

Bharat Bijlee Limited

60th ANNUAL REPORT

Year Ended March 2007

DIRECTORS

Mr. Bansi S. Mehta (Chairman)

Mr. Nikhil J. Danani
(Vice Chairman & Managing Director)

Mr. Nakul P. Mehta
(Vice Chairman & Managing Director)

Mr. Jaisingh R. Danani

Mr. Mukul Harkison Dass

Mr. Prakash V. Mehta

Mr. Anand J. Danani

Mr. Deepak S. Parekh
(Alternate to Mr. Anand J. Danani)

Mr. Sanjiv N. Shah

Mr. Jairaj C. Thacker

Mr. Meghendra Kumar

REGISTERED OFFICE

Electric Mansion, 6th Floor,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai 400 025.
Tel. No. : 022-24306237
Fax No. : 022-24370624

WORKS

Plot No. 2, MIDC Industrial Estate,
Belapur Road, Kalwe,
Thane 400 601.
Maharashtra.
Tel. No. : 022-27600401
Fax No. : 022-27600443

AUDITORS

Messrs Dalal & Shah

SOLICITORS

Messrs Malvi Ranchoddas & Co.

BANKERS

Bank of India
IDBI Bank Limited
Citibank N.A.
Standard Chartered Bank
HDFC Bank Ltd.

REGIONAL OFFICES

Northern Regional Office

Milap Niketan, 4th Floor,
8-A, Bahadur Shah Zafar Marg,
New Delhi 110 002.
Tel. No. : 011-23319694
Fax No. : 011-23319413

Western Regional Office

Plot No. 2, MIDC Industrial Estate,
Belapur Road, Kalwe,
Thane 400 601.

Eastern Regional Office

Mansarowar, 2nd Floor,
3B, Camac Street,
Kolkata 700 016.
Tel. No. : 033-22172382
Fax No. : 033-22172467

Southern Regional Office

Ramanashree Chambers,
37, Lady Curzon Road,
Bangalore 560 001.
Tel. No. : 080-25592646
Fax No. : 080-25592823

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (W),
Mumbai 400 078.
Tel. No. : 022-25963838
Fax No. : 022-25962691

NOTICE

Notice is hereby given that the 60th Annual General Meeting of Bharat Bijlee Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020 on Tuesday, 26th June, 2007 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Jairaj C. Thacker, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mukul Harkison Dass, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Meghendra Kumar, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Dalal & Shah, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors and or its Audit Committee to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Clause 5 and other applicable clauses of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (including any statutory modification(s) or re-enactments thereof for the time being in force) and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or enactment thereof for the time being in force and as may be enacted hereinafter) the Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, listing agreements and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such

approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to the Board to delist the equity shares of the company from the Delhi Stock Exchange Association Ltd., New Delhi.

RESOLVED FURTHER that the Board be and is hereby authorized to take all necessary steps in this regard in order to comply with the legal and/or procedural formalities including authorizing any Committee of Directors or any of the Directors/Officers/Executives of the Company to do all such acts, deeds, matters and things as may be necessary to give effect to the above."

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that in partial modification of the resolutions passed at the 58th Annual General Meeting of the Company held on 12th August, 2005 in respect of Managing Directors, Mr. Nikhil J. Danani and Mr. Nakul P. Mehta pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval of the Company be and is hereby accorded to the revision in the salary range of Mr. Nikhil J. Danani and Mr. Nakul P. Mehta to take effect from 1st April, 2007 for the unexpired period of their respective term i.e. upto 19th June, 2008 as under:

Salary: Rs. 5,00,000 Upto Rs. 7,50,000 per month as may be determined by the Board of Directors (which includes any Committee thereof) with such increments from time to time after taking into account the performance of the Company.

RESOLVED FURTHER that save as aforesaid, all other terms and conditions of the appointment and remuneration of Mr. Nikhil J. Danani and Mr. Nakul P. Mehta approved by the shareholders at the Annual General Meetings of the Company held on 12th August, 2003 and 12th August, 2005 shall continue to remain in force and effect in accordance with the terms thereof."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder from time to time and subject to the approval of the Central Government, if any, consent of the Company be and is hereby accorded to Mr. Shome N. Danani, son of Managing Director, Mr. Nikhil J. Danani and relative of Mr. Jaisingh R. Danani and Mr. Anand J. Danani, Directors, to continue to hold office or place of profit in the Company in the Senior Management cadre of the Company as General Manager on the following revised remuneration w.e.f. 1st April, 2007:

Salary : upto Rs. 2,50,000/- per month as may be determined by the Board of Directors (which includes any Committee thereof) with such increments from time to time within the maximum salary limit set forth above.

Perquisites and Allowances :

In addition to salary, Mr. Shome N. Danani is also entitled to perquisites and allowances, including furnished accommodation or house rent in lieu thereof, house maintenance allowances, together with utilities thereof such as gas, electricity, water and furnishings, repairs, servants salaries, society charges and property tax, medical reimbursement, medical and personal accident insurance, leave travel concessions for self and family, club fees and such other allowances and perquisites as the Board or its committee may in its absolute discretion, determine from time to time. Such perquisites and allowances shall be restricted to a maximum of Annual Salary.

Mr. Shome Danani shall also be eligible to the following perquisites which shall not be included in computation of ceiling on perquisites as aforesaid :

- (i) Provision of Company car and driver or reimbursement of running and maintenance cost of his personal car and driver salary used for the purpose of the business of the Company.
- (ii) Reimbursement of telephone expenses (fixed and mobile). Personal long distance calls to be borne by him.
- (iii) Company's contribution to Provident Fund and Superannuation Fund or any Annuity fund to the extent these are either singly or together, not taxable under the Income-tax Act. Gratuity and encashment of leave at the end of the tenure will be paid as per the Rules of the Company.

- (iv) Leave with full pay or encashment thereof as per the Rules of the Company.

- (v) Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

- (vi) Reimbursement of hospitalization expenses for self and family as per Company's Rules.

Other perquisites :

Subject to overall ceiling on remuneration to be decided by the Board of Directors or its Committee, Mr. Shome N. Danani may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

RESOLVED FURTHER that the Board of Directors or its Committee be and is hereby authorised to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to the resolution including modification when necessary to the above terms of remuneration as the Central Government may suggest or require while granting approval."

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution:

"RESOLVED that in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 14th August, 1996, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 200,00,00,000 (Rupees Two Hundred crores) at any time."

NOTES:

(A) **MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. INSTRUMENTS APPOINTING PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

(B) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 18th June, 2007 to Tuesday, 26th June 2007 (both days inclusive).

(C) (i) The Profiles of the Directors being reappointed, item Nos. 3, 4 & 5 of the Notice as required under Clause No. 49 of the Listing Agreement with Stock Exchanges is annexed to this notice.

(ii) The Explanatory statement is annexed to the Notice with regard to item No. 7, 8, 9 and 10 in terms of Section 173(2) of the Companies Act, 1956.

(D) As per the provision of Section 205A read with Section 205C of the Companies Act, 1956 a Company is required to transfer its dividends, debentures, bonds, redeemed preference shares, fixed deposits, interest on fixed deposits, interest on debentures etc. upto the financial year March 31, 1995 and onwards which remain unpaid or unclaimed for a period of 7 years to the Investor Education and Protection Fund set up by the Central Government. The Company has in compliance transferred all such unclaimed amounts upto the financial year 31st March, 1999 to the said fund. It may be noted that no claims will lie against the Company in respect of the said unclaimed amount(s) transferred to the said fund. Members who have not claimed the dividends declared for the Financial Year 31-3-2003 and onwards are requested to lodge their claim immediately with the Company's Registrar and Transfer Agents at the address mentioned in the Annual Report.

(E) The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid after Tuesday, 26th June, 2007 to those members whose names stand registered on the Company's Register of Members :

(a) as Beneficial owners as at the end of business on Saturday, 16th June, 2007 as per the list to be furnished by National

Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in demat form.

(b) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company on or before, Monday, 18th June, 2007.

(F) The Registrar and Transfer activity of shares held in physical and demat form continue to be carried out by our Registrars, M/s Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, Phone No. 25963838.

The Register of Members continue to be maintained at the Registered Office of the Company.

(G) Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders may file nomination in respect of their shareholdings. Any shareholder willing to avail of this facility may submit to the Company the prescribed form 2B, if not already filed.

The Equity Shares of the Company are presently listed on the following stock exchanges:

1. Bombay Stock Exchange Ltd.
Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
2. The Delhi Stock Exchange Association Ltd.
3&4/4B, Asaf Ali Road,
New Delhi 110 002
3. National Stock Exchange of India Ltd.
Exchange Plaza
Bandra Kurla Complex,
Bandra, Mumbai 400051

The listing fee for the period 1-4-2007 to 31-3-2008 to the above Exchanges has been paid.

REQUEST TO THE MEMBERS

1. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.

2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring the copy of the Annual Report to the Meeting.
3. Members who hold shares in the dematerialised form are requested to bring their Depository Account Number for identification.

By Order of the Board

D.N. NAGARKAR
Company Secretary &
Sr. General Manager : Legal

Registered Office:

Electric Mansion, 6th Floor
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025
Dated: 10th May, 2007

PROFILES OF DIRECTORS BEING REAPPOINTED AS REQUIRED BY CLAUSE 49 VIA OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

Item Nos. 3, 4 & 5 of the Notice

Mr. Jairaj C. Thacker

Mr. Jairaj C. Thacker is a well known Industrialist and Educationalist. He holds a degree in Commerce and is the Chairman and Managing Director of M/s. Golden Chemicals Pvt. Ltd., manufacturers of Chromium Chemicals. He is also the Managing Trustee of the prestigious Shri Narsee Monjee Educational Trust and Jamnabhai Narsee Public Charitable Trust, Executive and Governing Council Member of Dr. Balabhai Nanavati Hospital, Vile Parle and Executive Committee Member of Vile Parle Kelavani Mandal. He has been a member of the Board since 27th June, 2002.

Except for 500 equity shares held jointly as qualification shares, Mr. Thacker does not hold any other shares in the Company.

Mr. Mukul Harkisondass

Mr. Mukul Harkisondass has been a Director on the Board of the Company since 29th August, 1972. He has vast knowledge and experience in various fields including Merchant Banking, Finance and Regulatory Authorities.

He is the Chairman of the Audit, Remuneration and Shareholder/Investor Grievance Committees and a member of the Share Transfer Committee of the Company. The Company has benefited immensely by his expert advice over the years and has drawn strength from his experience and knowledge.

Mr. Harkisondass holds 800 equity shares in the Company.

Mr. Meghendra Kumar

Mr. Meghendra Kumar was Regional Manager (H&R) and also Principal of the Staff Training College of the LIC of India. He holds a Masters degree in Arts and a Bachelors degree in Law and has wide experience in the marketing of life insurance business, human resources and industrial relations.

He is also a Director on the Board of Bihar Sponge Iron Ltd.

Except for 500 equity shares held jointly with LIC as qualification shares, Mr. Kumar does not hold any other shares in the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

The Company's shares are currently listed on the following Stock Exchanges in India viz. The Bombay Stock Exchange Ltd. (BSE), National Stock Exchange of India Ltd. (NSE) and The Delhi Stock Exchange Association Ltd. (DSE).

With the wide and extensive networking centres of the BSE and NSE, the investors have access to online dealings in the Company's securities across the Country. The entire trading in the Company's shares takes place only in BSE and NSE since there has been no trading activity in DSE for the last few years. Moreover, the Company's equity shares are one of the scrips which the Securities and Exchange Board of India has specified for settlement only in demat format.

Neither the Company nor its shareholders derive any value from continued listing on this Stock Exchange (DSE) and it would merely add to the administrative costs of listing and compliances. The listing fees paid to the said Stock Exchanges cannot be justified as they no longer offer benefits commensurate to the cost and hence the continued listing on the said Stock Exchanges is not necessary. The Board of Directors

have therefore decided to apply for the voluntary delisting of the Company's equity shares from the above said Stock Exchange.

The proposed voluntary delisting of the equity shares from the said Stock Exchange will not adversely affect any investors, including the Members located in the regions where the said Stock Exchange is situated. Pursuant to the SEBI (Delisting of Securities) Guidelines, 2003, it is now proposed to seek the Members' approval by way of a Special Resolution for the voluntary delisting of the Company's equity shares from the said Stock Exchange as set out in the resolution at Item No. 7.

In terms of the said guidelines as the Company's equity shares shall continue to remain listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd., hence no Exit Option is required to be offered to the Members.

The proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by the Members.

None of the Directors of the Company are concerned or interested in the resolution.

Item No. 8:

The terms and conditions of appointment and remuneration relating to the Managing Directors, Mr. Nikhil J. Danani and Mr. Nakul P. Mehta were approved in the Annual General Meeting held on 12th August, 2003 which were modified in the Annual General Meeting held on 12th August, 2005. As recommended by the Remuneration Committee in partial modification of the resolutions passed at the said Annual General Meetings of the company as aforesaid it is proposed to revise the remuneration payable to them as under:

Salary:

From the present range of upto Rs. 3,00,000 per month to Rs. 5,00,000 upto Rs. 7,50,000 per month.

All other terms and conditions of the appointment and remuneration approved at the Annual General Meetings held on 12th August, 2003 and 12th August, 2005 remain unchanged.

Mr. Nikhil J. Danani and Mr. Nakul P. Mehta, the Managing Directors may be deemed to be concerned and interested in the above resolution since it relates to the terms and conditions of their appointment. Mr. Jaisingh R. Danani and Mr. Anand J. Danani being related to Mr. Nikhil J. Danani are deemed to be concerned or interested. No other Directors are concerned or interested.

Copies of the Resolution passed by the Remuneration Committee at its meeting held on 22nd March, 2007 in this respect are open for inspection at the Registered Office of your Company on any working day except Saturday and Sunday between 10.30 a.m. to 12.30 p.m.

The resolutions set out in the accompanying notice together with the explanatory statement are and should be treated as an abstract of the terms of variation of remuneration to the Managing Directors under Section 302 of the Companies Act, 1956 and the same are hereby circulated to the members accordingly.

Item No. 9

Mr. Shome N. Danani, is the son of Managing Director, Mr. Nikhil J. Danani and relative of Directors, Mr. Jaisingh R. Danani and Mr. Anand J. Danani.

He holds a Bachelors degree in Industrial and Operations Engineering from the University of Michigan and a Masters degree in Business Administration from INSEAD which is considered to be one of the top ten institutions in the world in Management education. He began his professional career at HDFC (Business Development), where he was part of the core team that launched Credit Information Bureau (India) Limited (CIBIL). On being transferred to CIBIL he played an important role in marketing the credit bureau concept to various banks and worked with CIBIL's technology partners to overcome hurdles in the data extraction process. He then proceeded to work with the Company where he was responsible for the creation of Company's website and various e-commerce initiatives. He worked closely with consultants to reduce inventory and throughput time and subsequently worked to upgrade the Company's inter-city messaging and networking infrastructure. He is currently leading the Company's thrust into new areas of business as also other strategic areas for the sustained growth of the company.

Mr. Shome Danani as General Manager has assumed far greater responsibilities and has contributed significantly to develop key corporate strategies leading to the rapid growth and all round development of the Company.

Members had approved the appointment and remuneration of Mr. Shome N. Danani as General Manager vide resolution dated 31st October, 2005 by postal ballot and Central Government had also approved the same vide their letter dated 4-7-2006.

As recommended by the Remuneration Committee at their meeting held on 22nd March, 2007, the Board

of Directors at their meeting held on 10th May, 2007 have recommended the continued appointment of Mr. Shome Danani on revised remuneration keeping in view the comparable remuneration standards of the Industry and his contribution to the development of the Company.

The Company is presently in a growth phase and is expanding its operations as also restructuring its business strategies to keep up with the fast pace of business and competition. It is the management's view that Mr. Shome N. Danani with his strong academic qualifications, experience and expertise can add great value to the Company's future growth plans.

The terms of Clause 314(1)(B) of the Companies Act, 1956 and the Directors Relatives (Office or Place of Profit) Rules, 2003 inter alia provide that no payment for an office or place of profit in a company which carries a monthly remuneration exceeding Rs. 50,000/- per month shall take effect unless approved by the Central Government. Since the remuneration proposed for Mr. Shome N. Danani is more than Rs. 50,000/- per month, approval of the Central Govt. is required for payment of the

remuneration which will be sought after the approval of the shareholders is obtained.

The Board of Directors recommend this resolution for the approval of the shareholders as it would be in the interest of the Company.

Except for Mr. Nikhil J. Danani, Vice Chairman & Managing Director, Mr. Jaisingh R. Danani and Mr. Anand J. Danani, Directors, who are concerned and interested, none of the other Directors are interested or concerned in the said resolution.

Item No. 10

By a resolution passed at the Annual General Meeting held on 14th August, 1996 the Board of Directors were authorised to borrow monies not exceeding Rs. 75 crores. With the growth of the Company's business, the borrowing of the Company is likely to exceed Rs. 75 crores in the near future. The shareholders consent pursuant to Section 293(1)(d) is sought keeping in view the likely requirement of funds for further growth of the business of the Company.

None of the Directors are concerned or interested in the Resolution.

REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors are pleased to present the 60th Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

	Year ended 31st March, 2007 Rupees in lakhs	Year ended 31st March, 2006 Rupees in lakhs
Sales & Service (Gross)	53600.79	34173.42
Less: Excise Duty	6614.78	4095.08
	46986.01	30078.34
Other Income	453.51	368.07
	47439.52	30446.41
Profit before Interest & Financial Charges, Depreciation, Exceptional items and Tax	9287.47	5505.22
Less: Interest & Financial Charges	529.45	468.84
Less: Depreciation	293.34	198.15
Profit Before Exceptional items & Tax	8464.68	4838.23
Add/(Less): Exceptional Items	- 144.48	191.41
Profit before tax	8320.20	5029.64
Less: Provision for Taxation	2812.65	1622.28
Profit/(Loss)(-) for the year	5507.55	3407.36
Short(-)/Excess provision for Tax for earlier years	0.50	- 39.38
Profit after Taxation	5508.05	3367.98
Add: Profit Brought Forward	1742.67	1744.66
Net Surplus available for Appropriation	7250.72	5112.64
APPROPRIATION:		
Proposed Equity Dividend	1412.89	762.96
Tax on proposed Equity Dividend	240.12	107.01
General Reserve	4000.00	2500.00
Profit Carried Forward	1597.71	1742.67

Previous year's figures have been regrouped for comparison purposes with current year's presentation.

DIVIDEND

The Directors recommend a dividend of Rs. 25 per equity share of face value of Rs. 10/- each for the year ended 31st March, 2007 on 56,51,560 equity shares. The dividend payout, including dividend tax of Rs. 240.12 lakhs, will be Rs. 1653.01 lakhs as compared to Rs. 869.97 lakhs in the previous year.

OPERATIONS

During the year under review income from sales and services increased by Rs. 194.28 crores (from Rs. 341.73 crores in the previous year) to Rs. 536.01 crores, recording a growth of 57%. Profit Before Tax (PBT) before extraordinary items grew significantly, by Rs. 36.27 crores, from Rs. 48.38 crores to Rs. 84.65 crores; an increase of 75%. The improvement in profits was mainly attributable to volume growth, operational efficiency, higher productivity, good product mix and higher price realizations. PAT grew by Rs. 21.40 crores, from Rs. 33.68 crores in the previous year, to Rs. 55.08 crores; an increase of 63%.

The order inflow for motors, transformers and projects rose from Rs. 325.3 crores to Rs. 574.8 crores, an increase of 77%.

Earnings per share (face value Rs. 10/- per share) grew from Rs. 59.59 to Rs. 97.46 in the year under review.

FURTHER EXPANSION OF TRANSFORMER PLANT AT KALWE

Considering the anticipated robust demand for power generation, transmission and distribution equipment over the next few years, the Company plans to further invest in the Transformer facilities and enhance capacity to 11,000 MVA per annum from the present 8,000 MVA.

FINANCE

During the year, the Company was able to fund capital expenditure mainly in Transformer and Motor operations, and sustain a 57% increase in the volume of business almost entirely through internal accruals. Interest cost constituted 0.99% of sales as compared to 1.37% in the previous year. The Company continues to lay emphasis on controlling working capital and on generating cash surpluses from operations.

As on 31st March, 2007, the Company had Fixed Deposits aggregating to Rs. 1275.20 lakhs. Out of the Fixed Deposits which matured for payment prior to 31st March, 2007, 53 deposits aggregating to Rs. 8.85 lakhs were neither renewed nor claimed till 31st March, 2007. Of these 53 deposits aggregating to Rs. 0.75 lakhs have since been renewed or refunded on receipt of requests from the deposit holders. The balance of 48 deposits aggregating

to Rs. 8.10 lakhs have been neither claimed nor renewed till date of this Report, inspite of the Company's intimation to the deposit holders. There has been no default or delay in meeting any maturity payment obligations.

HUMAN RESOURCES

Industrial relations across the company were cordial and harmonious throughout the year and through continued efforts productivity improved, and higher levels of production were achieved. The Company acknowledges co-operation given by workmen and their renewed assurance to reach the desired levels of productivity.

The long term Wage Agreement with the Union was arrived at on 24th March, 2007 covering the period of 3 years from 1st January, 2006 to 31st December, 2008. The employees continue to maintain high levels of productivity and good work ethics which has contributed to the Company's results in the year under review.

Keeping in mind the future growth plans as well as the challenges, the Company has systematically inducted several senior Managers in key positions, and has also aggressively recruited bright young candidates from leading Management Institutes.

Awareness of safety and the environment has also been enhanced with regular training programmes.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditor's Certificate on its compliance, is set out in Annexure "A".

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- (i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) The Directors have 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 31st March, 2007, and the profit for that period.
- (iii) Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding of assets of the Company and for preventing and detecting frauds and other irregularities.
- (iv) The Directors have prepared Annual Accounts on going concern basis.

DIRECTORS

Mr. Jairaj C. Thacker, Mr. Mukul Harkisondass and Mr. Meghendra Kumar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Information on the Directors eligible for reappointment as required under Clause 49 of the Listing Agreement with Stock Exchanges is disclosed in the profiles of the Directors under item Nos. 3, 4 and 5 forming part of the Notice dated 10th May, 2007 circulated along with the Annual Report 2006-2007.

AUDITORS

M/s Dalal & Shah, Auditors of the Company, retire at the ensuing Annual General Meeting, and being eligible offer themselves for reappointment. This item of business is covered under item 6 of the accompanying notice.

COST AUDITORS

M/s P M Nanabhoy & Co. have been appointed by the Board as Cost Auditors of the Company, for electric motors, for the Financial Year ending 31st March, 2008, subject to the approval of the Central Government.

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956, read with Company's (Particulars of Employees) Rules, 1975, and forming part of this Report, are annexed to this Report. However, as per the provisions of Section 219 (1)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company, excluding the Statement of Particulars of Employees. Any shareholder interested in the Particulars of Employees, may write to the Company Secretary at the Registered Office of the Company for a copy of the Statement.

Additional information as required by Department of Companies Affairs is presented on Page 11 of this Annual Report.

APPRECIATION

The Directors place on record their appreciation of the valuable contribution made by all our employees in achieving excellent results for the year. They also wish to take the opportunity to thank customers, bankers, deposit holders, financial institutions for their valuable support, good wishes and encouragement.

For and on behalf of the Board of Directors

BANSI S. MEHTA
Chairman

Date: 10th May, 2007

ADDITIONAL INFORMATION

(In terms of Notification No.1029 of 31-12-1988 issued by the Department of Company Affairs)

A. Conservation of energy:

(1) Measures:

- Winding ovens replaced by new energy efficient ovens.
- Tube lights replaced with metal halide lamps.
- Sky lights replaced with transparent FRP sheets with ventilators (80 Nos.)
- Installed time switches and motion detectors for automatic switch on/off for power supply to offices and street lights.
- Variable Frequency devices fitted for compressors, fans, centrifugal pumps and winding machines.
- Installed automatic power factor correction system.
- Installed maximum demand Monitor
- Optimisation of Vapour Phase drying process used for transformer drying.
- 3 phase high HP Air circulation fans replaced with lower HP single phase fans.
- 2 curing ovens replaced with one energy efficient curing oven.
- PID Controller for preheating oven in die casting and conversion of electric heated oven into thermopac (LDO fired) heated oven

(2) Impact of the measures:

- Improved lighting for shop floor
- Cycle time of the VPD process reduced from 72 hours to 40 hours resulting in saving of approx. 5 KL of LDO per month
 - Reduction in temperature within the plant.
 - Saving in energy consumption

B. Technology Absorption, adaptation and Innovation

1. Efforts made:

- Heat shrinking process adopted for rotor pressing.

- Milling machine converted into CNC machines.
- Wireless communication protocol adopted for CNC machines.
- Auto changer panel installed in substation
- Open conductor system replaced with insulated conductors in EOT crane.
- Commissioning of pallet trolleys for coil shifting and for coil upending.
- Judicial use of tank shunts up to 132kv
- New type of winding for transformers
- Installation of winding machines

2. Benefits derived:

- Quality improvement and cost saving
- Reduction in energy consumption
- Safe working condition
- Elimination of bottlenecks
- Improvement in productivity

3. Technology imported during the last five years:

- The Company has entered into Trade and Technical Collaboration Agreement with M/s. Tecnomoma SA, Spain for lift automatic door systems and M/s. S.A. Sistel, Spain for Electronic Printed Circuit Boards for lift controllers.

C. Foreign exchange earning and outgo

1. Export activities:

- Direct exports exported through registered dealers to continue. Transformers have also been sold as deemed export to internationally aided projects. These orders were obtained against international competition.

2. Foreign exchange earned:

- Deemed exports with export benefits Rs. 4608.38 lakhs
- Direct Exports Rs. 542.80 lakhs
- Others Rs. Nil

3. Foreign exchange used: Rs. 1783.89 lakhs

CORPORATE GOVERNANCE REPORT — ANNEXURE A

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

We, believe that Corporate Governance is the product of culture and the mind set of the Management of the Company and meets or exceeds the demands of the regulatory authorities. Focus and practice of Corporate governance in BBL, since inception, is based on the principle of transparency and fairness, accountability and responsibility, disclosures and compliance in all dealings of the Company. Requirement of Clause 49 of the Listing Agreement with Stock Exchanges, Code of Conduct on Prevention of Insider Trading and also a Code of Conduct for Directors and Senior Management personnel is adhered to regularly.

2. BOARD OF DIRECTORS & BOARD MEETINGS:**a. Composition:**

The Board of Directors has 11 Directors, of which 1 is an Alternate Director. The Board consists of 6 Non-Executive – Independent, 3 Non-Executive and 2 Executive Directors. The Non-Executive Directors account for more than 75% of the Board's strength against the minimum requirement of 50% as per the Listing Agreement. The Non-Executive Directors are all eminent professionals with experience in overall management, finance and law and have a wide range of skills and experience. The day to day operations of the Company are overseen by two Executive (Managing) Directors, Mr. Nikhil J. Danani and Mr. Nakul P. Mehta.

Except Mr. Nikhil J. Danani and Mr. Nakul P. Mehta, Managing Directors, who have been appointed to the Board for a period of 5 years w.e.f. June 20, 2003, all other Directors are liable to retire by rotation.

b. Board Meetings:

In the Financial Year 2006-2007, Five (5) Board of Directors' meetings were held on the following dates:

1. 10th May, 2006,
2. 26th June, 2006
3. 31st July, 2006
4. 20th October, 2006
5. 18th January, 2007

c. Attendance/Sitting fees of Directors:

Sr. No.	Name of the Director	Category of Directorship	No. of Board Migs. attended	Attendance at last AGM	No. of other Directorships	Membership of other Committees		Sitting Fees Rs.	No. of Equity Shares Held
						As Member	As Chairman		
1.	Mr. Bansi S. Mehta — Chairman	Independent Non-Executive	4	YES	17**	8@	5	50000/-	—
2.	Mr. Nikhil J. Danani — Managing Director	Executive	5	YES	1*	—	—	—	1,33,311
3.	Mr. Nakul P. Mehta — Managing Director	Executive	5	YES	1*	—	—	—	1,83,750
4.	Mr. Jaisingh R. Danani	Non-Executive	5	YES	—	—	—	90000/-	2,24,000
5.	Mr. Mukul Harkison Dass	Independent Non-Executive	5	YES	1*	—	—	130000/-	800
6.	Mr. Prakash V. Mehta	Non-Executive	4	NO	12*	5***	—	110000/-	400
7.	Mr. Anand J. Danani	Non-Executive	—	NO	—	—	—	—	67,420
8.	Mr. Deepak S. Parekh — (Alternate to Mr. A.J. Danani)	Independent Non-Executive	1	NO	15§	4#	4	20000/-	—
9.	Mr. Sanjiv N. Shah	Independent Non-Executive	5	YES	4*	2	—	120000/-	4,560
10.	Mr. Jairaj C. Thacker	Independent Non Executive	3	NO	4*	—	—	80000/-	—
11.	Mr. Meghendra Kumar	Independent Non-Executive	5	YES	1	—	—	50000/-	—
							Total	650000/-	

@ includes membership in 3 Remuneration/Compensation committees.

*** Includes Membership in 2 Shareholders' and Investors' Grievance Committees.

** includes Alternate Directorship in 2 companies, and in a Body Corporate incorporated outside India.

* Includes Directorship in Pvt. Ltd. companies.

§ includes Alternate Directorship in 3 companies.

includes membership in 2 Remuneration committees.

Notes: M/s. Malvi Ranchoddas & Co., solicitors of the company of which Mr. Prakash V. Mehta is a partner, renders professional services to the Company.

d. Information Supplied to the Board

- Review of annual operating plans of businesses, capital budgets, updates
- Quarterly results of the Company and its operating divisions or business segments
- Minutes of meeting of audit committee and other committees
- Information on recruitment and remuneration of senior officers just below the Board level
- Materially important show cause, demand prosecution claims and penalty notices
- Fatal or serious accidents or dangerous occurrences
- Any materially significant effluent or pollution problems
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue which involves possible public or product liability claims of a substantial nature
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business
- Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board of Directors is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings or are tabled before the appropriate Committees of the Board.

3. AUDIT COMMITTEE:(a) *Composition:*

The Board of Directors had reconstituted an Audit Committee in the year 2002 with the following members.

1.	Mr. Mukul Harkisondass	Chairman	Non-Executive – Independent
2.	Mr. Prakash V. Mehta	Member	Non-Executive
3.	Mr. Jaisingh R. Danani	Member	Non-Executive
4.	Mr. Sanjiv N. Shah	Member	Non-Executive – Independent
5.	Mr. Jairaj C. Thacker	Member	Non-Executive – Independent

All members of the Audit Committee are financially literate and Mr. Sanjiv N. Shah, a Chartered Accountant has the relevant accounting and related financial management expertise.

Mr. D.N. Nagarkar, Company Secretary is the Secretary of the Committee.

The Managing Directors, Vice President: Finance, Sr. Manager -Internal Audit, and the General Manager: Finance usually attend Audit Committee meetings by invitation. The Statutory Auditors and the Cost Auditors are also invited to attend the meetings.

(b) *Meetings and Attendance:*

The Audit Committee meetings were held on:

1. 10th May, 2006
2. 31st July, 2006
3. 20th October, 2006
4. 18th January, 2007

Mr. Mukul Harkisondass, Mr. Jaisingh R. Danani, Mr. Prakash V. Mehta and Mr. Sanjiv N. Shah were present in all the meetings.

Mr. Jairaj C. Thacker attended 3 meetings.

(c) *Terms of Reference:*

Clause 49 of the Listing Agreement lists the role of the Audit Committee. The gist of the terms of reference are as follows:

- Oversee Company's financial reporting process and disclosures.
- Recommend appointment/removal/remuneration and payment of other fees of the statutory auditors.
- Review with management the quarterly, half yearly and annual financial statements before submission to the Board.
- Review with the Management, performance of the Statutory and Internal Auditors.
- Review adequacy of internal control systems, internal audit department, reporting structure and frequency.
- Discussion and review with internal auditors of any significant findings, suspected fraud, irregularity, failure of the Internal Control Systems and follow-up thereon
- Post-audit discussion with statutory auditors regarding areas of concern.
- Reviewing the Company's financial and risk-management process.
- Review defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of dividends) and creditors.
- Decide on recommendations/audit report findings to be placed before the Board.

4. REMUNERATION COMMITTEE:a. *Composition:*

The Board of Directors of the Company had reconstituted a Remuneration Committee, in 2002, comprising the following members:

- | | | |
|------|-------------------------|-----------------------------|
| i. | Mr. Mukul Harkison Dass | Non-Executive – Independent |
| ii. | Mr. Prakash V. Mehta | Non-Executive |
| iii. | Mr. Sanjiv N. Shah | Non-Executive – Independent |
| iv. | Mr. Jairaj C. Thacker | Non-Executive – Independent |

The Remuneration Committee met twice during the year on –

- i. 10th May, 2006 and
- ii. 22nd March, 2007

The terms of reference of the Remuneration Committee are as under:

- i. Recommend to the Board of Directors and shareholders the remuneration package of Executive Directors, relatives of Directors appointed u/s 314 of the Companies Act, 1956 including salary, allowances, perquisites, payment of commission, pension rights, payment of compensation and minimum remuneration, and to review and revise the remuneration package as may be required.
- ii. To recommend and oversee employee stock option scheme.
- iii. To recommend sitting fees of the Board of Directors

Mr. Mukul Harkison Dass, Mr. Prakash V. Mehta, Mr. Jairaj C. Thacker and Mr. Sanjiv N Shah were present in both meetings. Mr. Bansi S. Mehta and Mr. Deepak S. Parekh were present at the 22nd March, 2007 meeting as invitees.

b. *Remuneration of Directors:*

The total remuneration including commission payable to the Managing Directors for the financial year 2006-2007 is as under:

(Rs.)

	Salary	Perquisites	Contribution to Annuity	Commission Payable for the FY 2006-2007	Total
Mr. Nikhil J. Danani	30,00,000/-	29,44,660/-	7,50,000/-	1,56,00,000/-	2,22,94,660/-
Mr. Nakul P. Mehta	30,00,000/-	29,46,761/-	7,50,000/-	1,56,00,000/-	2,22,96,761/-

Apart from sitting fees, the Non-Executive Directors are not paid any commission/remuneration.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**a. Composition:**

The Board of Directors had constituted a Shareholders'/Investors' Grievance Committee in 2002 with the following members:

1. Mr. Mukul Harkisondass	Chairman	— Non Executive Independent
2. Mr. Prakash V. Mehta	Member	— Non Executive
3. Mr. Nikhil J. Danani	Member	— Executive
4. Mr. Nakul P. Mehta	Member	— Executive

Mr. D.N. Nagarkar, Company Secretary, is the Secretary of the Committee. The Committee has met once, on 18th January, 2007, wherein all members were present. The total number of grievances redressed and reviewed by the Committee to the satisfaction of the shareholders was 34, most of them demat related. There were no requests for share transfer/transmission/deletions of names etc. pending as on 31st March, 2007 and all such requests were processed and delivered within one month (30 days) of lodgment with the company.

Mr. D.N. Nagarkar, Company Secretary has been designated as the Compliance Officer of the Company.

b. Reference:

The Committee looks into redressing grievances of shareholders pertaining to transfer of shares, non receipt of balance sheet, non receipt of dividend, dematerialisation of shares, complaints received from SEBI and the Stock Exchanges etc. The Board of Directors has also delegated the power of approving transfer/transmission/issue of duplicate share certificates to a Share Transfer Committee.

6. OTHER COMMITTEES :

The Company has also constituted a Committee of Directors to review progress and future plans of the Company and a Banking Committee to look into opening, closing and authorization for operating bank accounts of the Company.

7. ANNUAL GENERAL MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2005-2006	26-6-2006	4.00 p.m.	Walchand Hirachand Hall, 4th Floor, Indian Merchants Chamber Bldg., Churchgate, Mumbai 400 020
2004-2005	12-8-2005	4.00 p.m.	-do-
2003-2004	21-7-2004	4.00 p.m.	-do-

1. Only one Special Resolution was passed in the last three Annual General Meetings :

Approving Sub Division of Equity Share Capital from Rs. 100/- face value per Equity Share to Rs. 10/- face value and consequent Alteration of the Authorised Capital clause in the Articles of Association at the 58th Annual General Meeting held on 12-8-2005.

The Special Resolution moved at the aforesaid AGM was passed by a show of hands.

8. DISCLOSURES:

- At every Board Meeting, the Directors disclose the names of the companies/parties in which they are interested, and accordingly the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed. All related party transactions are disclosed to the Board of Directors during each meeting. During the year there were no transactions of material nature with the Directors or the Management or relatives that had potential conflict with the interests of the company.
- Quarterly Disclosures – Results and notes thereon.
- There were no instances of non-compliance on any matter related to the capital markets, nor were any penalties or strictures imposed on the company by SEBI or any Stock Exchanges or any statutory authorities for non-compliance on any matter related to the Capital Markets during the last 3 years.
- No member of the Senior Management has a potential conflict with the interest of the company at large relating to any material financial and commercial transaction.
- The Company affirms that no employee has been denied access to the audit committee.
- The Company has complied with all the mandatory requirements as stipulated in Clause 49 of the listing agreement with stock exchanges.

9. COMMUNICATION TO SHAREHOLDERS:

- i. Quarterly/half yearly/annual results and information relating to convening of Board meetings/Annual General Meetings are published in The Economic Times, Times of India, Free Press, Navshakti and Maharashtra Times and are also notified to the Stock Exchanges as required under the Listing Agreement. Half yearly report is not sent to each shareholder in view of its publication in newspapers. As requested by the Stock Exchanges from the quarter ending March, 2003, the requisite information is also transmitted through the EDIFAR System. All such financial results are also posted on the Company website. The Stock Exchanges are also informed of all materially significant events which have taken place during the year under review.
- ii. The Company has not made any presentation to any Institutional investors/Analysts during the year.
- iii. Management discussion and analysis is covered as a part of this Annual Report.
- iv. The Company has adopted a Code of Conduct for its Board Members and Senior Management and is posted on the website of the Company in terms of clause 49(D)(i) of the Listing Agreement with Stock Exchanges. The Managing Directors in terms of clause 49(D)(ii) affirm the compliance of the code of conduct by the Board Members and Senior Management for the year under review.
- v. The Company has also put in place a Model Code as prescribed under SEBI (Prohibition of Insider Trading) Regulations, 1992 and all designated employees have disclosed their holdings and dealings in the shares of the Company and have obtained prior approval before dealing in shares in excess of the prescribed limit under the said code.
- vi. The Company has its own website, www.bharatbijlee.com
- vii. In terms of the revised Clause 49 of the listing agreement, the certification by the Managing Director and Vice President : Finance on the financial statements and internal controls relating to financial reporting has been obtained by the Board of Directors.

10. GENERAL SHAREHOLDER INFORMATION:

- i. Annual General Meeting -
Date : 26th June, 2007.
Time : 4.00 p.m.
Venue : Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Churchgate, Mumbai 400 020
- ii. Financial Calendar:
The Company follows April-March as its financial year. The results for every quarter are declared in the month following the quarter except for the quarter January-March, for which the Audited results are declared by May/June as permitted by the Listing Agreement.

11. DATES OF BOOK CLOSURE:

Monday, 18th June, 2007 to Tuesday, 26th June, 2007 (both days inclusive).

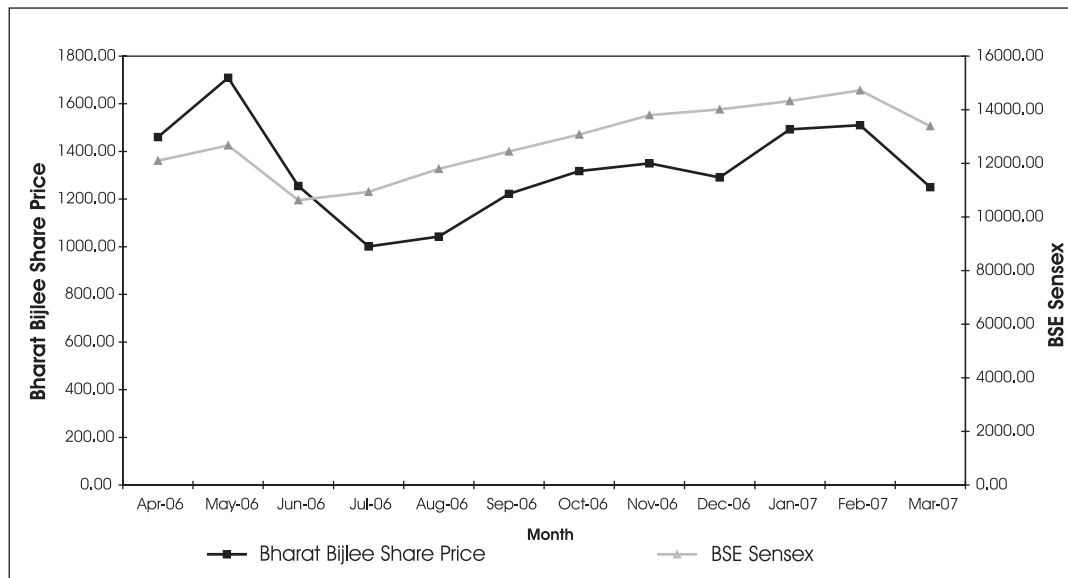
12. DIVIDEND PAYMENT DATE: After 26th June, 2007.**13. LISTING OF EQUITY SHARES ON STOCK EXCHANGES:**

- i. Stock code at Mumbai: : 503960
Stock code at Delhi : 02080
Stock code at NSE : BBL EQ
- ii. Demat international security
Identification No. in NSDL & CDSL : INE 464A01028

14. STOCK PRICE DATA AT THE STOCK EXCHANGES:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2006	1460.60	1211.05	—	—
May, 2006	1709.25	1144.70	—	—
June, 2006	1255.00	749.85	—	—
July, 2006	1001.00	777.05	—	—
August, 2006	1042.50	830.00	—	—
September, 2006	1221.70	970.00	—	—
October, 2006	1318.00	1056.00	—	—
November, 2006	1350.00	1075.30	1220.00	1085.00
December, 2006	1291.15	1030.00	1280.00	998.00
January, 2007	1526.00	1175.00	1619.00	1150.00
February, 2007	1510.00	1190.05	1500.00	1173.00
March, 2007	1250.00	1111.00	1274.95	1090.00

Note: Equity Shares of the Company were listed on NSE from 21.11.2006.

15. PERFORMANCE OF SHARE PRICE IN COMPARISON WITH BSE SENSEX**16. REGISTRAR AND TRANSFER AGENTS:**

Intime Spectrum Registry Ltd.
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (W),
 Mumbai 400 078.
 Tel : 25963838
 Fax : 25962691

17. SHARE TRANSFER SYSTEM

Trading in equity shares of the company is permitted in dematerialised form only w.e.f. 31st March, 2000. The shares in physical mode which are lodged with the Company or with the Registrar are processed and are subject to exercise of option under compulsory transfer cum demat procedures. Share certificates are either dematted or returned within the time prescribed by the authorities. All share transfer and share related issues are approved by a share transfer committee comprising of 4 Directors and approvals are obtained at intervals not exceeding 15 days. 74.20% of shares have been dematerialised as on 31st March, 2007.

18. PLANT LOCATION:

Plot No. 2, MIDC Industrial Estate, Belapur Road, Kalwe, Thane 400-601, Maharashtra

19. ADDRESS FOR CORRESPONDENCE:

The Corporate Secretarial Department is located at the Company's Registered Office situated at Electric Mansion, 6th Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, telephone No. 24306237, Fax No. 24370624. Shareholders may correspond on all matters relating to shares at the addresses mentioned below:

- Intime Spectrum Registry Ltd.
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (W), Mumbai 400 078
 Tel : 25963838
 Fax : 25962691
- Bharat Bijlee Limited,
 Electric Mansion, 6th Floor
 Appasaheb Marathe Marg,
 Prabhadevi, Mumbai 400 025
 Tel : 24306237
 Fax : 24370624

BHARAT BIJLEE LTD. – WEBSITE

3. As per the requirement of Clause 47(f) of the listing Agreement with stock exchanges, the Company has created a dedicated email ID (investorcare@bharatbijlee.com) exclusively for the purpose of registering complaints of Investors and is prominently displayed on the Company's website: www.bharatbijlee.com

20. DISTRIBUTION OF SHAREHOLDING AS ON 31-3-2007

Sr. No.	No. of Equity Shares held	No. of Shareholders	No. of Shares	% of Shareholders	% of Shareholding
1.	1 – 500	11,965	8,07,820	94.65	14.29
2.	501 – 1000	323	2,44,114	2.55	4.32
3.	1001 – 2000	174	2,53,484	1.38	4.49
4.	2001 – 3000	55	1,36,228	0.44	2.41
5.	3001 – 4000	24	85,043	0.19	1.50
6.	4001 – 5000	13	59,363	0.10	1.05
7.	5001 – 10000	32	2,31,150	0.25	4.09
8.	10001 – above	55	38,34,358	0.44	67.85
	Total:	12641	56,51,560	100.00	100.00

21. SHARE HOLDING PATTERN AS ON 31-3-2007

Sr. No.	Category	No. of shares	% to total shareholding
1.	Promoters, Directors & relatives	19,99,576	35.38
2.	Public Financial Institutions	9,19,970	16.28
3.	Mutual Funds & Banks	5,61,071	9.92
4.	FIIS	1,10,766	1.96
5.	NRIS/OCBS	48,427	0.86
6.	Private Corporate Bodies	4,35,138	7.70
7.	Indian Public	15,76,612	27.90
	Total:	56,51,560	100.00

**TO THE MEMBERS OF BHARAT BIJLEE LIMITED
CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE**

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on March 31, 2007.

The objective of our examination is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges in India.

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

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for our examination and the information and explanations given to us by the Company.

On the Basis of the records maintained by the "Shareholders/Investors Grievance Committee" of the Company, we state that there were no investor grievance pending against the Company for a period exceeding one month.

Based on such examination, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

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

For and on behalf of
DALAL & SHAH
Chartered Accountants

Shishir Dalal
Partner
Membership No.: 37310

Mumbai: 10th May 2007

MANAGEMENT DISCUSSIONS AND ANALYSIS — ANNEXURE B

The economy has registered a growth of almost 10% in the industrial sector, with significant contribution from the manufacturing sector. The favourable market conditions, together with higher productivity, product mix, control over costs, and other strategic initiatives have enabled the Company to deliver improved performance for the year under review.

SEGMENT ANALYSIS

The Company has one reportable segment i.e. Industrial Products.

INDUSTRIAL PRODUCTS

The core business of the Company is manufacturing and selling power and distribution transformers, a wide range of standard and specially designed low-tension motors, and variable speed drives. It also markets anti-corrosive products and submersible pumps.

With the execution of many 100 MVA transformer orders for reputed customers, the Company has established itself in the higher rating business segment of transformers.

During the year, the Company received bulk orders from prestigious customers like MSTCL, UPPCL, APTRANSCO, KTPCL, Reliance Petrochemicals, Enercon, Suzlon etc. An important export order from Occidental Group of Oman was a major breakthrough in the export business.

The order inflow, production, dispatches and sales turnover all registered significant growths of 100%, 58%, 63% and 94% respectively over the previous year.

The enhanced capacity of the plant was significantly utilised during the year under review and the Company is committed to further enhance capacity from the present 8000 MVA to 11000 MVA at Kalwe.

The motor business had another year of excellent growth. Sales grew by 28% against a growth of 20% for the industry as a whole. However, margins came under severe pressure because of the unforeseen increase of 65 % in copper prices during the year, only a fraction of which increase could be passed on to our customers.

INTERNAL CONTROL, AUDIT SYSTEM AND RISK MANAGEMENT

The Company has in place adequate and effective Internal Control Systems and Procedures to ensure that all assets are safeguarded and transactions are properly authorised, recorded and reported.

The Company's internal control processes cover identification and assessment of various kinds of risks. The Company's Internal Auditors review the internal controls and conduct risk assessment independently as a part of internal audit process. Some of the risks are discussed at meetings of Business Review, Works

Unit and Management by Objectives review meetings and appropriate actions are taken.

The Internal Audit Department constantly monitors compliances to the Company guidelines, procedures, control systems and various statutory regulations in all transactions. Operational/ transactional audits are undertaken across the organisation and findings are reported to the top Management.

The important observations are put up to Audit Committee of the Board of Directors for reviewing the adequacy and change in the system and procedures.

The coverage of the ERP System has been extended to Regional/Branch transactions and service areas. With this extension of ERP coverage, the task of putting in place tighter controls and authorizations is under way.

In addition, a budgetary control system operates for all operating and service divisions with periodic reviews. Quarterly Business Review meetings are held to review the operating and financial performance.

RISK AND CONCERNS

Many players in the Transformer industry have augmented their manufacturing capacities and some have moved up the value chain for high end products. This will generate fierce competition with an adverse effect on price realizations. Further, availability of strategic inputs like electrical steel, OLTCs, bushings, etc., and cost escalations continue to be a cause of concern.

Margins on motors will continue to be under pressure with the entry of new competitors, and demand moving to higher frame size, custom made motors.

FUTURE OUTLOOK

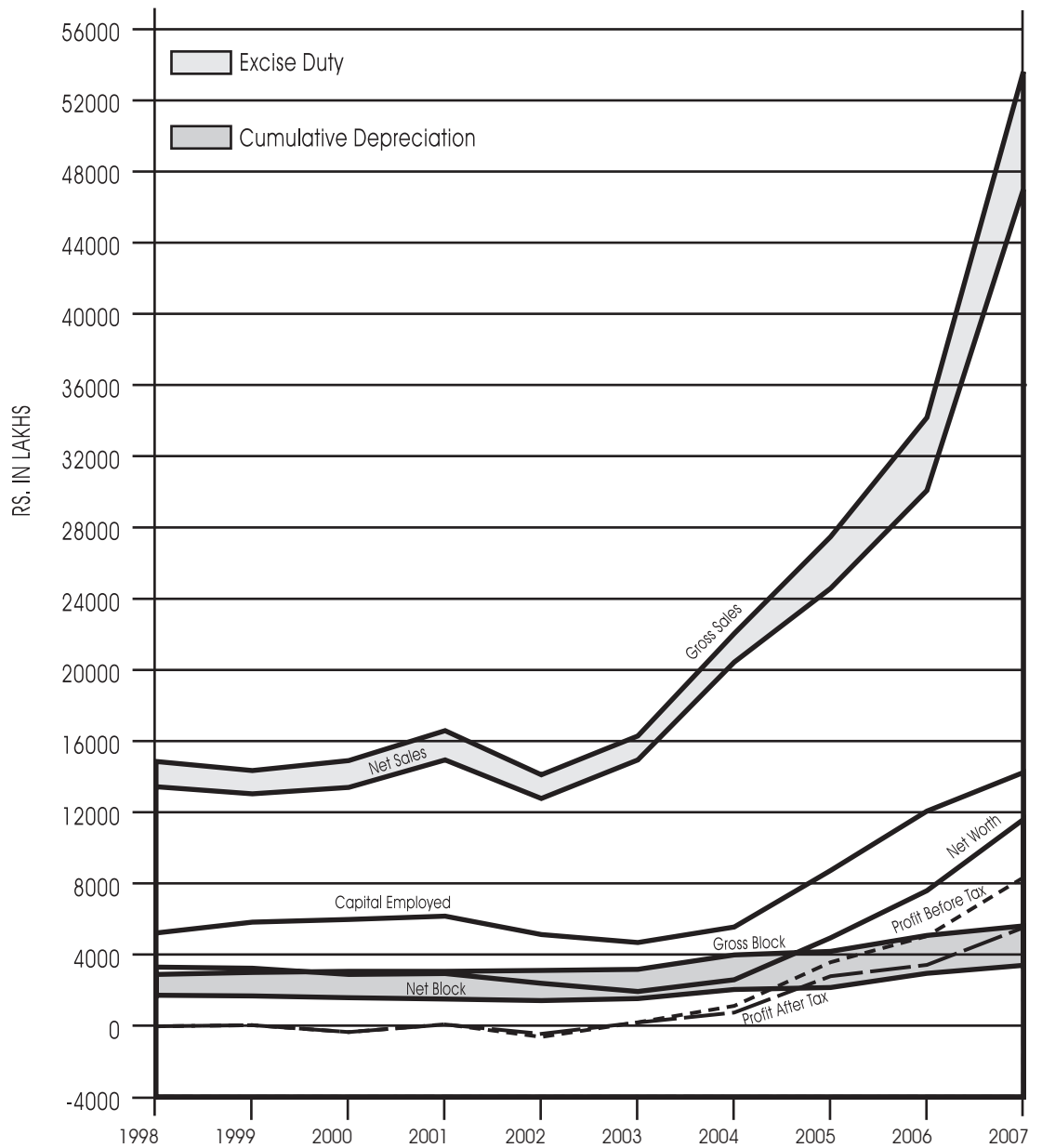
Realising the far-reaching negative effects of power shortage, the Government is aggressively pressing for accelerated development of power generation, transmission and distribution capacities. Industries related to these sectors are expected to continue their strong growth momentum based on heavy investments committed to this sector, and the determination of Government to achieve stated targets compared with the earlier plan period.

Accordingly the transformer industry is expected to continue a CAGR of 15%, as seen in the last 5 years, for the next few years.

In view of this, the Company, being one of the major players in the transmission and distribution sector, can expect to benefit.

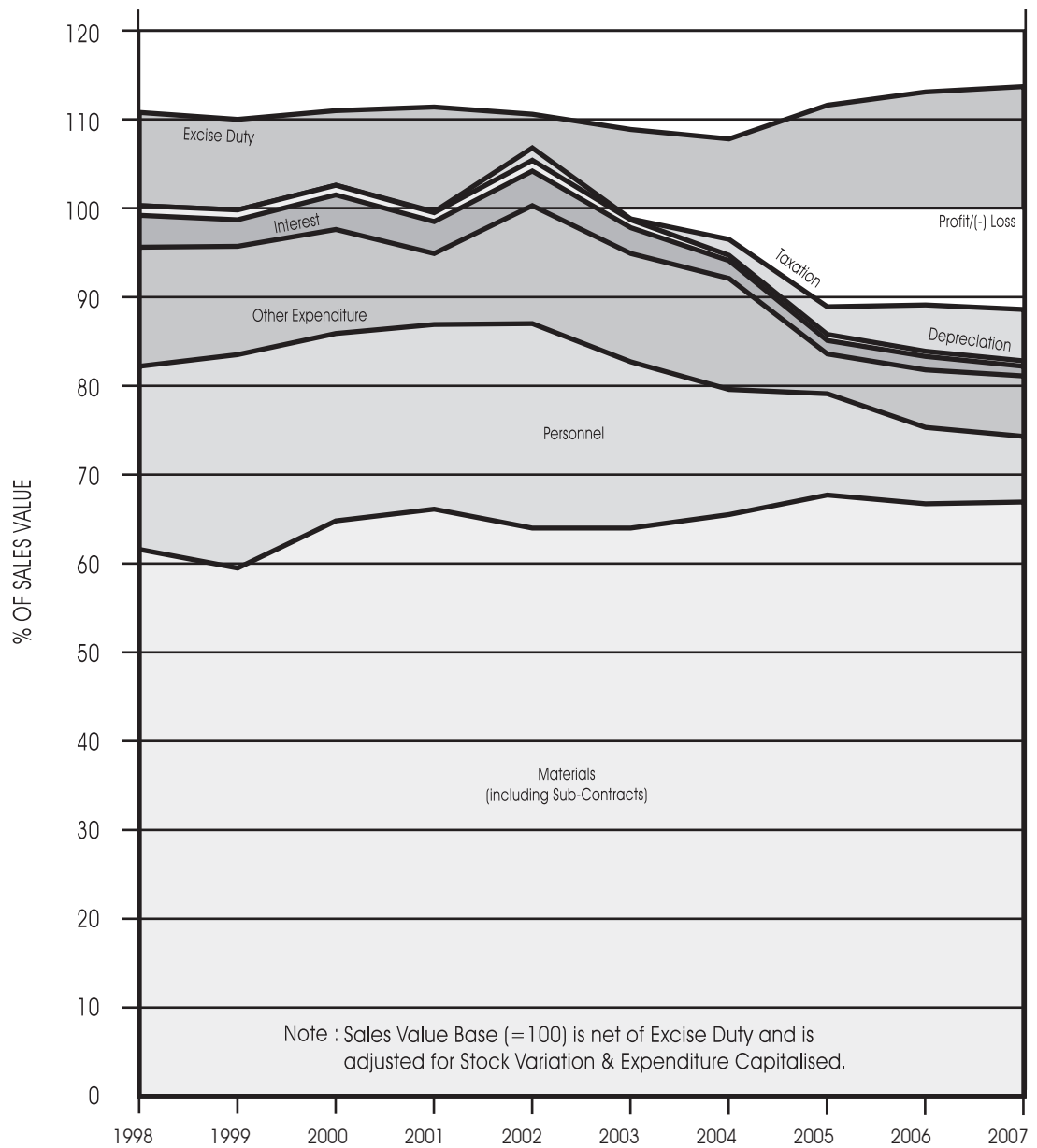
The outlook for the Motor business for the coming year appears healthy. The industry trend has shifted towards larger motors. Your Company has already made investments to expand facilities for larger motors, and also has plans to further invest in plant and machinery during the following year to increase the maximum ratings of motors from 200 KW to 400 KW.

BUSINESS TRENDS



Particulars	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Sales	14852	14334	14899	16581	14100	16282	22042	27479	34173	53601
Net Sales	13432	13025	13397	14932	12770	14940	20430	24584	30078	46986
Cptl. Empld.	5209	5816	5968	6151	5120	4675	5546	8718	12061	14226
Net Worth	3286	3225	2878	2925	2379	1923	2573	4928	7585	11584
Gross Block	2871	2993	3047	3053	3105	3157	3966	4171	5075	5607
Net Block	1704	1670	1572	1490	1405	1521	2034	2135	2938	3383
Profit/(-) Loss Before Tax	-35	28	-357	73	-637	185	1101	3557	5030	8320
Profit/(-) Loss After Tax	-38	22	-361	63	-464	177	734	2777	3368	5508

COST TRENDS



Particulars	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Excise Duty	10.8	10.0	11.0	11.4	10.6	8.9	7.8	11.6	13.1	13.7
Profit/(-) Loss	-0.3	0.2	-2.6	0.4	-3.7	1.2	3.5	11.1	10.9	11.4
Taxation	0.0	0.0	0.0	0.1	-1.4	0.1	1.8	3.1	5.2	5.8
Depreciation	1.1	1.1	1.1	1.0	1.2	0.9	0.6	0.7	0.6	0.6
Interest	3.6	3.0	3.9	3.6	3.9	2.9	2.0	1.5	1.5	1.1
Other Exp.\$	13.4	12.2	11.7	8.0	13.3	12.2	12.5	4.5	6.5	6.8
Personnel #	20.6	24.0	21.1	20.8	22.8	18.7	14.1	11.4	8.6	7.4
Materials	61.6	59.5	64.8	66.1	63.9	64.0	65.5	67.7	66.7	66.9

\$ Other Expenditure is adjusted for Other Income and Exceptional Income.

Personnel cost is adjusted for Expenditure on VRS writte off and Provision for Gratuity.

TEN YEARS FINANCIAL DATA

(Rs. In Lakhs)

Period Ended	March 2007	March 2006	March 2005	March 2004	March 2003	March 2002	March 2001	March 2000	March 1999	March 1998
SALES AND EARNINGS										
Sales	53600.79	34173.42	27479.12	22041.64	16281.89	14099.45	16580.86	14898.72	14334.11	14852.41
Profit/(-) Loss Before Taxes	8320.20	5029.64	3556.90	1101.30	184.77	-637.37	73.05	-356.82	28.39	-34.81
Profit/(-) Loss After Taxes Net of Adjustments	5508.05	3367.98	2776.54	729.11	175.95	-463.93	62.72	-360.49	21.89	-30.63
Dividends	1412.89	762.96	508.64	226.06	56.52	—	—	—	56.52	56.52
ASSETS										
Gross Block	5607.49	5075.12	4171.10	3965.77	3157.26	3105.37	3052.54	3046.99	2992.68	2871.44
Net Block	3383.03	2938.07	2135.32	2033.93	1520.72	1404.75	1490.36	1571.52	1669.71	1704.27
Investments	1872.97	1834.97	284.97	283.97	302.31	302.31	302.31	320.68	202.66	196.66
Deferred Tax Liabilities (Asset)	46.02	82.63	(13.23)	102.03	(150.29)	(138.28)	—	—	—	—
Current Assets, Loans & Advances	28733.64	18048.73	15197.04	12507.86	10312.69	9670.25	11088.92	10493.43	9353.01	8538.88
Current Liabilities & Provisions	19765.11	10923.19	9346.08	9750.67	8099.05	6465.65	6758.53	6429.75	5429.60	5230.73
Net Current Assets	8968.53	7125.54	5850.96	2757.19	2213.64	3204.60	4330.39	4063.68	3923.41	3308.15
Capital Employeed	14225.99	12061.46	8718.04	5546.41	4674.63	5119.72	6150.64	5967.73	5815.85	5209.08
LIABILITIES										
Share Capital	565.16	565.16	565.16	565.16	565.16	565.16	565.16	565.16	565.16	565.16
Reserves & Surplus	11019.08	7164.04	4666.03	2469.47	1995.38	1883.19	2387.22	2324.50	2679.83	2720.67
Shareholders' Funds	11584.24	7729.20	5231.19	3034.63	2560.54	2448.35	2952.38	2889.66	3244.99	3285.83
Loan Funds	2595.73	4249.63	3500.08	2409.75	2264.38	2671.37	3198.26	3078.07	2570.86	1923.25
Earnings Per Share (Rs.)	*97.46	*59.59	491.29	129.01	31.13	-82.09	11.10	-63.78	3.87	-5.42
Equity Dividend Rate (Rs. Per Share)	*25.00	*13.50	90.00	40.00	10	—	—	—	10	10
Net Worth Per Share (Rs.)	*204.97	*134.21	871.99	455.27	340.19	420.87	517.52	509.21	574.18	581.40
Debt Equity Ratio†	0.16:1	026:1	0.39:1	0.81:1	0.55:1	0.33:1	0.33:1	0.41:1	0.31:1	0.34:1

†Debt = Loan Funds less cash credit & Short-Term Loans from Banks; Equity = Shareholders' Funds.

* On Equity Share of Rs. 10/- each sub-divided

TEN YEARS FUNDS FLOW

(Rs. in Lakhs)

Period ended	March 2007	March 2006	March 2005	March 2004	March 2003	Five Periods Total	Previous Five Years Total
SOURCES OF FUNDS:							
Gross profit/(loss)	9142.99	5682.50	4104.26	1644.65	762.86	21337.26	2196.72
Deduct : Depreciation	293.34	184.02	168.22	134.61	138.97	919.16	733.34
Deduct : Interest	529.45	468.84	379.14	408.74	439.12	2225.29	2390.94
Deduct : Taxation	2812.65	1622.28	779.91	367.31	7.74	5589.89	(149.95)
Profit After Tax/(Loss)	5507.55	3407.36	2776.99	733.99	177.03	12602.92	(777.61)
Add : Depreciation	293.34	184.02	168.22	134.61	138.97	919.16	733.34
Add : Deferred Tax Debit/(Credit)	(36.61)	95.85	(115.26)	252.32	(12.01)	184.29	(178.37)
Add : Misc. Exp./Intangible Assets w/off	144.48	172.59	180.66	167.85	180.77	846.35	73.60
Internal Generation	5908.76	3859.82	3010.61	1288.77	484.76	14552.72	(149.04)
Term Loans Raised	369.89	747.10	281.24	1633.88	705.43	3737.54	2117.32
Total	6278.65	4606.92	3291.85	2922.65	1190.19	18290.26	1968.28
APPLICATION OF FUNDS:							
Fixed Assets Additions(net)	721.36	873.06	387.31	647.82	254.94	2884.49	565.86
Term Loans Repaid	533.47	673.13	437.88	593.73	464.82	2703.03	2708.45
Investment Changes (net)	38.00	1550.00	1.00	(18.34)	—	1570.66	111.65
Misc. Exp / Intangible Assets	—	2.37	38.43	1.21	748.95	790.96	143.38
Working Capital Changes	3332.81	638.39	1847.25	1443.21	(342.28)	6919.38	(1685.96)
Dividends	1653.01	869.97	579.98	255.02	63.76	3421.74	124.90
Total	6278.65	4606.92	3291.85	2922.65	1190.19	18290.26	1968.28
WORKING CAPITAL CHANGES:							
Inventories	2097.33	782.56	(739.25)	431.43	597.23	3169.30	(683.35)
Debtors	4486.69	2961.98	108.03	1657.74	(24.69)	9189.75	1032.43
Cash & Bank Balances & Other Current Assets	419.55	(2349.11)	2286.24	129.89	(34.28)	452.29	(92.81)
Loans & Advances	3681.34	1456.26	(9.24)	(15.05)	104.18	5217.49	(39.52)
Sub-Total	10684.91	2851.69	1645.78	2204.01	642.44	18028.83	216.75
Bank Loans	(1490.32)	675.57	1246.97	(894.78)	(647.60)	(1110.16)	62.54
Other Current Liabilities	4910.44	(331.32)	(2287.63)	1419.29	1547.61	5258.39	1845.68
Provisions	3931.98	1869.05	839.19	236.29	84.71	6961.22	(5.51)
Sub-Total	7352.10	2213.30	(201.47)	760.80	984.72	11109.45	1902.71
Net	3332.81	638.39	1847.25	1443.21	(342.28)	6919.38	(1685.96)

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Bharat Bijlee Limited, as at 31st March 2007 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- (1) 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 misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order;
- (3) Further to our comments in Annexure referred to in paragraph 2 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 the books of the Company;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;

- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
- (e) On the basis of the written representations received from the Directors as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present 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 the affairs of the Company as at 31st March, 2007,
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
 - (iii) In the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Shishir Dalal
Partner

Mumbai: 10th May 2007

Membership No.: 37310

ANNEXURE TO THE AUDITORS' REPORT

STATEMENT REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF BHARAT BIJLEE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007.

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our enquiries, we state that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material and the same have been properly dealt with in the Books of Account.

- (c) As per the information and explanation given to us on our enquiries the disposal of assets during the year were not substantial and would not have an impact on the operations of the Company;
- (ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year and at the close of the year;
- (b) The procedures of physical verification of inventories followed by the management as explained to us are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) According to the records produced to us for our verification, the discrepancies noticed on physical verification of inventories referred to above, as compared to book records, though not material, have been properly dealt with in the books of account;
- (iii) As per the information and explanation given to us and the records produced to us for our verification

- the Company has neither granted nor taken any loans secured or unsecured to / from Companies, Firms and other parties in the register maintained under section 301 of the Companies Act, 1956;
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods and services. As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal audit department of the Company during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the Company;
- (v) (a) On the basis of the audit procedures performed by us and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section;
- (b) The transactions made in pursuance of such contracts and arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been in our opinion, as per the information and explanation given to us, made at prices which are reasonable having regard to prevailing market prices as available with the Company for such transactions or prices at which transactions, if any, for similar goods have been made with other parties at the relevant time;
- (vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, where applicable with regard to the deposits accepted by it from the public. Since the Company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from the National Company Law Tribunal, does not arise;
- (vii) On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the Company has an adequate internal audit system commensurate with the size and nature of its business;
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;
- (ix) (a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including

Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty, Cess and other Statutory dues with the appropriate authorities. There were no undisputed dues outstanding for more than six months as at 31st March, 2007.

- (b) According to the records of the Company and the information and explanations given to us upon our enquiries in this regard, disputed dues in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty / Cess unpaid as at the last day of the financial year, are as follows

Rs. in Lacs

Statutes	FORUMS BEFORE WHOM PENDING				
	Commissioner Appeals	Tribunal	High Court	Supreme Court	Total
1. Excise	-	410.09	-	-	410.09
2. Income Tax	56.95	-	-	-	56.95
3. Sales Tax	132.17	3.94	-	-	136.11
4. Custom Duty	-	338.39	-	-	338.39

- (x) On the basis of the records examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions and banks;
- (xi) The Company has, in our opinion, maintained proper records and contracts with respect to its investments where timely entries of transactions have been made therein;
- (xii) According to the information and explanations given to us, and the representation made by the management, the Company has not given any guarantees for loans taken by others from banks or financial institutions;
- (xiii) As per information and explanations given to us, the Term loans are applied for the purpose for which the loans were obtained;
- (xiv) As per 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 by the Company on short-term basis have been used for long-term investment;
- (xv) As per the information and explanations given to us on our enquiries on this behalf there were no frauds on or by the Company which have been noticed or reported during the year;

In view of the nature of business carried on by the Company clause no (xiii) of CARO, 2003 is not applicable to the Company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (x),(xii),(xviii), (xix) and (xx) the said clauses are, at present, not applicable.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Shishir Dalal
Partner

Mumbai: 10th May 2007

Membership No.: 37310

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule	Rupees in Lakhs	31st March, 2007 Rupees in Lakhs	31st March, 2006 Rupees in Lakhs
SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS:				
(a) Share Capital	A	565.16		565.16
(b) Reserves and Surplus	B	11019.08		7164.04
			11584.24	7729.20
LOAN FUNDS:				
(a) Secured Loans	C	570.53		1109.23
(b) Unsecured Loans	D	2025.20		3140.40
			2595.73	4249.63
DEFERRED TAX LIABILITY (net) (Refer Note 7)			46.02	82.63
Total			14225.99	12061.46
APPLICATION OF FUNDS:				
FIXED ASSETS:				
(a) Gross Block	E	5607.49		5075.12
(b) Deduct: Depreciation		2224.46		2137.05
(c) Net Block		3383.03		2938.07
(d) Capital Work-in-Progress		1.46		18.40
			3384.49	2956.47
INVESTMENTS:	F		1872.97	1834.97
CURRENT ASSETS, LOANS AND ADVANCES:				
(a) Inventories	G	6397.40		4300.07
(b) Sundry Debtors		14253.38		9766.69
(c) Cash & Bank Balances		1024.98		622.60
(d) Loans and Advances		6975.96		3294.62
(e) Other Current Assets		81.92		64.75
		28733.64		18048.73
Deduct:				
CURRENT LIABILITIES AND PROVISIONS:				
(a) Current Liabilities	H	11591.02		6680.58
(b) Provisions		8174.09		4242.61
		19765.11		10923.19
NET CURRENT ASSETS:			8968.53	7125.54
MISCELLANEOUS EXPENDITURE:	I		—	144.48
Total			14225.99	12061.46
Significant Accounting Policies and Notes forming part of the Accounts	P			

As per our attached report of even date.
For and on behalf of DALAL & SHAH,
Chartered Accountants,

Shishir Dalal
Partner

D. N. Nagarkar
Company Secretary &
Senior General Manager : Legal

S. B. Godbole
Vice President : Finance

Nikhil J. Danani
Nakul P. Mehta

} Vice Chairmen &
Managing Directors

Mukul Harkisandas

Director

Mumbai, 10th May, 2007

Mumbai, 10th May, 2007

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

	Schedule	Rupees in Lakhs	Year ended 31st March, 2007 Rupees in Lakhs	Year ended 31st March, 2006 Rupees in Lakhs
INCOME:				
Sales and Services (Gross)		53600.79		34173.42
Less: Excise Duty		6614.78		4095.08
	J		46986.01	30078.34
Other Income	K		453.51	368.07
			47439.52	30446.41
EXPENDITURE:				
Materials	L	31007.85		19677.86
Personnel	M	3423.53		2517.66
Other Expenditure	N	3720.67		2745.67
Interest and Financial Charges	O	529.45		468.84
Depreciation and Amortisation		293.34		198.15
			38974.84	25608.18
PROFIT BEFORE EXCEPTIONAL ITEMS & TAXATION:			8464.68	4838.23
Exceptional Income/(Expenses) (net) (Refer Note 4)			(144.48)	191.41
PROFIT BEFORE TAXATION:			8320.20	5029.64
Provision for Taxation				
Wealth Tax		5.75		5.50
Current Tax		2811.41		1479.98
Fringe Benefit Tax		32.10		40.95
Deferred Tax Debit/(Credit)		(36.61)		95.85
			2812.65	1622.28
PROFIT FOR THE YEAR AFTER TAXATION			5507.55	3407.36
(Short)/Excess Provision for Tax for earlier years			0.50	(39.38)
PROFIT AFTER TAXATION			5508.05	3367.98
Balance brought forward from previous year			1742.67	1744.66
PROFIT AVAILABLE FOR APPROPRIATION			7250.72	5112.64
Transfer to General Reserve		4000.00		2500.00
Proposed Dividend on Equity Shares		1412.89		762.96
Provision for Tax on proposed Equity Dividend		240.12		107.01
			5653.01	3369.97
BALANCE CARRIED TO BALANCE SHEET			1597.71	1742.67
Weighted average number of equity shares outstanding during the year			56,51,560	56,51,560
Basic and Diluted earning per share (in Rs.) [nominal value Rs. 10 per share]				
— including exceptional items			97.46	59.59
— excluding exceptional items (net of tax)			99.16	55.64

Significant Accounting Policies and Notes forming part of the Accounts

P

As per our attached report of even date,
For and on behalf of DALAL & SHAH,
Chartered Accountants,

Nikhil J. Danani

Nakul P. Mehta

} Vice Chairmen &
Managing Directors

Shishir Dalal
Partner

D. N. Nagarkar
Company Secretary &
Senior General Manager : Legal

Mukul Harkisandas

Director

S. B. Godbole
Vice President : Finance

Mumbai, 10th May, 2007

Mumbai, 10th May, 2007

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE A	Rupees in Lakhs	31st March, 2007 Rupees in Lakhs	31st March, 2006 Rupees in Lakhs
SHARE CAPITAL:			
Authorised:			
2,00,000		200.00	200.00
	12% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 100 each		
80,00,000		800.00	800.00
	Equity Shares of Rs. 10 each		
		<u>1000.00</u>	<u>1000.00</u>
Issued and Subscribed:			
56,51,560	Equity Shares of Rs. 10 each, fully paid	565.16	565.16
Of the above shares,			
47,05,830	Equity shares of Rs. 10 each issued as fully paid Bonus shares by capitalisation of reserves		
3,46,230	Equity shares of Rs. 10 each issued on conversion of Convertible Bonds		
		<u>565.16</u>	<u>565.16</u>
SCHEDULE B			
RESERVES AND SURPLUS:			
General Reserve:			
	As per last Account	5421.37	2921.37
	Add: Transferred from Profit & Loss Account	<u>4000.00</u>	<u>2500.00</u>
		9421.37	5421.37
Balance in Profit and Loss Account:			
		<u>1597.71</u>	<u>1742.67</u>
		<u>11019.08</u>	<u>7164.04</u>
SCHEDULE C			
SECURED LOANS:			
Working Capital Facilities from Banks:			
	Secured by hypothecation of all tangible moveable assets including stock of Raw Materials, Stores, Spares, Fuel, Work-in-Progress, Finished Goods and Book Debts and by oral equitable mortgage, ranking second and subservient to mortgages created or to be created, on immovable properties excluding vacant land at Company's Kalwe factory.	—	240.32
Term Loan from Financial Institution:			
	Secured by oral equitable mortgage of immovable property at Mumbai and pledge of shares of a company held as investment. (Rs. 280.00 lakhs falling due within one year – previous year Rs. 280.00 lakhs)	560.00	840.00
Other Term Loan:			
	Secured by hypothecation of certain vehicles. (Rs. 10.12 lakhs falling due within one year – previous year Rs. 18.37 lakhs)	10.53	28.91
		<u>570.53</u>	<u>1109.23</u>
SCHEDULE D			
UNSECURED LOANS:			
Fixed Deposits:			
	(Rs. 292.00 lakhs falling due within one year – previous year Rs. 210.09 lakhs) [includes Rs. 25 lakhs from a director – previous year Rs. 25 lakhs]	1275.20	1115.40
Short Term Loans:			
	— from Banks	750.00	2000.00
	— from Others	—	25.00
		<u>750.00</u>	<u>2025.00</u>
		<u>2025.20</u>	<u>3140.40</u>

SCHEDULES (Contd.)

SCHEDULE E

FIXED ASSETS:

(Rupees In Lakhs)

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As At 31.03.2006	Additions	Deductions	As At 31.03.2007	As At 31.03.2006	For the year	On Deductions	As At 31.03.2007	As At 31.03.2007	As At 31.03.2006
TANGIBLE ASSETS										
Buildings Incl. Roads+	1582.66	49.32	—	1631.98	373.05	37.76	—	410.81	1221.17	1209.61
Plant & Machinery etc.	2995.97	619.69	187.82	3427.84	1448.12	205.58	154.83	1498.87	1928.97	1547.85
Furniture & Fixtures	102.65	5.88	2.24	106.29	88.46	4.80	1.84	91.42	14.87	14.19
Office Equipment	207.65	58.81	58.65	207.81	133.37	12.46	48.86	96.97	110.84	74.28
Motor Vehicles	104.67	18.99	0.42	123.24	33.61	9.41	0.40	42.62	80.62	71.06
INTANGIBLE ASSETS										
Leasehold Land	12.95	—	—	12.95	6.26	0.13	—	6.39	6.56	6.69
Application Software	68.57	28.81	—	97.38	54.18	23.20	—	77.38	20.00	14.39
TOTAL	5075.12	781.50	249.13	5607.49	2137.05	293.34	205.93	2224.46	3383.03	2938.07
Previous Year's Total	4243.45	997.09	165.42	5075.12	2082.10	198.15	143.20	2137.05	2938.07	

+ Includes Rs. 10,500 being the value of 205 shares in Co-operative Societies for ownership premises.

SCHEDULE F

INVESTMENTS – At cost:
(Non-Trade/Long Term)
Quoted:31st March, 2007
Rupees
in Lakhs31st March, 2006
Rupees
in Lakhs

(All fully paid up and held in Demat mode)

14,12,580	Equity shares of Rs. 2 each of Siemens India Ltd. (out of above 5,00,000 equity shares pledged with HDFC Ltd.) (Previous year 2,82,516 equity shares of Rs. 10 each, sub-divided to Rs. 2 each during the year on 21.6.2006)	214.81	214.81
1,02,980	Equity shares of Rs. 10 each of HDFC Ltd.	13.52	13.52
15,821	Equity Shares of Rs. 10 each of ICICI Bank Ltd.	6.16	6.16
2,00,000	Equity shares of Rs. 10 each of Hindustan Oil Exploration Co. Ltd. (Previous year 1,50,000 equity shares, 50,000 equity shares allotted in current year as rights shares)	60.50	22.50
500	Equity Shares of Rs. 10 each of the HDFC Bank Ltd.	0.05	0.05
5,400	Equity shares of Rs. 10 each of Bank of India	2.43	2.43
(Fully paid up and held in physical form)			
24,398	6.75% Tax free US64 Bonds of Rs. 100 each of Unit Trust of India	24.40	24.40
		321.87	283.87
Unquoted:			
1,000	Equity shares of Rs. 10 each of the Saraswat Co-operative Bank Ltd.	0.10	0.10
10,000	Equity Shares of Rs. 10 each of the North Kanara G.S.B. Co-op. Bank Ltd.	1.00	1.00
15,500	NHB Capital Gain Bonds of Rs. 10,000 each	1550.00	1550.00
		1872.97	1834.97
Quoted:			
	Cost	321.87	283.87
	Market value	17282.65	17759.70
Unquoted:			
	Cost	1551.10	1551.10

SCHEDULES (Contd.)

SCHEDULE G (Contd.)

CURRENT ASSETS, LOANS AND ADVANCES: (Contd.)

	31st March, 2007 Rupees in Lakhs	31st March, 2006 Rupees in Lakhs
(d) Loans and Advances, good:		
Secured:		
Loans to employees (includes loan to an Officer Rs. 0.11 Lakh – previous year Rs. 0.37 Lakh) (maximum balance during the year Rs. 0.37 Lakh – previous year Rs. 0.62 Lakh)	23.06	16.09
Unsecured:		
(i) Advances recoverable in cash or in kind or for value to be received (includes loan to an Officer Rs. 0.97 Lakh – previous year Rs. 0.08 Lakh) (maximum balance during the year Rs. 1.00 lakh – previous year Rs. 0.23 lakh)	1464.29	589.34
(ii) Sundry Deposits (including National Plan Savings Certificates of the face value of Rs. 0.43 Lakh matured but not encashed deposited with Government Departments and Semi-Government Authorities – previous year Rs. 0.45 lakh)	0.43	0.45
Other Deposits (including interest accrued Rs. 1.12 lakhs – previous year Rs. 0.94 lakh)	137.07	134.16
	137.50	134.61
(iii) Balance with Central Excise Department	0.55	0.13
(iv) Advance payments of tax and tax deducted at source	5350.56	2554.45
	6975.96	3294.62
(e) Other Current Assets		
Interest accrued on Investment	81.92	64.75
	81.92	64.75
	28733.64	18048.73

SCHEDULE H

CURRENT LIABILITIES AND PROVISIONS:

(a) Current Liabilities:		
(i) Acceptances	4915.85	2820.66
(ii) Advances from Customers	1299.60	548.52
(iii) Sundry Creditors		
(a) Small Scale and Ancillary Industrial suppliers (Refer Note 6)	129.19	96.75
(b) Others	5190.29	3181.48
	5319.48	3278.23
(iv) Staff Security Deposits	1.04	0.40
(v) Interest accrued but not due, on Loans	42.53	25.57
(vi) Unclaimed Dividends	12.52	7.20
	11591.02*	6680.58

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

(b) Provisions:		
(i) Gratuity	672.62	485.20
(ii) Unutilised Leave encashment	293.76	216.04
(iii) Warranty Claims	143.01	93.88
(iv) Taxation	5411.69	2577.52
(v) Proposed Dividend on Equity Shares	1412.89	762.96
(vi) Tax on Proposed Equity Dividend	240.12	107.01
	8174.09	4242.61
	19765.11	10923.19

SCHEDULES (Contd.)**SCHEDULE I**

	31st March, 2007 Rupees in Lakhs	31st March, 2006 Rupees in Lakhs
MISCELLANEOUS EXPENDITURE:		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme	144.48	303.07
Deduct: Written off during the year	144.48	158.59
	<u>—</u>	<u>144.48</u>

SCHEDULE J

	Year ended 31st March, 2007 Rupees in Lakhs	Year ended 31st March, 2006 Rupees in Lakhs
SALES AND SERVICES:		
Sales	53445.24	34163.49
Less: Excise Duty	6614.78	4095.08
	<u>46830.46</u>	<u>30068.41</u>
Services	183.47	46.54
	<u>47013.93</u>	<u>30114.95</u>
Deduct: Returns	27.92	36.61
	<u>46986.01</u>	<u>30078.34</u>

SCHEDULE K**OTHER INCOME:**

Interest Gross (Tax deducted at source Rs. 5.26 Lakhs – previous year Rs. 12.47 Lakhs)	144.01	125.90
Dividend	77.57	61.45
Miscellaneous Income	97.68	26.37
Surplus on sale of Assets	31.36	4.54
Shared Services under an Agreement	—	17.73
Bad Debt recoveries	9.28	51.14
Forex Gain (net)	19.47	6.94
Provision no longer required/Sundry Credit balances appropriated	74.14	74.00
	<u>453.51</u>	<u>368.07</u>

SCHEDULES (Contd.)

SCHEDULE L	Rupees in Lakhs	Year ended 31st March, 2007 Rupees in Lakhs	Year ended 31st March, 2006 Rupees in Lakhs
MATERIALS:			
A. Raw Materials and Components Consumed:			
Stock at Commencement	924.32		1370.68
Purchases	30982.13		18762.54
Processing Charges	531.31		454.80
		32437.76	20588.02
Deduct: Scrap Sales	359.21		249.32
Stock at close	1836.22		924.32
		2195.43	1173.64
		30242.33	19414.38
Packing Materials, Stores, Spare Parts and Tools consumed		709.06	531.24
Fuel consumed (excluding for own power generation)		63.76	44.29
Purchases for resale		1313.95	899.35
		32329.10	20889.26
B. Variation in Work-in-Progress and Finished Goods:			
Work-in-Progress:			
Stock at commencement	1990.43		1100.90
Deduct: Stock at close	2897.38		1990.43
		(906.95)	(889.53)
Finished Goods:			
Stock at commencement	975.40		714.82
Deduct: Stock at close	1406.33		975.40
		(430.93)	(260.58)
Excise Duty on Finished Goods:			
Stock at Commencement	216.13		154.84
Deduct: Stock at Close	199.50		216.13
		16.63	(61.29)
		31007.85	19677.86
SCHEDULE M			
PERSONNEL:			
Salaries, Wages, Bonus etc.		2497.34	1886.66
Workmen and Staff Welfare Expenses		446.17	349.46
Contribution to and provision for Provident and Other Funds		480.02	281.54
		3423.53	2517.66

[Personnel cost includes Rs. 163.05 lakhs for a period of fifteen months from 01.01.06 to 31.03.07 arising on account of wage settlement entered into during the period.]

SCHEDULE N		Year ended 31st March, 2007	Year ended 31st March, 2006
OTHER EXPENDITURE:	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
Sub-Contract Charges		459.67	344.96
Power and fuel		270.64	173.05
Repairs to Buildings		81.12	55.65
Repairs to Machinery (excluding Spare Parts)		65.55	39.55
Other Repairs		18.43	13.12
Insurance		111.29	64.35
Rent		38.85	31.73
Rates and Taxes		20.36	20.34
Taxes and Levies by Government and Local Authorities		5.69	23.17
Excise Duty Expense		60.19	48.71
Post and Telecommunication Charges		57.39	55.85
Travelling, Conveyance and Motor Vehicle Expenses		234.98	183.94
Freight and Forwarding Charges (net)		72.63	251.44
Discount & Allowances on Sales		181.44	137.38
Product Advertisement and Publicity		15.06	7.14
Printing and Stationery		57.53	46.16
Data Processing Charges		8.89	4.30
Audit Fees & Professional Charges		174.04	134.97
Commission		466.48	325.00
Bank Charges		246.03	185.70
Miscellaneous		581.01	412.62
Directors' Fees		6.50	6.00
Managing Directors' Remuneration		455.16	195.96
Loss on assets sold, demolished, discarded, and scrapped		39.52	21.42
Provision for Doubtful Debts	16.96		18.76
Less: Provision for Doubtful debts no longer required	30.70		217.91
		(13.74)	(199.15)
Bad Debts/Sundry Debit balances written off		5.83	162.21
Short Provision for Expenses		0.13	0.03
Donations		—	0.07
		<u>3720.67</u>	<u>2745.67</u>

SCHEDULE O**INTEREST AND FINANCIAL CHARGES:**

Interest			
(i) on Fixed Loans	189.11		183.73
[includes Rs. 1.75 lakhs to a Vice Chairman & Managing Director – previous year Rs. 1.75 lakhs]			
(ii) on Others	329.68		266.02
		518.79	449.75
Discounting Charges		10.66	19.09
		<u>529.45</u>	<u>468.84</u>

SCHEDULES (Contd.)**SCHEDULE P****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS****A. Significant Accounting Policies****1. System of Accounting :**

- (a) In compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956 to the extent applicable, the Company follows the accrual system of accounting in general and the historical cost convention in accordance with the generally accepted accounting principles [GAAP].
- (b) The preparation of accounting statements in conformity with GAAP requires the management to make assumption and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statement and the amounts of income and expenses during the period reported under the financial statements. Any revision to the accounting estimates are recognised prospectively when revised.

2. Revenue Recognition :

- (a) Revenue from sale of products are recognised on transfer of all significant risk and rewards of ownership of the product on to the customers, which is generally on despatch of goods.
- (b) Sales are stated exclusive of Value Added Tax/Sales Tax, returns and discounts for the year.
- (c) Service income is recognized, net of service tax, when the related services are provided.
- (d) Dividend income is recognized on establishment of the right to receive the same.
- (e) Interest income is recognized on the time proportion basis.
- (f) Insurance and other claims are accounted as and when unconditionally admitted by the appropriate authorities.
- (g) Eligible export incentives are accrued when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds.

3. Fixed Assets & Depreciation :

Fixed assets are stated at historical cost net of Cenvat, other setoffs and accumulated depreciation.

Depreciation is provided on straight line basis at the rates and in the manner prescribed in the Schedule XIV of the Companies' Act, 1956.

Spares of the nature of capital spares/ insurance spares are added to the cost of the assets. The total cost of such spares is depreciated over a period not exceeding the useful life of the fixed asset to which they relate.

4. Intangible Assets :

- (a) Leasehold land is stated at historical cost less amounts written off proportionate to expired lease period.
- (b) Expenditure on application software are amortised over a period of three years.

5. Investments :

Investments are carried at cost of acquisition. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of investments.

6. Inventories :

Inventories include raw materials and components, packing materials, stores, spare parts, work-in-progress and manufactured and traded finished goods.

Cost of inventories comprises all the costs of purchase, conversion and cost incurred in bringing the inventories to the present location and condition.

Materials in transit and materials in bonded warehouse are valued at Cost-to-date.

Raw Materials & Components, packing materials, stores and spare parts are valued at cost using weighted average formula.

SCHEDULES (Contd.)**SCHEDULES P (Contd.)**

Work-in-progress and manufactured finished goods are valued at lower of cost or net realisable value and the cost is determined on the basis of weighted average formula. Inventory of traded items is valued on FIFO basis at lower of cost or net realisable value.

Excise duty is included in the value of finished goods inventory and Custom duty is provided on the materials lying in bonded warehouse.

7. Foreign Currency Transactions :

Foreign exchange gain or loss arising out of revenue transactions settled during the year is charged to the profit and loss account. Current assets and current liabilities in foreign currencies at the close of the financial year are converted at the exchange rates at the close of the year.

Exchange difference arising on account of liabilities for purchase of imported fixed assets is adjusted to the carrying cost of the respective fixed asset.

8. Deferred Revenue Expenditure :

Expenditure on Voluntary Retirement Scheme are amortised over a period of five years.

9. Retirement Benefits :

(a) Retirement benefits in the form of provident fund/pension scheme and superannuation/Annuity schemes are accounted on accrual basis and charged to the profit and loss account of the year.

(b) Liabilities in respect of Gratuity and Leave Encashment are determined and accrued on the basis of an independent actuarial valuation.

10. Borrowing Costs :

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

11. Taxation :

Current Tax is determined at the current rates based on assessable income.

Deferred Tax is determined using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are recognised and carried forward only if there is reasonable certainty of its realisation. However in case of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961, the Deferred Tax Asset is recognised if and only if there is a virtual certainty backed by convincing evidence of its realisation. Such assets are reviewed at each Balance Sheet date to reassess its realisation.

Provision for Fringe Benefit Tax (FBT) is made in accordance with the provisions of the Income Tax Act, 1961.

12. Leases :

For premises taken/given on lease, lease rentals payable/receivable are charged/ credited to the revenue.

13. Impairment of Assets :

(a) The carrying amount of assets, other than inventories is reviewed at each balance sheet date to assess whether there is any indication of impairment in respect of such asset or group of assets (cash generating unit). If such indication exists, the recoverable amount of such asset or group of assets is estimated.

(b) If such recoverable amount of the asset or the group of assets is less than its carrying amount, an impairment loss is reckoned by reducing the carrying amount to its recoverable amount. If there is an indication at the balance sheet date that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

14. Provisions, Contingent Liabilities and Contingent Assets :

The Company recognises a provision when there is a present obligation as a result of a past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent liabilities are disclosed by way of note to the Financial Statements after careful evaluation by the management of the facts and legal aspects of the matter involved.

Contingent Assets are neither recognised nor disclosed.

SCHEDULES (Contd.)

SCHEDULES P (Contd.)

	31st March, 2007 Rupees in Lakhs	31st March, 2006 Rupees in Lakhs
B. NOTES :		
1. Contingent Liabilities not provided for in respect of :		
(i) Bills Discounted (under IDBI deferred Bills Scheme)	—	120.55
(ii) Bills Discounted (Since realised Rs. 250 Lakhs — Previous year 809.20 Lakhs)	430.00	809.20
(iii) Disputed Sales Tax set-off and demands	180.90	172.26
(iv) Disputed Excise Duty demands	410.09	360.10
(v) Disputed Custom Duty Demand	338.39	305.83
(vi) Disputed Income Tax Demands	156.38	15.91
(vii) Claims against the Company not acknowledged as debts	22.24	22.24
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	346.46	71.87
3. Audit Fees and Professional Charges include :		
(a) To Auditors : (net of Service Tax)		
(i) As Auditors Fees	9.00	6.35
(ii) For Tax Audit	1.20	1.20
(iii) For Tax matters	0.65	1.00
(iv) For Company Law and other matters	0.23	0.22
(v) For Certifications	0.46	0.78
(vi) Reimbursement of Out of Pocket Expenses	0.34	0.42
	11.88	9.97
(b) To Cost Auditors (net of Service Tax)	0.30	0.25
4. Exceptional Income/(Expenses) represents:		
(a) Expenditure on Voluntary Retirement Scheme written off	(144.48)	(158.59)
(b) Profit from transfer of Elevator Field Operations Division	—	350.00
	(144.48)	191.41
5. Managerial Remuneration:		
(a) Computation of Managing Directors' Commission :		
Profit before Taxation as per Profit and Loss Account	8320.20	5029.64
Add: Managing Directors' Remuneration	455.16	195.96
Loss on Assets sold, demolished, discarded, and scrapped	39.52	21.42
Provision for Doubtful Debts	(13.74)	(199.15)
Expenditure on Voluntary Retirement Scheme written off	144.48	158.59
	625.42	176.82
	8945.62	5206.46
Less: Surplus on Sale of Assets	31.36	4.54
Profit from transfer of Elevator Field Operations Division	—	350.00
Net Profit on which Commission is payable	8914.26	4851.92
Commission @ 1.75% (Previous Year @ 1%) of net profit per Managing Director	156.00	48.52
Total Commission payable	312.00	97.04

SCHEDULES (Contd.)**SCHEDULES P** (Contd.)

	31st March, 2007 Rupees in Lakhs	31st March, 2006 Rupees in Lakhs
(b) Profit and Loss Account includes payments and provisions on account of Managing Directors' as under :		
(i) Salary	60.00	42.00
(ii) Gratuity	27.20	24.65
(iii) Commission	312.00	97.04
(iv) Contribution to Superannuation	15.00	10.50
(v) House Rent & Other Perquisites	40.96	21.77
	<u>455.16</u>	<u>195.96</u>
6. (a) The names of the Small Scale Industrial undertaking to whom the Company owes a sum outstanding for more than 30 days are as follows :		
KSH International Pvt. Ltd., La-Gajjar Machineries Ltd., Mileen Engineers, Stromag Engineers Ltd., Shining Engineers & Founders, Investa Fabricators & Engineers, Maco Tools & Equipments Pvt Ltd.		
The above information regarding Small Scale Industrial undertakings has been determined to the extent such parties have been identified on the basis of the information available with the Company.		
(b) In the absence of necessary information with the Company relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.		

7. The major components of Deferred Tax Asset/(Liability) are set out below :

Component	As on 01.04.2006 (Rs. in Lakhs)	For the Year Ended 31.03.2007 (Rs. in Lakhs)	As on 31.03.2007 (Rs. in Lakhs)
Difference between Book and Tax Depreciation	(365.99)	(51.62)	(417.61)
Provision for Doubtful Debts	54.01	(4.14)	49.87
U/s 43B of the Income Tax Act, 1961	229.35	92.37	321.72
Deferred Tax (Liability)/Asset	<u>(82.63)</u>	<u>36.61</u>	<u>(46.02)</u>

8. Though the applicability of the Accounting Standard 15 [Revised 2005] on "Employee Benefits" is deferred to accounting periods commencing on or after December 7, 2006, the Company has provided for all the liabilities on account of employee benefits in accordance with the provisions of the Standard under personnel cost. However, the question of disclosure requirements of the Standard will be reviewed during the ensuing financial year.

9. The disclosures required by AS-29 on Provisions, Contingent Liabilities & Contingent Assets :

(Rs. in Lakhs)

Class of Provision	Carrying amount as on 01.04.2006	Provision made/ Increase in Provision	Amount used during the year	Carrying amount as on 31.03.2007
Warranty #	93.88	110.20	61.07	143.01

Warranty is given to customers at the time of sale of Motors & Transformers. Warranty Cost includes expenses in connection with repairs and free replacement of parts during warranty period. Majority of Warranty Cost will be incurred over the contractual warranty period.

SCHEDULES (Contd.)**SCHEDULES P** (Contd.)**10. RELATED PARTY DISCLOSURES:****I. RELATED PARTIES****A. Key Management Personnel.**

Mr. Nikhil J. Danani, Vice Chairman & Managing Director

Mr. Nakul P. Mehta, Vice Chairman & Managing Director

B. Relatives of the Key Management Personnel

Mr. Jaisingh R. Danani, a non-executive Director (father of Mr. Nikhil J. Danani)

Mr. Anand J. Danani, a non-executive Director (brother of Mr. Nikhil J. Danani)

Mr. Shome N. Danani (Son of Mr. Nikhil J. Danani)

Ms. Avanti P. Mehta (sister of Mr. Nakul P. Mehta)

Ms. Sita P. Mehta (sister of Mr. Nakul P. Mehta)

C. Enterprises over which any of (A) or (B) can exercise control or significant influence

Danmet Chemicals Pvt. Ltd.

Nasivan Investments Pvt. Ltd.

Gayatri Education, Medical & Research Foundation.

Related parties relationships as stated in I (A) to I (C) above are identified by the Company as required under Accounting Standard 18 (AS-18) and relied upon by the Auditors.

II. TRANSACTIONS WITH RELATED PARTIES

(Rs. in Lakhs)

Nature of transaction	Related Parties					
	Referred in I(A) above		Referred in I(B) above		Referred in I(C) above	
	During the Year	Closing Balance Debit/ Credit(-)	During the Year	Closing Balance Debit/ Credit(-)	During the Year	Closing Balance Debit/ Credit(-)
Remuneration	Refer Note 5 above	— (—)	15.85 (1.13)	— (—)	— (—)	— (—)
Sitting Fee	— (—)	— (—)	0.90 (0.90)	— (—)	— (—)	— (—)
Purchases	— (—)	— (—)	— (—)	— (—)	138.45 (150.61)	- 0.74 (- 5.95)
Deposit taken	25.00 (25.00)	- 25.00 (- 25.00)	— (2.00)	- 2.00 (- 2.00)	— (0.25)	- 0.25 (-0.25)
Interest Paid	1.75 (1.75)	— (—)	0.18 (0.23)	— (—)	0.03 (0.02)	- 0.03 (- 0.02)
Rent Received	— (—)	— (—)	— (—)	— (—)	1.87 (1.67)	— (—)

a. No amount has been written off or written back during the year ended 31.03.2007.

b. Figures in the brackets are for the previous year.

SCHEDULES (Contd.)

SCHEDULES P (Contd.)

11. Detailed Information regarding Goods manufactured, Turnover, Opening Stock, Closing Stock, Raw Materials consumed etc.

(a) (i) Capacities, Production, Stock & Turnover :

Class of Goods (Unit)	Installed Capacity*	Production	Opening Stock		Turnover		Closing Stock	
			Qty.	Value Rupees in Lakhs	Qty.	Value Rupees in Lakhs	Qty.	Value Rupees in Lakhs
Electric Motors (HP in 000's)	1000 (750)	895 (702)	+38 +(18)	484.81 (312.28)	883 (677)	12929.78 (10047.10)	48 (38)	645.08 (484.81)
Transformers (MVA)	8000 (8000)	6359 (4019)	225 (128)	610.72 (453.93)	6383 (3922)	31610.47 (16225.71)	201 (225)	904.79 (610.72)
Controllers for VSD system (Nos.)	250 (250)	32 (10)	— (—)	0.28 (0.38)	29 (10)	110.21 (37.45)	3 (—)	8.66 (0.28)
Pumps (Nos.)	10000 (10000)	— (—)	45 ++(57)	1.64 (2.30)	1 (8)	0.27 (0.71)	44 (45)	1.85 (1.64)
Spare parts & Components # #						404.30 (2603.58)		
Services						183.47 (46.54)		
				1097.45 (768.89)		45238.50 (28961.09)		1560.38 (1097.45)

(ii) Details in respect of
Goods traded in :

Class of Goods (Unit)	Purchases \$		Opening Stock		Turnover		Closing Stock	
	Qty.	Value Rupees in Lakhs	Qty.	Value Rupees in Lakhs	Qty.	Value Rupees in Lakhs	Qty.	Value Rupees in Lakhs
Pumps, Motors etc. (Nos.)	2262 (3560)	67.54 (132.52)	1277 (1292)	80.28 (83.52)	2763 (3575)	134.98 (178.85)	776 (1277)	40.96 (80.28)
Other Electrical Goods # #	— (—)	1117.57 (617.85)	— (—)	— (—)	— (—)	1482.01 (798.32)	— (—)	— (—)
Maintenance Products/Accessories # #		128.84 (148.99)		13.80 (17.25)		158.44 (176.69)		4.49 (13.80)
		1313.95 (899.36)		94.08 (100.77)		1775.43 (1153.86)		45.45 (94.08)
Total				1191.53 (869.66)		47013.93 (30114.95)		1605.83 (1191.53)

Explanatory Notes :

- (1) Figures in brackets are for the previous year.
- (2) The Company's products are exempt from licencing requirement under the industrial policy in terms of notification no. S.O. 477 (c) dated 25th July, 1991.
- (3) Notations
 - * As certified by a Managing Director being a technical matter and accepted by the Auditors as correct.
 - + Including 2 HP (previous year - 5 HP) Captive Consumption
 - ++ 4 Nos. Monoblock Pumps captively consumed in previous year.
 - ## These include many items with different quantitative units or ratings.
 - \$ Purchases are net of returns.

SCHEDULES (Contd.)**SCHEDULES P** (Contd.)

(b) Raw Materials and Components Consumed :*

	Qty. MT.	Year ended 31st March, 2007 Value Rupees in Lakhs	Qty. MT.	Year ended 31st March, 2006 Value Rupees in Lakhs
Group of Items :				
Stampings and Laminations	5183	11390.51	3780	6760.11
Electrolytic Copper Wires, Strips & Aluminium Ingots	2547	9490.81	1806	3954.48
Hardware and Special Components	**	6025.54	**	6624.95
Others		3335.47		2074.84
		30242.33		19414.38

* Net of Sales

** Since the quantity denominations & type of components are dissimilar in nature, it is impracticable to disclose the quantitative information in respect thereof.

(c) Value of Raw Materials, Spare Parts and Components consumed

	%		%	
Raw Materials and Components :				
Imported	3	962.52	4	846.13
Indigenous	97	29279.81	96	18568.25
	100	30242.33	100	19414.38
Spares :				
Imported	—	—	5	0.91
Indigenous	100	26.66	95	16.17
	100	26.66	100	17.08

(d) Value of Imports on C.I.F. basis :

Raw Materials	1178.03	767.06
Components & Spare parts	0.38	4.00
Capital Goods	35.58	49.12

(e) Expenditure in Foreign Currency on Account of :

Travelling	6.54	5.86
Technical Services Fees (Includes Capitalised Rs. Nil Lakhs previous year Rs. 28.04 lakhs.)	—	28.04
Interest	19.91	—
Others	0.62	3.02

(f) Earnings in Foreign Exchange :

Direct Exports on F O B basis	542.80	5.68
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SCHEDULES (Contd.)

SCHEDULES P (Contd.)

	Year ended 31st March, 2007 Value Rupees in Lakhs	Year ended 31st March, 2006 Value Rupees in Lakhs
(g) Deemed Exports	4608.38	3108.57
(h) Net amount remitted during the year in Foreign Currencies on account of Dividends	0.03	0.02
Number of Non-resident Shareholders	1	1
Number of Shares held by Non-resident on which Dividend were due	250	25
Year for which due	2005-06	2004-05

12. Foreign currency exposures not hedged at the close of the year.

Nature of Transaction	Currency	31st March, 2007	31st March, 2006
Trade Payable	USD	319039.84	558413.74
	EUR	—	23464.56
Trade Receivable	USD	4480.00	—

13. The Company has only one reportable segment viz. "Industrial Products" in terms of the Accounting Standard - 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India (ICAI).

14. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.

15. Previous Year's figures have been regrouped wherever necessary.

As per our attached report of even date.
For and on behalf of DALAL & SHAH,
Chartered Accountants,

Shishir Dalal
Partner

D. N. Nagarkar
Company Secretary &
Senior General Manager : Legal

S. B. Godbole
Vice President : Finance

Nikhil J. Danani }
Nakul P. Mehta } Vice Chairmen &
Managing Directors

Mukul Harkisandas Director

Mumbai, 10th May, 2007

Mumbai, 10th May, 2007

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

	31st March, 2007 Rupees in lakhs	31st March, 2006 Rupees in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxation	8320.20	5029.64
Adjustments for :		
Depreciation	293.34	198.15
Surplus/deficit on sale of Assets (net)	8.16	16.88
Interest (net)	385.44	342.94
Dividend received	(77.57)	(61.45)
Amortisation of VRS Expenditure	144.48	158.59
Provision for Gratuity during the year	187.42	24.65
Provision for Leave Encashment during the year	77.72	35.86
	<u>1018.99</u>	<u>715.62</u>
Operating Profit Before Working Capital changes	9339.19	5745.26
Adjustments for :		
Trade and other receivables	(5388.91)	(2244.62)
Inventories	(2097.33)	(782.56)
Current Liabilities	4937.29	(307.06)
	<u>(2548.95)</u>	<u>(3334.24)</u>
Cash generated from Operations	6790.24	2411.02
Direct Taxes paid	(2917.71)	(1507.42)
(a) Net cash from Operating activities	3872.53	903.60
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(764.56)	(897.79)
Sale of Fixed Assets	35.04	5.34
Purchase/Sale of Investments	(38.00)	(1550.00)
Interest received	143.83	126.31
Dividend received	77.57	61.45
(b) Net cash in investing activities	(546.12)	(2254.69)
	<u>3326.41</u>	<u>(1351.09)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings (Net)	(1653.90)	749.55
Interest paid	(512.49)	(482.11)
Dividend paid	(757.64)	(504.66)
(c) Net cash from Financing activities	(2924.03)	(237.22)
	<u>402.38</u>	<u>(1588.31)</u>
Net increase in Cash and Cash equivalents	402.38	(1588.31)
Cash and Cash equivalents at the beginning of the year	622.60	2210.91
Cash and Cash equivalents at the close of the year	1024.98	622.60

As per our attached report of even date.
For and on behalf of DALAL & SHAH,
Chartered Accountants,

Shishir Dalal
Partner

D. N. Nagarkar
Company Secretary &
Senior General Manager : Legal

S. B. Godbole
Vice President : Finance

Nikhil J. Danani }
Nakul P. Mehta } Vice Chairmen &
Managing Directors

Mukul Harkisandas Director

Mumbai, 10th May, 2007

Mumbai, 10th May, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details	5	0	1	7																
Balance Sheet Date	3	1		0	3		2	0	0	7										

State Code	0	1	1
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II Capital raised during the year
(Amount in Rs. Thousands)

* Public Issue																				

* Bonus Issue																				

* Right Issue																				

* Private Placement																				

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

Total Liabilities																				

Sources of Funds																				
Paid-up Capital																				

Secured Loans																				

Application of Funds																				
Net Fixed Assets																				

Net Current Assets																				

Accumulated Losses																				

Total Asset																				

Reserves & Surplus																				

Unsecured Loans																				

Investment																				

Miscellaneous Expenditure																				

IV Performance of Company
(Amount in Rs. Thousands)

Turnover																				

+/- Profit/Loss Before Tax																				

Earnings per Share in Rs.																				

Total Expenditure																				

+/- Profit/Loss After Tax																				

Dividend Rate %																				

V Generic Names of Two Principal Products/Services of Company
(as per monetary terms)

Item Code No.	8	5	.	0	1																
Product Description	E	L	E	C	T	R	I	C		M	O	T	O	R	S						
Item Code No.	8	5	.	0	4																
Product Description	E	L	E	C	T	R	I	C		T	R	A	N	S	F	O	R	M	E	R	S

D. N. Nagarkar
Company Secretary &
Senior General Manager : Legal

S. B. Godbole
Vice President : Finance

Nikhil J. Danani }
Nakul P. Mehta } Vice Chairmen &
Managing Directors

Mukul Harkisandas Director

Mumbai, 10th May, 2007



Bharat Bijlee Limited

Registered Office: Electric Mansion, 6th Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025

ATTENDANCE SLIP

TO BE COMPLETED AND HANDED OVER AT THE ENTRANCE TO THE AUDITORIUM

I hereby record my presence at the 60th ANNUAL GENERAL MEETING of the Company held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020, on Tuesday, 26th June, 2007 at 4.00 p.m.

Folio No..... DP ID NO. CLIENT ID NO.....

Name

Member/Proxy

Signature.....



Bharat Bijlee Limited

FORM OF PROXY

Folio No..... DP ID NO. CLIENT ID NO..... NO. OF SHARES.....

I/We

of

.....

.....being a member/members of the

above named Company hereby appoint.....

.....

of

or failing him.....

of

.....as my/our proxy

to vote for me/us on my/our behalf at the 60th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 26th June 2007 at 4.00 p.m. and at any adjournment thereof.

Signed this day of 2007



(Signature of Member)

NOTES:

- (a) The form should be signed across the stamp as per specimen signature registered with the Company.
- (b) The Companies Act, 1956, lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time fixed for holding the meeting.
- (c) A proxy need not be a member.

