the areas mentioned in the Listing Agreement, the Companies Act, 1956 and also other terms as may be referred to it by the Board of Directors. The role of the Committee includes, inter alia, reviewing financial statements, internal control systems, reports of the auditors, etc.

The Company Secretary of the Company acts as Secretary of the Committee. The representatives of the Internal Auditors and Statutory Auditors attended the meetings of the Committee.

4. Directors Remuneration:

The Company has not paid any sitting fees or other remuneration in any form whatsoever to any of its Directors.

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None of the Directors have been granted or entitled to any stock option.

5. Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee presently comprises of the following members of the Board:

- Mr. Ravindra Pal Bhatia, Chairman
- Mr. P. M. Nene, Member
- Mr. Shailendra Jha, Member

The Committee met four times during the financial year ended on 07th February 2007, 28th April 2007, 25th August 2007 and 27th October 2007 to consider inter-alia the matters relating to transfer / transmission / splitting of shares and issue of new share certificates etc. and shareholders' / investors' grievances. Mr. Amol Kulkarni is holding the office of Company Secretary and the Compliance Officer.

Name of the Director	No. of meetings attended
Mr. Ravindra Pal Bhatia	4
Mr. P. M. Nene	3
Mr. Shailendra Jha	4

During the financial year ended 31st December 2007, 35 investor complaints were received and resolved. There were no pending investor complaints as on 31st December, 2007.

6. General Body Meetings:

Details of last three Annual General Meetings held

Meeting	Venue of the meeting	Date and Time
14 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Friday, 13 th June, 2007 at 12.00 noon
13 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Friday, 30 th June, 2006 at 12.00 noon
12 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Friday, 23 rd September, 2005 at 11.15 a.m

Special Resolutions passed in last three Annual General Meetings

Meeting	Subject matter of Special Resolution
14 th Annual General Meeting	No Special Resolution was passed
13 th Annual General Meeting	No Special Resolution was passed
12 th Annual General Meeting	No Special Resolution was passed

No Special Resolution was put through postal ballot last year nor any resolution is now proposed through postal ballot.

7. Disclosures:

- During the financial year ended on 31st December, 2007, there was no materially significant related party transactions that may have a potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. B-6 of Schedule N annexed to and forming part of Annual Financial Statements.
- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years ended 31st December, 2007 and hence the question of penalties or strictures being imposed on the Company by the Stock Exchanges or Securities & Exchange Board of India or any statutory authority, does not arise.
- The Company has complied with the Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance.
- None of the Directors of the Company is holding any share in the Company.
- There is no qualification / adverse remark in the Auditors Report for the year under review.

8. Means of Communication:

The quarterly, half-yearly and annual financial results are regularly submitted by the Company to the Bombay Stock Exchange Ltd. and The Pune Stock Exchange Ltd. and are also published in the newspapers, viz., Financial Express and Punya Nagri, in accordance with the provisions of the Listing Agreement. The said financial results and official news release are displayed by the Bombay Stock Exchange Limited on its website viz. www.bseindia.com

9. General Shareholders' Information:

a) Annual General Meeting

Date and time : Saturday, 26th April 2008 at 11.00 a.m.

Venue : Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune-411 034.

b) Financial Calendar (tentative)

1st January to 31st December 2008

First Quarter Results : Fourth week of April, 2008

Second Quarter /

Half year Results : Fourth week of July, 2008

Third Quarter Results: Fourth week of October, 2008

Last Quarter /

Annual Results : Fourth week of February, 2009

- Book Closure** : 21st April 2008 to 26th April 2008 (both days inclusive)

d) Equity Shares listed on

Bombay Stock Exchange Ltd. (Code: 532470)

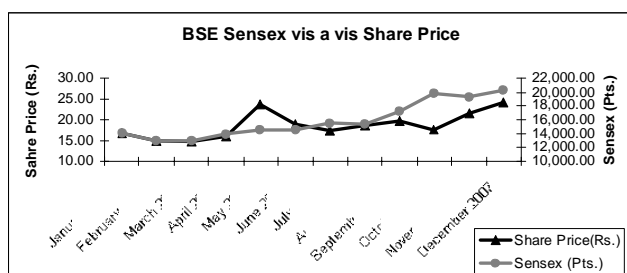
The Pune Stock Exchange Ltd. (Code: MATPF-660286)

The Listing fees for the year 2007-08 have been paid to both the stock exchanges.

e) ISIN No. INE095E01014

f) Market Price Data for the year ended 31st December 2007:
Bombay Stock Exchange Limited

Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades	Net T/O (Rs.)
January	16.00	18.75	15.25	16.90	42049	266	728,026.00
February	17.50	18.50	13.90	15.05	38258	228	653,586.00
March	14.75	18.80	14.00	14.65	24172	123	367,215.00
April	14.15	17.84	14.15	16.11	21031	187	340,801.00
May	16.00	29.30	16.00	23.75	179948	1243	4,589,930.00
June	22.60	24.35	18.70	19.05	36259	259	746,122.00
July	20.00	20.10	16.75	17.30	33954	300	633,093.00
August	17.00	18.80	16.00	18.60	17872	176	313,447.00
September	17.75	24.50	17.40	19.85	41324	327	862,750.00
October	19.05	20.80	17.00	17.65	31885	246	595,983.00
November	17.15	24.90	17.15	21.50	80353	369	1,738,364.00
December	23.50	26.40	17.60	24.30	108715	618	2,343,595.00

g) Stock performance in comparison to BSE Sensex.

h) Registrar and Share Transfer Agent:

M/s. Sharepro Services (India) Pvt. Ltd.

Unit: Mather And Platt Fire Systems Ltd.

Satam Industrial Estate, 3rd floor, above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.

Tel.: +91 22 6772 0345/ 2821 5168,

Fax: +91 22 2837 5646

i) Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agent of the Company. Applications which are in order are processed and share certificates are

dispatched within the time prescribed under the Listing Agreement/SEBI Guidelines.

Shares held in dematerialised form are electronically traded in the Depositories and the Registrar and Share Transfer Agent of the Company periodically receives from the Depositories the beneficiary holdings so as to enable them to update their records and to send all corporate communications to the shareholders.

j) Shareholding Pattern as on 31st December, 2007

Sr. No.	Category of Shareholder	No. of Shareholder	No. of Shares	% to Total No. of Shares
(A)	Shareholding of Promoter and Promoter Group			
(A1)	Indian	0	0	0.00
(A2)	Foreign: Bodies Corporate	1	1887697	55.48
(A)	Total Shareholding of Promoter and Promoter Group (A)=(A1)+(A2)	1	1887697	55.48
(B)	Public shareholding			
(B1)	Institutions			
	(a) Mutual Funds/ UTI	2	218	0.01
	(b) Financial Institutions / Banks	21	980	0.03
	(c) Central Government/ State Government(s)	0	0	0.00
	(d) Venture Capital Funds	0	0	0.00
	(e) Insurance Companies	2	29663	0.87
	(f) Foreign Institutional Investors	1	67	0.00
	(g) Foreign Venture Capital Investors	0	0	0.00
	(h) Any Other (specify)	0	0	0.00
	Sub-Total (B1)	26	30928	0.91
(B2)	Non-institutions			
	(a) Bodies Corporate	226	148458	4.36
	(b) Individuals:			
	Individual shareholders holding nominal share capital up to Rs 1 lakh	27091	1137987	33.44
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	8	197577	5.81
	Sub-Total (B2)	27325	1484022	43.61
(B)	Total Public Shareholding (B)= (B1)+(B2)	27351	1514950	44.52
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	27352	3402647	100.00

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k) Distribution of Shareholding as on 31st December, 2007:

Shareholding	No. of Shareholders	% to Total No. of Shareholders	No. of Shares	% to Total No. of Shares
Less than - 500	27130	99.19	888764	26.12
501 to 1000	111	0.41	89739	2.64
1001 to 2000	56	0.20	84498	2.48
2001 to 3000	21	0.08	51704	1.52
3001 to 4000	4	0.01	14612	0.43
4001 to 5000	3	0.01	14632	0.43
5001 to 10000	13	0.05	86615	2.55
10001 & above	14	0.05	2172083	63.83
Total	27352	100.00	3402647	100.00

l) Dematerialisation of shares and liquidity

Approximately 81.73% of the total number of Equity Shares in the Company were held in dematerialised form as on 31st December, 2007.

m) Your Company has not issued any GDRs/ ADRs/ Warrants or Convertible Instruments.

n) Address of Registered Office & Plant Location:

Mumbai-Pune Road, Chinchwad, Pune 411 019.

Address for Correspondence: Any correspondence by the Shareholders / Investors may be addressed to the Company's Registrar and Share Transfer Agent at the address given in (h) above.

The Shareholders / Investors may also address their correspondence to the Secretarial Department of the Company at the Registered Office or e-mail at comp_sec@pun.matherplatt.co.in

Declaration:

All the Directors and Senior Management of the Company have affirmed the compliance with the Code of Conduct for the year ended 31st December 2007.

Place : Pune

Date : 12th February, 2008

Ravindra Pal Bhatia

Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

TO THE MEMBERS OF

MATHER AND PLATT FIRE SYSTEMS LIMITED

We have examined the compliance of conditions of Corporate Governance by **Mather And Platt Fire Systems Limited** for the year ended 31st December, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and management, we certify that the Company has broadly complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

Based on the report given by the Registrar and Share Transfer agent of the Company to the Shareholders' / Investors' Grievance Committee, we state that during the year ended 31st December, 2007, there was no investor grievance matter against the Company unattended / pending for a more than thirty days.

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

For **LODHA & COMPANY**
Chartered Accountants

R. P. Baradiya
Partner
M.No.44101

Place: Pune
Date: 12th February, 2008

ANNEXURE B TO THE DIRECTORS' REPORT

Management Discussion and Analysis

Industry Structure and Development

The overall industrial production scenario in the country continues to be encouraging. The cumulative growth in index of industrial production for the period April – December 2007-08 stood around 9% over the corresponding period of the previous year. The cumulative growth during April-December 2007-08 over the corresponding period of previous year for the manufacturing sector stood around 9.6%.

Fire Protection Systems - Industry Scenario

The industrial growth, infrastructure development, expanding cities and increasing townships contributes to increasing demand for fire detection and protection systems. The overall scenario for the industry seems to be positive and encouraging.

Opportunities and threats

Strengths of the Company like, technical knowledge bank, experience and expertise in manufacturing reliable fire detection and protection systems and market reputation built over the years, places the Company in an advantageous position.

The threats identified by the Company are related to the market in which it operates and general factors related to the industry. Important among these are rising material and energy prices and transportation costs, competition from organized domestic and international players.

Financial Performance

During the year under review, the Company has recorded a gross turnover of Rs. 3.3 Million (previous year Rs. 7.1 Millions). The Profit Before Interest, Depreciation and Tax for the year under review amounted to Rs. 2.1 Million (previous year Rs. 4.1 Millions) and the Net Profit After Tax amounted to Rs. 0.5 Million (previous year Rs. 2.2 Millions).

Outlook

The Scheme of Arrangement between the Company and its unsecured creditors under the provisions of Sections 391 to 394 of the Companies Act, 1956 was approved by the Hon'ble High Court, Bombay vide its Order dated 30th April 2007. The scheme became effective on 30th July 2007 on its filing with the Registrar of Companies, Maharashtra, Pune and the Company is implementing the same. With the increase in demand for the fire detection and protection systems and efforts of the Company towards consolidating its financial position and sorting out the liquidity crisis the outlook for the year ahead seems positive.

Risks and concerns

The downturn in business activities of the Company in last few years has resulted in the severe liquidity crisis and poor financial position. The Company has accumulated loss of around Rs. 77.9 Millions. Though as stated above the Company is consolidating its position and Scheme of Arrangement with unsecured creditors is a positive step towards the same.

Apart from the poor financial position, inflationary trend in the prices of raw material and transport cost, infrastructure constraints like inadequacy of roads, power, etc. and the quantum and manner of duty levied on Company's products are the major concerns of the Company.

Internal Control System & Their adequacy

The Company has in place adequate system of internal control procedures covering all financial and operating functions. The Company is constantly striving to make its internal control systems transparent as well as robust. Internal control and its effectiveness is reviewed through the process of internal audit. The Audit Committee of the Board of Directors also monitors the adequacy of

internal control systems through regular review of findings of internal audit and implementation of the recommendations thereof.

Human Resources

During the year under review the Company continued to have cordial and harmonious relations with its employees.

Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be a forward looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

DIRECTORS CERTIFICATE

The Board of Directors
Mather And Platt Fire Systems Limited
Mumbai-Pune Road,
Chinchwad, Pune – 411019.

Subject: Certification in pursuance of Clause 49 of the Listing Agreement

Dear Sirs,

In pursuance of Clause 49 of the Listing Agreement with the stock exchanges it is hereby certified that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st December 2007 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st December 2007, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept 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 we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee that:
 - (i) there is no significant change in internal control over financial reporting during the year ended 31st December 2007;
 - (ii) there is no significant change in accounting policies during the year 31st December 2007; and
 - (iii) there is no instance of significant fraud of which we have become aware having a significant role in the Company's internal control system over financial reporting.

Thanking you.

Yours truly,

For **Mather And Platt Fire Systems Limited**

Ravindra Pal Bhatia
Director

Shailendra Jha
Director

Date: 12th February 2008

Place: Pune

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AUDITORS' REPORT

TO

THE MEMBERS

MATHER AND PLATT FIRE SYSTEMS LIMITED

1. We have audited the attached Balance Sheet of **MATHER AND PLATT FIRE SYSTEMS LIMITED** as at 31st December, 2007 and the Profit and Loss Account and Cash Flow Statement 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 the 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and 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, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred

to in sub-section (3C) of section 211 of the Act, to the extent applicable;

- (e) On the basis of written representation received from directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) The accumulated losses of the Company as at the close of the financial year exceed its net worth. The accounts have, however, been prepared on a going concern basis inter-alia as the management, as explained, is taking effective steps to ensure execution of existing contracts in hand, reduce costs and to recover its dues. The impact whereof on the profit for the year, assets, liabilities and accumulated losses as at the year end are presently not ascertainable;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with what is stated para 4(f) above and note no. B - 8 in Schedule 'N' of "Significant Accounting Policies and Notes on the Financial Statements" regarding the transactions being continued in the name of Mather And Platt (India) Limited post demerger and other notes appearing in the said Schedule and elsewhere in the accounts, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2007;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & COMPANY
Chartered Accountants

R. P. BARADIYA
Partner

Membership No. 44101

Place: Pune
Date : 12th February, 2008

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2007 OF MATHER AND PLATT FIRE SYSTEMS LIMITED.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the Management at the year end. No material discrepancies were noticed on such verification.
- (c) No fixed asset has been disposed off by the Company during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on the physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to the Companies, firm or other parties covered in the register required to be maintained under Section 301 of the Act.
- (b) The Company has taken unsecured loans, including advances in the nature of loans, from co-subsidiary listed in the register maintained under Section 301 of the Act, and the balance outstanding any time at the year end is Rs. 32157 Thousands (Maximum balance anytime during the year Rs. 36041 Thousands). The terms and conditions of the said loans are, prima facie, not prejudicial to the interest of the Company.
- (iv) In our opinion, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls systems.
- (v) During the year, there are no contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Act.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act in respect of activities carried out by the Company.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
- (ix) (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, State Insurance, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st December 2007 for a

period more than six months from the date they became payable.

- (b) According to the records of the Company, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

Particulars	Forum where dispute is pending	Rs. in Thousands
Sales Tax	Appellate Asst. Commissioner Commercial Tax, Ernakulam	2877
	Asst. Commissioner Works Contract & Leasing, Jaipur	1311
	Deputy Commissioner UP Trade Tax Tribunal, Lucknow	8445
E. S. I.	E. S. I. Corporation, Calcutta	120

- (x) Accumulated losses at the end of the financial year exceed fifty percent of the Company's net worth and it has incurred cash losses in the current year as well as in the immediately preceding financial year.
- (xi) During the year, the Company has not raised any funds from any financial institution or bank or debenture holders, accordingly the provisions of clause 4(xi) of the order are not applicable to the Company.
- (xii) During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As the Company is not a nidhi / mutual benefit fund / society, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) As the Company is not dealing in or trading in shares, securities, debentures and other investments, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) During the year, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) The Company has not availed any term loan during the year, accordingly, the provision of Clause 4(xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and overall examination of the cash flow statement and balance sheet of the Company, in our opinion, the funds raised on short term basis have, prima-facie, not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, we have neither come across any fraud on or by the Company, noticed or reported nor have we been informed of any such case by the management.

For LODHA & COMPANY
Chartered Accountants

Place: Pune
Date : 12th February, 2008

R. P. BARADIYA
Partner
Membership No. 44101

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BALANCE SHEET AS AT 31ST DECEMBER, 2007

	SCHEDULE	As at 31 st December, 2007 Rupees	As at 31 st December, 2006 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS :			
SHARE CAPITAL	A	34,026,470	34,026,470
TOTAL		34,026,470	34,026,470
APPLICATION OF FUNDS			
FIXED ASSETS :			
GROSS BLOCK	B	428,711	1,983,566
DEPRECIATION		(427,811)	(1,981,866)
NET BLOCK		900	1,700
INVESTMENTS	C	21,100	21,100
CURRENT ASSETS, LOANS AND ADVANCES:			
INVENTORIES	D	2,004,499	1,518,563
SUNDRY DEBTORS		5,094,383	8,354,997
CASH AND BANK BALANCES		5,771,746	3,173,554
LOANS AND ADVANCES		1,020,410	4,829,188
		13,891,038	17,876,302
LESS: CURRENT LIABILITIES AND PROVISIONS :			
CURRENT LIABILITIES	E	52,465,759	83,259,296
PROVISIONS		5,300,000	5,300,000
		57,765,759	88,559,296
NET CURRENT LIABILITY		(43,874,721)	(70,682,994)
PROFIT AND LOSS ACCOUNT - LOSS	F	77,879,191	104,686,664
TOTAL		34,026,470	34,026,470

SIGNIFICANT ACCOUNTING POLICIES AND

NOTES ON FINANCIAL STATEMENTS

N

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of the Board of Directors

For LODHA & COMPANY

Chartered Accountants

R. P. Baradiya
Partner

Amol Kulkarni
Company Secretary

Ravindra Pal Bhatia
Director

Shailendra Jha
Director

Place: Pune

Date : 12th February, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	SCHEDULE	For the Year ended 31 st December, 2007 Rupees	For the Year ended 31 st December, 2006 Rupees
INCOME			
SALES & SERVICES (Gross)	G	3,277,472	7,066,667
Less : EXCISE DUTY		-	-
SALES & SERVICES (Net)		3,277,472	7,066,667
OTHER INCOME	H	709,725	660,273
		3,987,197	7,726,940
EXPENDITURE			
MATERIALS	I	979,862	3,560,125
EMPLOYMENT	J	-	115,141
OPERATIONS	K	5,012,414	9,209,858
INTEREST	L	1,546,448	1,877,156
PROVISIONS, WRITEOFF AND WRITE BACKS	M	(4,114,277)	(9,244,294)
		3,424,447	5,517,986
PROFIT FOR THE YEAR BEFORE TAX		562,750	2,208,954
PROVISION FOR TAXATION			
FRINGE BENEFIT TAX		15,785	50,578
PROFIT/(LOSS) FOR THE YEAR AFTER TAX		546,965	2,158,376
BALANCE OF LOSS BROUGHT FORWARD		(104,686,664)	(106,845,040)
BALANCE OF LOSS CARRIED TO BALANCE SHEET		(104,139,699)	(104,686,664)
Basic and Diluted Earnings per share		0.16	0.63

SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON FINANCIAL STATEMENTS
N

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of the Board of Directors
For LODHA & COMPANY

Chartered Accountants

R. P. Baradiya
Partner

Amol Kulkarni
Company Secretary

Ravindra Pal Bhatia
Director

Shailendra Jha
Director

Place: Pune

Date : 12th February, 2008

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	For the Year ended 31 st December, 2007 Rupees	For the Year ended 31 st December, 2006 Rupees
A. Cash Flow from Operating Activities		
Profit /(loss) before tax	562,750	2,158,377
Adjustments for :		
Interest Income	(209,725)	(56,250)
Interest Expenses	1,546,448	1,540,651
Provisions, write-offs and write-backs	(4,114,277)	(8,847,063)
Liabilities no longer required written back	-	(505,356)
(Profit)/Loss on sale of assets	800	(400,018)
Operating Loss before Working Capital changes	(2,214,004)	(6,109,659)
Adjustments for :		
Inventories	(485,936)	(1,515,963)
Trade & Other Receivables	7,769,621	5,859,500
Trade Payables	(10,094,597)	677,562
Cash used in operations	(5,024,916)	(1,088,560)
Income tax Paid	(15,785)	(275,464)
Net Cash used in operating activities	(5,040,701)	(1,364,024)
B. Cash flow from Investing activities		
Interest received	185,342	95,288
Reduction in Margin Money Deposit	900,000	-
Proceeds from Sale of Fixed Assets	-	404,518
Net Cash from Investing activities	1,085,342	499,806
C. Cash flow from Financing Activities		
Receipt from Parent company	9,000,000	-
Interest paid	(1,546,448)	(2,491)
Net Cash from Financing activities	7,453,552	(2,491)
NET CHANGES IN CASH AND CASH EQUIVALENTS(A+B+C)	3,498,193	(866,709)
CASH AND CASH EQUIVALENTS OPENING BALANCE	968,554	1,835,263
CASH AND CASH EQUIVALENTS CLOSING BALANCE	4,466,747	968,554

Notes:

- The above cash flow statement has been prepared by using the indirect method as per "Accounting Standard 3 - Cash Flow Statement", issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalent do not include balance in fixed deposits pledged with bank and current account balance to the extent held by the bank as per Court Order.
- Previous year's figures have been regrouped / reclassified, wherever necessary

As per our report of even date attached

For and on behalf of the Board of Directors

For LODHA & COMPANY
Chartered Accountants

R. P. Baradiya
Partner

Amol Kulkarni
Company Secretary

Ravindra Pal Bhatia
Director

Shailendra Jha
Director

Place: Pune

Date : 12th February, 2008

Schedules annexed to and forming part of the Financial Statements

	As at 31 st December, 2007 Rupees	As at 31 st December, 2006 Rupees
Schedule A : SHARE CAPITAL		
AUTHORISED		
5,000,000 Equity Shares of Rs. 10 each	50,000,000	50,000,000
ISSUED, SUBSCRIBED AND PAID UP		
3,402,647 Equity Shares of Rs.10 each, fully paid up	34,026,470	34,026,470
	34,026,470	34,026,470

- a) All the aforesaid shares were allotted for consideration other than cash pursuant to the Scheme of Arrangement between the Company and Mather and Platt (I) Ltd., sanctioned by Hon'ble High Court of Mumbai vide its Order dated 30th July, 2001
- b) Out of the above, 1,887,697 shares are held by the Holding Company, Wilo AG.

Schedule B : FIXED ASSETS

(Figure's in Rs.)

	Plant and Machinery	Furniture, Fixtures & Office Equipment	As at 31 st December 2007	As at 31 st December 2006
Cost /Book value as on 1 st January, 2007	1,585,681	397,885	1,983,566	5,456,399
Deletion during the year	1,293,484	261,371	1,554,855	3,472,833
Cost /Book value as on 31st December, 2007	292,197	136,514	428,711	1,983,566
Depreciation upto 31 st December, 2006	1,584,781	397,085	1,981,866	5,450,199
Depreciation for the year	-	-	-	-
Deletion during the year	1,293,484	260,571	1,554,055	3,468,333
Depreciation upto 31st December, 2007	291,297	136,514	427,811	1,981,866
Net Block as on 31st December, 2007	900	-	900	1,700
Previous Year as on 31st December, 2006	900	800	1,700	

Note: Refer note no. A-4 in schedule 'N' regarding revaluation of fixed assets.

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Schedules annexed to and forming part of the Financial Statements

		As at 31 st December, 2007 Rupees	As at 31 st December, 2006 Rupees
Schedule C : INVESTMENTS			
NON-TRADE, LONG-TERM			
QUOTED			
	Face Value		
	Rupees		
Equity shares (fully paid-up)*			
266 United Spirits Limited (Previous year 266)	10	16,100	16,100
		<u>16,100</u>	<u>16,100</u>
(Aggregate Market Value of Quoted Investments Rs.527,223(Previous year Rs.210,870)			
UNQUOTED			
Government Securities			
6 Year National Savings Certificates (lodged with Karnataka Sales Tax Department as Security Deposit)			
		5,000	5,000
		<u>5,000</u>	<u>5,000</u>
		<u>21,100</u>	<u>21,100</u>
* application made to endorse the share certificate in the present name of the Company.			
Schedule D : CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES			
(As taken, valued and certified by the Management)			
Work-in-Progress		2,004,499	1,518,563
		<u>2,004,499</u>	<u>1,518,563</u>
SUNDRY DEBTORS			
(Unsecured, considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months:			
Considered good		5,094,383	6,969,183
Considered doubtful		79,887,462	80,837,602
Less: Provision		(79,887,462)	(80,837,602)
Others		-	1,385,814
		<u>5,094,383</u>	<u>8,354,997</u>
CASH AND BANK BALANCES			
Cash on hand		6,422	6,179
Balances with Scheduled Banks :			
In Current Account		4,865,324	1,367,375
In Fixed Deposit (pledged against performance Bank Guarantee)		900,000	1,800,000
		<u>5,771,746</u>	<u>3,173,554</u>

Schedules annexed to and forming part of the Financial Statements

	As at 31 st December, 2007 Rupees	As at 31 st December, 2006 Rupees
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received (Net of Doubtful, fully provided Rs.Nil; previous year Rs.5,066,240)	152,367	829,407
Income Tax paid	868,043	3,999,781
	<u>1,020,410</u>	<u>4,829,188</u>
	<u>13,891,038</u>	<u>17,876,302</u>
Schedule E: CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	16,098,356	44,169,962
Advances received from customers	4,210,181	9,015,773
Amount payable to Mather and Platt Pumps Ltd.	32,157,222	30,073,561
	<u>52,465,759</u>	<u>83,259,296</u>
PROVISIONS		
Provision for Taxation	5,300,000	5,300,000
	<u>5,300,000</u>	<u>5,300,000</u>
	<u>57,765,759</u>	<u>88,559,296</u>
Schedule F : PROFIT AND LOSS ACCOUNT (LOSS)		
Balance as per Profit & Loss A/c	104,139,699	104,686,664
Less:		
a) Amount received from Parent Company for payment to Unsecured Creditors as a part of implementation of Scheme of Arrangement as approved by the Hon'ble High Court of Bombay .	9,000,000	-
b) Reduction of Principal value of liabilities arising out of the compromise/arrangement under the scheme credited to Capital Reserve, now set off against the loss, in accordance with accounting treatment prescribed under the Scheme of Arrangement as approved by the Hon'ble High Court of Bombay.	17,260,508	-
	<u>77,879,191</u>	<u>104,686,664</u>
Balance carried to Balance Sheet		
	For the Year ended 31st December, 2007 Rupees	For the Year ended 31st December, 2006 Rupees
Schedule G: SALES AND SERVICES (GROSS)		
Sales	3,127,900	7,022,917
Service charges	149,572	43,750
	<u>3,277,472</u>	<u>7,066,667</u>
Schedule H : OTHER INCOME		
Interest (TDS Rs. Nil ; Previous Year Rs. Nil)	209,725	56,250
Profit on sale of assets	-	400,018
Miscellaneous Income		
(a) Receipt of Debt written off earlier	500,000	56,107
(b) Recovery from scraps	-	99,225
(c) Others	-	48,673
	<u>709,725</u>	<u>660,273</u>
	<u>3,987,197</u>	<u>7,726,940</u>

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Schedules annexed to and forming part of the Financial Statements

	For the Year ended 31 st December, 2007 Rupees	For the Year ended 31 st December, 2006 Rupees
Schedule I : MATERIALS		
Raw Materials and Components consumed	1,465,798	5,076,088
Increase/(Decrease) in Work-in-Process		
Opening Stock		
Work-in-Progress	1,518,563	2,600
Less: Closing Stock		
Work-in-Progress	2,004,499	1,518,563
	<u>(485,936)</u>	<u>(1,515,963)</u>
	<u>979,862</u>	<u>3,560,125</u>
Schedule J : EMPLOYMENT		
Salaries,Wages and Bonus	-	71,647
Company's Contribution to Provident and Other Funds	-	1,133
Staff Welfare Expenses	-	42,361
	<u>-</u>	<u>115,141</u>
Schedule K : OPERATIONS		
Stores, Spares and Packing Materials	-	1,469
Carriage and Forwarding	(4,451)	69,314
Rates and Taxes	9,323	85,289
Site Expenses	2,312,123	5,327,338
Travelling and Conveyance	133,941	618,570
Insurance	104,716	89,857
Legal and Professional Charges	1,447,221	1,250,672
Auditors' Remuneration :		
Audit Fees	100,000	100,000
Certification work	50,000	50,000
Tax Audit	20,000	20,000
Out of Pocket Expenses (including service tax)	14,639	29,323
Miscellaneous Expenses	824,901	1,568,026
	<u>5,012,414</u>	<u>9,209,858</u>
Schedule L : INTEREST/FINANCE CHARGES		
Interest Charges	737,865	1,540,651
Bank & Finance charges	808,583	336,505
	<u>1,546,448</u>	<u>1,877,156</u>
Schedule M : PROVISIONS, WRITE OFFS AND WRITE BACKS		
Provision for Doubtful debts no longer required written back	(950,142)	(3,008,652)
Advances / Deposits Written off	5,443,573	
Less: Provision made in the earlier years	5,443,573	-
	<u>274,296</u>	<u>-</u>
Advance written off		
Write back of Provisions	(3,438,431)	(5,838,412)
Liquidated Damages/bad debts w/off	-	3346
Liability no longer required written back	-	(400,576)
	<u>(4,114,277)</u>	<u>(9,244,294)</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST DECEMBER, 2007**SCHEDULE N: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS****A. SIGNIFICANT ACCOUNTING POLICIES:****1. BASIS OF ACCOUNTING**

The financial statements are prepared on historical cost basis except for revaluation of certain fixed assets, on the accounting principles of a going concern and in accordance with the applicable accounting standards. All expenses and income to the extent considered payable and receivable, respectively with reasonable certainty are accounted for on mercantile basis.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

3. SALES AND LONG TERM CONTRACTS

Sales and profit on Long Term Turnkey contracts are recognised on completion of contract/identifiable stages thereof. Sales are net of credit notes issued (including for earlier years' sales) for discounts, allowances, liquidated damages etc. Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the customers.

4. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less depreciation and adjusted by revaluation of certain assets. Depreciation on all assets is provided on the Straight Line Method. Depreciation is charged at the rates in the manner specified in the Schedule XIV to the Companies Act, 1956, as amended. In respect of revalued assets, the incremental depreciation attributable to the revaluation is transferred from the Revaluation Reserve.

5. IMPAIRMENT OF ASSETS

In accordance with AS - 28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is recognised whenever the carrying amount of such assets exceeds its recoverable amount; and impairment loss is recognised in the profit and loss account.

6. INVENTORIES

Inventories are valued after providing for obsolescence, as under:

- (a) Raw materials and components, stores and spares at lower of weighted average cost and net realizable value.
- (b) Work-in-progress at lower of cost including related overheads and net realizable value.
- (c) Finished goods at lower of weighted average cost and net realizable value. Cost includes related overheads and excise duty paid/payable on such goods.

7. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Retirement benefits in the form of Provident fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long Term compensated absences are provided for based on actuarial valuation.

Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

8. FOREIGN CURRENCY TRANSACTIONS

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transactions in foreign currencies are recorded at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date.

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Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on loans denominated in foreign currencies utilised for acquisition of fixed assets from outside India, where the exchange gains/losses upto the date of asset put to use are adjusted to the cost of such assets.

The exchange differences arising on forward foreign currency contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions are recognised in the period in which they arise based on the difference between i) foreign currency amount of the contract translated at the exchange rate on the reporting date and ii) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract or the last reporting date.

The premium or discount arising at the inception of the forward foreign currency contracts is amortized as an expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year.

9. INVESTMENTS

Investments are stated at cost unless there is a diminution in the value of investments, other than of temporary nature; in which case, the investments are stated at their fair/ market values. Dividend on investments is recognised on receipt unless declared and receivable at the year end.

10. BORROWING COST

Borrowing costs attributable to the acquisition or construction of assets are capitalized as a part of costs of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to revenue.

11. INCOME TAX

- (a) Income tax expense comprises current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charged or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year.
- (b) The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.
- (c) Deferred tax assets are recognised only to the extent that there is reasonable Certainty that the assets can be realized in future: however where there is Unabsorbed depreciation or carry forward loss under taxation laws, deferred Tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain as the case may be to be realized.
- (d) Tax credit is recognised in respect of Minimum Alternate Tax (MAT) as per the provisions of section 115JAA of the income tax act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and is reviewed at each balance sheet date.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if:

- (a) The Company has a present obligation as a result of the past event,
- (b) A probable outflow of resources is expected to settle the obligation and the amount of the obligation can be reliably estimated.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognised to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- (a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- (b) a possible obligation, unless the probability of outflow of resources is remote.

B. NOTES TO ACCOUNTS

1. Contingent liabilities not provided for in respect of:

	As at 31 st December, 2007 Rupees	As at 31 st December, 2006 Rupees
a) Claims against the Company not acknowledged as debts	979,521	6,465,430
b) Sales Tax*	13,257,512	9,864,120
c) E.S.I.*	120,000	120,000
d) Performance guarantees & other obligations in respect of various projects. (Secured against assets of Mather And Platt Pumps Limited.)	24,413,110	29,689,127

* Excluding interest, leviable if any on conclusion of the matter.

2. The accumulated losses of the Company as at the close of the year exceed its net worth. The management has taken effective steps to ensure execution of existing contracts in hand, reduce costs, and has also taken steps for recovering its dues. Therefore, the accounts have been continued to be prepared on "going concern basis".
3. The Company's Scheme of Arrangement with its Unsecured Creditors has been approved by the Hon'ble High Court of Judicature at Bombay vide Order dated 30th April, 2007. Unsecured Creditors have exercised the options for settlement of their claims and the Company has disbursed 1st installment due as per the scheme. Next installment will be disbursed as per the options selected. Reduction of principal value of liabilities arising out of the compromise/ arrangement under the scheme credited to Capital Reserve, has been set off against the loss, in accordance with accounting treatment prescribed under clause 5 of the Scheme of Arrangement as approved by the Hon'ble High Court of Judicature at Bombay vide Order dated 30th April, 2007.
4. (a) Accounts of certain Debtors, Creditors, Banks / Lenders and Loans & Advances are subject to confirmations, reconciliations, and adjustments, if any, having consequential impact on the profit for the year, assets and liabilities, the amounts whereof are presently not ascertainable. However, the management does not expect any material difference affecting the current year's financial statements.
- (b) In the opinion of the Management, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business unless otherwise stated.
5. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

6. Related Party Disclosure:

(Related party relationship is as identified by the Company and relied upon by the Auditors)

(a) List of related parties:

(i) **Parties where control exists:**

WILO AG, Germany, Holding Company

(ii) **Other parties with whom the Company has entered into transactions during the year:**

Associates :

Mather And Platt Pumps Ltd. (subsidiary of Holding Company)

(b) Details of transactions during the year with related parties and the balances at the year end.

Sr. No.	Particulars	For the year ended 31 st December, 2007 Rupees	For the year ended 31 st December, 2006 Rupees
(i)	Purchases of goods / services : Mather & Platt Pumps Ltd.	585,667	1,453,664
(ii)	Interest expenses: Mather & Platt Pumps Ltd	737,859	1,240,218
(iii)	Balances at the year end Mather & Platt Pumps Ltd.- Adv Mather & Platt Pumps Ltd.- Crs	32,312,420 2,090,168	30,073,561 1,504,502
(iv)	Financial Assistance received from WILO AG (Holding Company) for implementation of the Scheme of Arrangement with Unsecured Creditors	9,000,000	-

(c) No amount pertaining to related parties has been provided for as doubtful debts/advances or written off / written back during the year.

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7. The computation of Earnings Per Share:

	For the year ended 31st December, 2007	For the year ended 31 st December, 2006
(a) Profit after Tax	546,965	2,158,377
(b) Weighted average number of equity shares (Denominator) Nos.	3,402,647	3,402,647
Nominal value of share (Rs.)	10	10
Basic and diluted Earnings Per Share	0.16	0.63

8. Orders, invoicing and other related matters are being presently done / dealt with in the name of Mather and Platt (India) Ltd. wherefrom the company demerged, pending completion of various formalities in this regard.

9. The Company is primarily engaged in the business of design, development, manufacture, installation of Fire Securities Systems. As such, there is no separate reportable segment as per the Accounting Standard – 17 “Segment Reporting” issued by The Institute of Chartered Accountants of India.

10 (i) Raw Materials and Components Consumed

	Units of Measure	For the year ended 31.12.2007		For the year ended 31.12.2006	
		Quantity	Rupees	Quantity	Rupees
Class of Goods					
Wrought Steel and Galvanised Tubes	Metres	1,591	226,095	2,198	305,451
Bought -out Cables	Metres	-	-	4,982	349,580
Bought-out Motors	Numbers	-	-	4	192,020
(Note b)					
Spares, Accessories, Components, etc. (Note a & c)			1,239,703		4,229,037
			1,465,798		5,076,088
Whereof :					
		Percentage			
Imported		1.52	22,233	3.17	160,858
Indigenous		98.48	1,443,565	96.83	4,915,230
		100.00	1,465,798	100.00	5,076,088

Notes:

- Some of the spares and components are sold as parts by the Company. The above also includes the cost of spares and components sold, this being an activity ancillary to the main .
- The value of consumption of raw materials and components has been arrived at on the basis of Opening Stock plus Purchases less Closing Stock. The consumption, therefore, includes adjustments for shortage/excess and the effects of reduction of stock items to realisable value.
- In view of the large number and heterogeneous types of spares, accessories and components, it has not been considered necessary to furnish separately the respective quantitative information.

(ii) Licensed and Installed Capacities and Production:

	Units of Measure	Installed Capacity		Production	
		Year ended	Year ended	Year ended	Year ended
		31.12.07 Quantity	31.12.06 Quantity	31.12.07 Quantity	31.12.06 Quantity
Class of Goods					
Complete fire protection installations including Components and accessories such as valves, Cast-iron pipe fittings, nozzles, branch pipes, hanging materials detectors, switches, sprinkler heads etc.	Sets	1000	1000	3	4

Note

- a) As certified by the management and accepted by the Auditors without verification being a technical matter.
b) Installed capacity of each type of product manufactured by the Company cannot be indicated precisely as various machines have overlapping capacities for each product. The product mix varies from time to time based on actual market demand. Company also buy some of the components from outside.

(iii) SALES

	For the year ended 31.12.2007		For the year ended 31.12.2006	
	Quantity	Rupees	Quantity	Rupees
Class of Goods Complete fire protection installation including Components and accessories such as valves, Cast-iron pipe fitting, nozzles branch pipes, hanging materials, detectors, switches, sprinkler heads etc. Spares Accessories, Components, etc.	3	2,406,778 721,122	4	6,504,900 518,017
		3,127,900		7,022,917

- a) Sales are net of Credit Notes issued to customers relating to discounts, allowances, liquidated damages etc. pertaining to earlier years but crystallised during the year.
b) Sales represent the composite value of complete installation at site.
c) Includes items supplied with other manufactured products as a complete units. In the view of large number of various types of items involved , it has not been considered necessary to furnish the quantitative information.

	For the year ended 31.12.2007 Rupees	For the year ended 31.12.2006 Rupees
(iv) Value of Imports in Foreign Currency		
Components & Spare Parts	22,233	160,858
(v) Earning in Foreign Currency		
Amount received from Parent Company for payment to be made to Unsecured Creditors for implementation of the Scheme of Arrangement as approved by H'ble High Court	9,000,000	-

12 Previous year's figure have been regrouped/rearranged, wherever considered necessary.

Signature to Scheduled A to N
For and on behalf of the Board of Directors

Place: Pune
Date : 12th February, 2008

Amol Kulkarni
Company Secretary

Ravindra Pal Bhatia
Director

Shailendra Jha
Director

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Additional information as required under Part IV of Schedule VI to the Companies Act,1956.

Balance Sheet Abstract and Company's General Business Profile:

1 Registration Details:

Registration No:	14500
State Code	25
Balance Sheet Date	31 st December,2007

2 Capital raised during the year

(Amount Rs. in Thousands)

Public Issue	-
Rights Issue	-
Bonus Issue	-

3 Position of mobilisation and deployment of funds:

Total Liabilities	91,792
Total Assets	91,792
Sources of Funds:	
Paid up Capital	34,026
Reserves & Surplus	-
Secured Loans	-
Unsecured Loans	-
	<hr/>
	34,026

Application of Funds:

Net Fixed Assets	1
Investments	21
Net Current Assets	(43,875)
Profit & Loss Account - (Loss)	77,879
	<hr/>
	34,026

4 Performance of Company:

Turnover	3,987
Total Expenditure	3,424
Profit before taxation	563
Profit/(Loss) after tax	547
Earnings per Share(Rs.)	0.16
Dividend Rate	-

5 Generic Names of Principal products, services of the Company:

Item Code No.	-
Product Description	Fire Protection Products and Systems

For and on behalf of the Board of Directors

Place: Pune
Date : 12th February, 2008

Amol Kulkarni
Company Secretary

Ravindra Pal Bhatia
Director

Shailendra Jha
Director

MATHER AND PLATT FIRE SYSTEMS LIMITED**REGISTERED OFFICE**

MUMBAI-PUNE ROAD, CHINCHWAD(E), PUNE-411 019

PROXY FORM

DP ID : **FOLIO NO.** :
CLIENT ID : **NO. OF SHARES** :

I/We
of in the district of being a member
members of the above named Company hereby appoint of
..... in the district of or
failing him of in the district of
..... as my/our proxy to vote for me/us on my/our behalf at the 15th ANNUAL
GENERAL MEETING of the Company to be held on 26th April, 2008 at Hotel Kalasagar, Plot No. P-4, Mumbai-Pune
Road, Kasarwadi, Pune – 411034 at 11.00 a.m.

Signed this day of, 2008

Signature

Affix 15 paise Revenue Stamp

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

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MATHER AND PLATT FIRE SYSTEMS LIMITED**REGISTERED OFFICE**

MUMBAI-PUNE ROAD, CHINCHWAD(E), PUNE-411 019

ATTENDANCE SLIP15th Annual General Meeting

DP ID : **FOLIO NO.** :
CLIENT ID : **NO. OF SHARES** :

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the 15th ANNUAL GENERAL MEETING of the Company held on 26th April, 2008 at Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411034 at 11.00 a.m.

.....
Member's/Proxy's name in BLOCK Letters

.....
Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the entrance of the hall.

BOOK POST

If undelivered, please return to :

Mather+Platt

MATHER AND PLATT FIRE SYSTEMS LIMITED

REGISTERED OFFICE :

MUMBAI-PUNE ROAD, CHINCHWAD(E), PUNE-411 019

CRYSTAL (022) - 6614 0900
cfi_mum@crystalforms.com