

Bharat Bijlee Limited

61st ANNUAL REPORT

Year Ended March 2008

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 Harkisondass

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, Opp. Airoli Railway Station,
Navi Mumbai 400 708.
Maharashtra.
Tel. No. : 022-27637200
Fax No. : 022-27637443

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, Opp. Airoli Railway Station,
Navi Mumbai 400 708.

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, Pannatal 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 61st 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 Thursday, 26th June, 2008 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, 2008 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. Anand J. Danani, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Banshi S. Mehta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jaisingh R. Danani, 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 an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the Company hereby approves the reappointment of Mr. Nikhil J. Danani as Managing Director for a further period of 5 years with effect from 20th June, 2008 on the terms and conditions and remuneration as follows:

Salary : upto Rs.10 Lakhs (Rupees 10,00,000) 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.

Perquisites and Allowances:

- (i) In addition to the salary and commission, Mr. Nikhil J. 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 etc., medical reimbursement, medical and personal accident insurance, leave travel concessions for self and family, club fees, hospitalization expenses for self and family and such other allowances and perquisites as the Board or its Committee may in its absolute discretion determine from time to time.
- (ii) 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 as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling for remuneration specified above.
- (iii) Cars for use on Company's business and telephones (Fixed and Mobile) and other communication facilities at residence will not be considered as perquisites.
- (iv) Leave with full pay or encashment thereof as per the Rules of the Company.
- (v) Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.
- (vi) **Other perquisites:**

Subject to overall ceiling on remuneration mentioned hereinbelow, the Managing Director 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.

Commission:

Such remuneration by way of commission in addition to the salary and perquisites and allowances, payable calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors (which includes any committee thereof) in its absolute discretion deem fit, for

each Corporate Financial Year, provided that the total remuneration including salary, perquisites, allowances and commission shall not exceed the overall ceiling prescribed under Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the said Act.

Minimum Remuneration:

Notwithstanding anything to the contrary contained herein above, wherein in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay salary, perquisites and allowances as specified above to the Managing Director as minimum remuneration to him.

The Managing Director, so long as he functions as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The Managing Director, shall not be subject to retirement by rotation during his tenure as Managing Director of the Company."

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

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the Company hereby approves the reappointment of Mr. Nakul P. Mehta as Managing Director for a further period of 5 years with effect from 20th June 2008 on the terms and conditions and remuneration as follows:

Salary : upto Rs. 10 lakhs (Rupees 10,00,000) 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.

Perquisites and Allowances:

- (i) In addition to the salary and commission, Mr. Nakul P. Mehta 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 etc., medical reimbursement, medical and personal accident insurance, leave travel concessions for self and family, club fees, hospitalization expenses for self and family and such other allowances and perquisites as the Board or its Committee may in its absolute discretion determine from time to time.

- (ii) 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 as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling for remuneration specified above.
- (iii) Cars for use on Company's business and telephones (Fixed and Mobile) and other communication facilities at residence will not be considered as perquisites.
- (iv) Leave with full pay or encashment thereof as per the Rules of the Company.
- (v) Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

Other perquisites:

Subject to overall ceiling on remuneration mentioned herein below, the Managing Director 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.

Commission:

Such remuneration by way of commission in addition to the salary and perquisites and allowances, payable calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors (which includes any committee thereof) in its absolute discretion deem fit, for each Corporate Financial Year, provided that the total remuneration including salary, perquisites and commission shall not exceed the overall ceiling prescribed under Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the said Act.

Minimum Remuneration:

Notwithstanding anything to the contrary contained herein above, wherein in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay salary, perquisites and allowances as specified above to the Managing Director as minimum remuneration to him.

The Managing Director, so long as he functions as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The Managing Director, shall not be subject to retirement by rotation during his tenure as Managing Director of the Company."

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, 16th June, 2008 to Thursday, 26th June, 2008 (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 Nos. 7 and 8 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, 1996 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, 2001 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 Thursday, 26th June, 2008 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, 14th June, 2008

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, 16th June, 2008.

(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. 022-25963838.

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 listed on the following stock exchanges:

1. Bombay Stock Exchange Ltd.
Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
2. National Stock Exchange of India Ltd.
Exchange Plaza
Bandra Kurla Complex,
Bandra, Mumbai 400 051

The listing fee for the period 1-4-2008 to 31-3-2009 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: 9th May, 2008

PROFILES OF DIRECTORS BEING REAPPOINTED AS REQUIRED BY CLAUSE 49 VI(G) OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

Item Nos. 3, 4 & 5 of the Notice

Mr. Anand J. Danani:

Mr. Anand J. Danani holds a degree in Commerce from the Mumbai University and a Masters Degree in Business Administration from USA. He has vast knowledge and experience in the Banking and Finance industry and is an expert in Business Management & Marketing. He has been a Director on the Board of the Company since 23rd March, 1995.

Mr. Danani holds 47,150 equity shares representing 0.83% of the Issued and Subscribed Equity Share Capital of the Company.

Mr. Danani is related to Mr. J. R. Danani, Director, and Mr. Nikhil J. Danani, Vice Chairman & Managing Director.

Mr. Banshi S. Mehta:

Mr. Banshi S. Mehta holds a degree in Commerce and is a fellow member of the Institute of Chartered Accountants in India. He is a renowned Accountant in practice and an expert in taxation, accountancy, and mergers and acquisitions. He has been a Director on the Board of the Company since September 26th, 1986 and Chairman of the Board of Directors since November 29, 1994.

He is on the Board of the following prominent companies:

1. Atul Ltd.
2. Century Enka Ltd.

3. Ceat Ltd.
4. Housing Development Finance Corpn. Ltd.
5. IL&FS Investment Managers Ltd.
6. JB Chemicals & Pharmaceuticals Ltd.
7. Pidilite Industries Ltd.
8. Procter and Gamble Hygiene and Healthcare Ltd.
9. Sudarshan Chemical Industries Ltd.
10. Clariant Chemicals (India) Ltd.
11. Gillette India Ltd.
12. Sasken Communications Technologies Ltd.
13. SBI Capital Markets Ltd.
14. National Securities Depository Ltd.

He is also a Director of M/s. Jumbo World Holdings Ltd. (BVI) a Body incorporated outside India.

He is also an Alternate Director in

1. Uhde India Ltd.

Mr. Mehta is on the following Committees:

S. No.	Company	Name of the Committee
1.	Housing Development Finance Corporation Limited	Compensation & Audit
2.	Atul Limited	Audit
3.	Century Enka Limited	Audit
4.	Procter and Gamble Hygiene and Health Care Limited	Audit
5.	IL&FS Investment Managers Ltd.	Compensation
6.	IL&FS Investment Managers Ltd.	Audit)
7.	J.B. Chemicals & Pharmaceuticals Ltd.	Audit)
8.	Sudarshan Chemicals Ltd.	Audit) Chairman
9.	Sasken Communication Technologies Ltd.	Audit)
10.	Pidilite Industries Ltd.	Audit)
11.	Gillette India Ltd.	Remuneration & Audit

Mr. Mehta is not related to any Director on the Board of the Company.

Mr. Jaisingh R. Danani:

Mr. Jaisingh R. Danani has been a Director on the Board of the Company since 27th August, 1955 and was one of the Managing Directors of the Company from March 18th, 1963 to March 31st, 1990.

Mr. Danani along with the late Mr. Prahlad C. Mehta nurtured the Company for over 35 years with his entrepreneurial skill, dedication, high ethical standards and vision to create strong core values and principles which have helped the Company to withstand a highly competitive environment for well over 50 years.

Mr. Danani has over 50 years of experience in the electrical Engineering Industry and it was under his guidance that the Company entered the lift business 30 years ago and successfully established its "Olympus" brand of lifts in India. Mr. Danani holds 1,85,080 equity shares representing 3.28% of the Issued and Subscribed Equity Share Capital of the Company.

Mr. Danani is related to Mr. Nikhil J. Danani, Vice Chairman & Managing Director, and Mr. Anand J. Danani, Director.

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

Item Nos. 7 & 8

Mr. Nikhil J. Danani and Mr. Nakul P. Mehta were reappointed as Managing Directors for a period of 5 years w.e.f. 20th June, 2003 and hence their term of office expires on 19th June, 2008. The Board of Directors at their meeting held on 9th May, 2008 have reappointed them as Managing Directors for a further period of 5 years with effect from 20th June, 2008 subject to obtaining the requisite approval of shareholders at the ensuing 61st Annual General Meeting. Their reappointment and remuneration is in terms of Section 269 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereof.

The proposed remuneration of the Managing Directors was approved by the Remuneration Committee at its meeting held on 9th May, 2008.

Ordinary resolutions proposing the terms and conditions of their appointment as set out in item Nos. 7 and 8 of the accompanying notice are now being placed before the members at the 61st Annual General Meeting for their approval.

Mr. Nikhil J. Danani holds a Bachelor Degree in Mechanical Engineering and a Masters Degree in Business Administration from Rutgers University, USA. He has been employed with the Company since May, 1975 and is one of the Managing Directors, since 1st April, 1990. Mr. Danani has over 30 years experience in the business of Transformers and Motors with vast knowledge in the field of Electrical Engineering.

He is a Director on the Board of M/s. Danmet Chemicals Pvt. Ltd.

Mr. Danani holds 1,49,484 equity shares representing 2.65% of the Issued and Subscribed Equity Share Capital of the Company.

Mr. Danani is related to Mr. J. R. Danani and Mr. Anand J. Danani, Directors on the Board of the Company.

Mr. Nakul P. Mehta holds a Bachelor Degree in Science and also a Bachelor and Master of Science Degree in Mechanical Engineering. He has been employed with the Company since 1984 and is one of the Managing Directors since 1st April 1990. Mr. Mehta has vast experience in the field of elevator business and over 24 years experience in the Electrical Engineering Industry.

He is a Director on the Board of M/s. Nasivan Investments Pvt. Ltd. and a managing committee member of M/s. Gayatri Education, Medical & Research Foundation Pvt. Ltd.

Mr. Mehta holds 1,85,830 equity shares representing 3.29% of the Issued and Subscribed Equity Share Capital of the Company.

Mr. Mehta is not related to any Director on the Board of the Company.

Mr. Nikhil J. Danani, Mr. Jaisingh R. Danani and Mr. Anand J. Danani are concerned or interested in the Resolution at item No. 7 and Mr. Nakul P. Mehta is concerned or interested in Resolution at item No. 8.

None of the other Directors are concerned or interested in the Resolutions.

The explanatory statement together with the Notice should be treated as an abstract under Section 302 of the Companies Act, 1956 and is accordingly circulated to all the members.

A copy of the resolution passed by the Board at its meeting held on 9th May, 2008 in this regard maybe inspected at the Registered Office of your Company on any working day between 10.30 a.m. to 12.30 p.m.

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

Date: 9th May, 2008

REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors have pleasure in presenting herewith the 61st Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

	Year ended 31st March, 2008	Year ended 31st March, 2007
	Rupees in lakhs	Rupees in lakhs
Sales & Service	63789.81	53600.79
Less: Excise Duty	7550.49	6614.78
	56239.32	46986.01
Other Income	336.26	453.51
	56575.58	47439.52
Profit before Interest & Financial Charges, Depreciation, Exceptional Items and Tax	11822.51	9287.47
Less: Interest & Financial Charges	261.11	529.45
Less: Depreciation	392.68	293.34
Profit before Exceptional Items & Tax	11168.72	8464.68
Add: Exceptional Items	0.0	(144.48)
Profit before Tax	11168.72	8320.20
Less: Provision for Taxes	3840.12	2812.65
Profit after Tax	7328.60	5507.55
Short(-)/Excess Provision of Tax for earlier years	(79.42)	0.50
Profit after Taxation	7249.18	5508.05
Add: Profit Brought Forward from previous year	1597.71	1742.67
Profit available for Appropriation	8846.89	7250.72

APPROPRIATION:

Proposed Equity Dividend	1695.47	1412.89
Tax on proposed Equity Dividend	288.14	240.12
General Reserve	5500.00	4000.00
Profit Carried Forward	1363.28	1597.71

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

DIVIDEND

The Directors recommend a dividend of Rs. 30 per equity share of face value of Rs. 10/- each for the year ended 31st March, 2008 on 56,51,560 equity shares. The dividend payout, including dividend tax of Rs. 288.14 lakhs will be Rs. 1983.61 lakhs as compared to Rs. 1653.01 lakhs in the previous year.

OPERATIONS

Despite a variety of challenges your Company was once again able to deliver significant improvements in performance, and to strengthen its competitive position in the market place.

During the year under review, revenue from Sales and Services increased by Rs. 101.89 crores from Rs. 536.01 crores in the previous year to Rs. 637.89 crores recording a growth of 19%. PBT before exceptional items grew from Rs. 84.65 crores to Rs. 111.69 crores, and PAT by 32% from Rs. 55.08 crores to Rs. 72.49 crores. Increased sales volumes, a richer product mix, and continued focus on improving the productivity of all resources, contributed to these results and were able to partially mitigate onerous increases in input costs.

Orders obtained during the year amounted to Rs. 629 crores compared to Rs. 579 crores in the previous year, an increase of Rs. 50 crores.

Earnings per share (face value Rs. 10/-) increased from Rs. 97.46 to Rs. 128.27.

EXPANSION IN TRANSFORMER AND MOTOR PLANTS AT KALWE

The Company has ongoing investments for the manufacture and testing of large motors, specifically catering to high-growth market segments in higher frame sizes and output ratings. Capacity expansion of the transformer plant is per schedule, and full capacity of 11,000 MVA is expected to be available for production from August 2008.

NEW PRODUCT LINES

The Company's technology transfer Agreement with Permanent Magnets SA., Spain, has enabled it to be the first manufacturer in India of synchronous permanent magnet gearless machines for elevators, including those without machine rooms. These machines use revolutionary technology and offer significant advantages in compactness, energy efficiency, controllability, and low noise to elevator manufacturers and their customers.

The Company has also entered into an exclusive distributorship and service agreement with K.E.B. of Germany for A.C. variable speed drives. These drive systems enable precise positioning, control, starting and stopping of complex machinery in customized configurations, and have significant synergies with the electric motors business.

AWARDS AND RECOGNITION

In November 2007, the Company was recognised by Forbes Asia, with the award "**Best Under a Billion**", as one of a select list of 200 small and mid-sized companies in Asia, with a special honour under the category of **Return on Investment**.

The Company was also awarded a Certificate of Appreciation for best stall in its category at ELECRAMA 2008, an international trade fair in Mumbai organized by IEEMA.

SIGNIFICANT INITIATIVES

The Company is in the process of an enterprise-wide business process re-engineering initiative as a precursor to a comprehensive implementation of SAP's ERP across the organization.

A parallel initiative to strengthen and sharpen the Company's Risk Management Processes and to evolve and implement a robust Risk Management framework is also under way.

Both these initiatives are being guided by internationally reputed consulting firms and are intended to enhance the Company's decision making capabilities, to meet the challenges of a dynamic and competitive business environment, and to facilitate a structured approach to risk mitigation.

FINANCE

For substantial periods during the year bank borrowings for working capital were nil or negative. Consequently, interest cost remained at 0.41% of sales despite increased operational volumes and the CAPEX of Rs. 25 crores. There is an ongoing focus on working capital control and on releasing cash from operations.

ICRA Limited has assigned the Company a rating of LAA, indicating **high-credit-quality** on a long term scale; and A1+, indicating the **highest-credit-quality** on a short term scale, to borrowing limits extended by banks to the Company.

As on 31st March, 2008, the Company had Fixed Deposits aggregating to Rs. 1229.56 lakhs. Out of the Fixed Deposits which matured for payment prior to 31st March, 2008, 44 deposits aggregating to Rs. 6.02 lakhs were neither renewed nor claimed till 31st March, 2008. Of these 5 deposits aggregating to Rs. 1.10 lakhs have since been renewed or refunded on receipt of requests from the deposit holders. The balance of 39 deposits aggregating to Rs. 4.92 lakhs have neither been claimed nor renewed till date of this Report, in spite of the Company's intimation to the deposit holders. There has been no default or delay in meeting any maturity payment obligations.

HUMAN RESOURCES

An adverse side-effect of the country's economic growth has been the impaired availability of experienced technical personnel across sectors. Despite these challenges, the Company has taken steps

to motivate its team of talent and to consciously upgrade work environments and facilities through structured initiatives.

Employee relations across the Company continued to be very cordial and issues were settled amicably with the Union.

Productivity levels continue to be subject to continuous monitoring.

The employee strength as on 31st March, 2008 was 1300 compared to 1170 in the previous year.

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, 2008, 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. Anand J. Danani, Mr. Bansi S. Mehta, and Mr. Jaisingh R. Danani 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 9th May, 2008 circulated along with the Annual Report 2008.

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. has been appointed by the Board as Cost Auditors of the Company, for electric motors, for the Financial Year ending 31st March, 2009, 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 Board of Directors place on record their sincere appreciation for the dedicated efforts, good understanding and support, and valuable contributions made by all our employees in achieving the excellent results for the year. They also wish to sincerely thank shareholders, customers, financiers and deposit holders for their support, good wishes and encouragement.

For and on behalf of the Board of Directors

BANSI S. MEHTA
Chairman

Date: 9th May, 2008

ADDITIONAL INFORMATION

[In terms of Section 217 (1)(e) of the Companies Act, 1956 and Companies' (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988]

A. Conservation of energy:

(1) Measures:

- Installed additional capacitor bank of 200 KVAR with automatic power factor controller
- All winding machines and new cranes equipped with VFD and replacement of old gear boxes with new energy efficient gear boxes.
- Replaced old reciprocating compressor by new energy efficient compressor.
- Up-gradation of compressed air system.
- New thermopack system is being installed (in progress)
- Use of 60 T crane instead of 2 nos 32 T cranes together having high HP.
- Use of pallet trolleys for shifting of coils avoiding use of crane operation (having higher HP load).
- Use of smaller capacity goliath crane for core station instead of higher HP overhead crane.
- Installation of new 10 T crane with high hook lift.
- Installation of translucent roof sheets.
- New energy efficient winding oven installed for VPI Plant.
- New energy efficient screw compressor installed in motor plant.
- Tube lights replaced with 150 W metal halide lamps on the shop floor.
- Energy efficient lamps to replace conventional tube lights for office lighting.
- Roof Ventilator 40 nos. fitted with transparent base for improved ventilation and lighting.
- Installed automatic power factor correction system for distribution panel for Motor Plant & CTF.
- 60 nos. three phase high HP tip air circulator replaced with low HP circulator for 50% power saving in Motor Plant.

(2) Impact of the measures:

- Power factor improved from 0.95 to 0.98 reducing maximum demand.
- Energy conservation and saving
- Minimum 20% energy saving against conventional compressor
- 10% reduction in head losses and leakage losses
- 20% reduction in heat losses
- 10% reduction in energy
- Reducing cycle time for removing coil hence reduction in use of crane
- Reduction of lighting consumption in day time

- Improved working conditions
- Reduction in temperature inside the factory – by 4°C
- Saving in energy consumption

B. Technology Absorption, adaptation and Innovation

1. Efforts made:

- Cascade evaporation in place of conventional evaporator in new VPD system.
- Heat re-cuperator in new VPD
- New winding design to eliminate brazed conductor wandel winding
- Manufacturing of composite assembly
- Use of box stiffeners for tanks
- Use of split core for core building
- Heat shrinking process for Rotor Packets
- PLC panel for kofimat bearing machine
- Vacuum pressure Impregnation process for motor stator parts
- Large coil winding machine with VFD cowl roller
- Stake of cowl type test setup for large motors upto 500 kw

2. Benefits derived:

- Reduction in heat input for same load
- Reduction in chilling plant capacity for same load
- Cycle time reduction by 50%
- Quality improvement. More reliability
- Reduction in material cost
- Cost saving
- Improvement in productivity
- Elimination of bottlenecks
- Increase capacity of large motors.

3. Technology imported during the last five years:

- The Company has entered into a Technology Transfer Agreement with M/s. Permanent Magnets SA, Spain, for manufacture and sale of Gearless Permanent Magnet Synchronous Motors.

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:

- | | |
|---------------------------------------|-----------|
| | Rs. Lakhs |
| - Deemed exports with export benefits | 9026.85 |
| - Direct Exports | 443.67 |
| - Others | Nil |

3. Foreign exchange used: 1475.14

CORPORATE GOVERNANCE REPORT — ANNEXURE A

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Since inception the Company conducts all its business operations on the principles of transparency, fairness, integrity, accountability, empowerment and trusteeship. This, we in Bharat Bijlee Limited believe and practice as our philosophy of Corporate Governance.

Management is committed to ensure that the day to day and strategic business transactions are conducted in an open, transparent and honest manner and follow high legal and ethical standards.

Compliance of provision of Clause No. 49 of the Listing Agreements with Stock Exchanges, Code of Internal procedures and conduct for Prevention of Insider Trading and Code of Conduct for all Board members and senior management of the company are implemented strictly.

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 Chairman is an Independent Non-Executive Director. He is not a promoter nor related to promoters or to persons occupying management positions at Board level or at one level below the Board. 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, all other Directors are liable to retire by rotation.

Mr. Jaising R. Danani, Mr. Nikhil J. Danani and Mr. Anand J. Danani are related to each other. None of the other Directors are related to each other.

b. Board Meetings:

In the Financial Year 2007-2008, Five (5) Board of Directors' meetings were held on the following dates:

1. 10th May, 2007,
2. 26th June, 2007
3. 28th July, 2007
4. 26th October, 2007
5. 31st January, 2008

c. Attendance/Sitting fees of Directors:

Sr. No.	Name of the Director	Category of Directorship	No. of Board Mtgs. attended	Attendance at last AGM	No. of other Directorships	Membership of other Committees		Sitting Fees for Board/ Committee meetings Rs.	No. of Equity Shares Held
						As Member	As Chairman		
1.	Mr. Bansi S. Mehta — Chairman	Independent Non-Executive	5	YES	16**	8 @	5	50000/-	—
2.	Mr. Nikhil J. Danani — Managing Director	Executive	4	YES	1*	—	—	—	1,49,484
3.	Mr. Nakul P. Mehta — Managing Director	Executive	5	YES	2*	—	—	—	1,85,830
4.	Mr. Jaising R. Danani	Non-Executive	4	YES	—	—	—	70000/-	1,85,080
5.	Mr. Mukul Harkison Dass	Independent Non-Executive	5	YES	1*	—	—	130000/-	500
6.	Mr. Prakash V. Mehta	Non-Executive	4	YES	18*	10 @@	1	110000/-	400
7.	Mr. Anand J. Danani	Non-Executive	—	NO	—	—	—	—	47,150
8.	Mr. Deepak S. Parekh — Alternate to Mr. A.J. Danani	Independent Non-Executive	—	NO	15\$	2	5	—	—
9.	Mr. Sanjiv N. Shah	Independent Non-Executive	4	YES	4*	2	—	80000/-	4,560
10.	Mr. Jairaj C. Thacker	Independent Non Executive	3	YES	4*	—	—	50000/-	—
11.	Mr. Meghendra Kumar	Independent Non-Executive	5	YES	1	—	—	50000/-	—
							Total	540000/-	

@ includes membership in Remuneration/Compensation committee in 3 companies.

@@ includes membership in Remuneration/Compensation committees in 1 company.

* includes Directorship in Pvt. Ltd. companies.

** includes Alternate Directorship in 1 company and Directorship in a Body Corporate incorporated outside India.

\$ includes Alternate Directorship in 3 companies

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 placed before the Board:*

- Review of Annual operating plans of businesses, capital budgets, and any 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 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.
- Significant development in the human resources and industrial relations front.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement.
- 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.

e. *Code of Conduct:*

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. A declaration to this effect signed by the Managing Director, Mr. Nikhil J. Danani forms part of this report.

3. AUDIT COMMITTEE:

(a) *The Audit Committee of the Company comprises of the following Five Members:*

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

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, Dy. General Manager: Internal Audit, and the Sr. 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 & Attendance:*

The Audit Committee meetings were held on:

1. 10th May, 2007
2. 28th July, 2007
3. 26th October, 2007
4. 31st January, 2008

Mr. Mukul Harkisondass was present in all the meetings.

Mr. Jaisingh R. Danani, Mr. Prakash V. Mehta, Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker attended 3 meetings.

(c) *Power/Role/Review of Information of Audit Committee:*

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 statutory auditors appointment/reappointment/replacement/removal/remuneration and payment of fees for any other services rendered by them.
- 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.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion regarding areas of concern.
- Reviewing the Company's financial and risk-management process.
- Review defaults if any, 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:

The Remuneration Committee comprises of the following Four Members:

- | | | | |
|----|------------------------|----------|-----------------------------|
| 1. | Mr. Mukul Harkisondass | Chairman | — Independent Non-Executive |
| 2. | Mr. Prakash V. Mehta | Member | — Non-Executive |
| 3. | Mr. Sanjiv N. Shah | Member | — Independent Non-Executive |
| 4. | Mr. Jairaj C. Thacker | Member | -do- |

The Remuneration Committee met once during the year on 26th October, 2007. All the members excepting Mr. Jairaj C. Thacker were present at the meeting.

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

- i. To determine 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.

Remuneration of Directors:

The total remuneration including commission payable to the Managing Directors for the financial year 2007-2008 is as under:

	Salary	Perquisites	Contribution to Superannuation	Commission Payable for the FY 2007-2008	Total
Mr. Nikhil J. Danani	60,00,000	58,10,984	15,00,000	2,08,43,700	3,41,54,684
Mr. Nakul P. Mehta	60,00,000	57,70,713	15,00,000	2,08,43,700	3,41,14,413

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

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

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

- | | | | |
|----|------------------------|----------|-----------------------------|
| 1. | Mr. Mukul Harkisondass | Chairman | — Independent Non-Executive |
| 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 31st January, 2008, wherein all members were present. The total number of grievances redressed and reviewed by the Committee to the satisfaction of the shareholders was 29, most of them demat related. There were no requests for share transfer/transmission/deletions of names etc. pending as on 31st March, 2008 and all such requests were processed and delivered within one month (30 days) of lodgement with the company.

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

During the year, 26 complaints were received from the shareholders and were resolved to the satisfaction of the shareholders.

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
2006-2007	26-6-2007	4.00 p.m.	Walchand Hirachand Hall, 4th Floor, Indian Merchants Chamber Bldg., Churchgate, Mumbai 400 020
2005-2006	26-6-2006	4.00 p.m.	-do-
2004-2005	12-8-2005	4.00 p.m.	-do-

Special Resolutions passed in the last three Annual General Meetings:

- a. 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 Memorandum and Articles of Association at the 58th Annual General Meeting held on 12-08-2005.
- b. Delisting of Securities (Equity Shares) from The Delhi Stock Exchange Association Ltd., New Delhi at the 60th Annual General Meeting held on 26.06.2007.

The Special Resolutions moved at the aforesaid AGMs were passed by a show of hands.

8. DISCLOSURES:

- i. 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.
- ii. Quarterly Disclosures – Results and notes thereon.
- iii. Risk Management – The Company has engaged M/s Ernst & Young as the implementing partner to strengthen the existing Risk Management process of the company and also to assist in identifying, prioritizing and mitigating strategic and operational risks and also evolve and employ a Risk Management frame work.
- iv. 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.
- v. 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.
- vi. The Company affirms that no employee has been denied access to the audit committee.
- vii. The Company has complied with all the mandatory requirements as stipulated in Clause 49 of the listing agreement with stock exchanges.
- viii. As regards the other non-mandatory requirements including whistle blower policy, the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

9. COMMUNICATION TO SHAREHOLDERS:

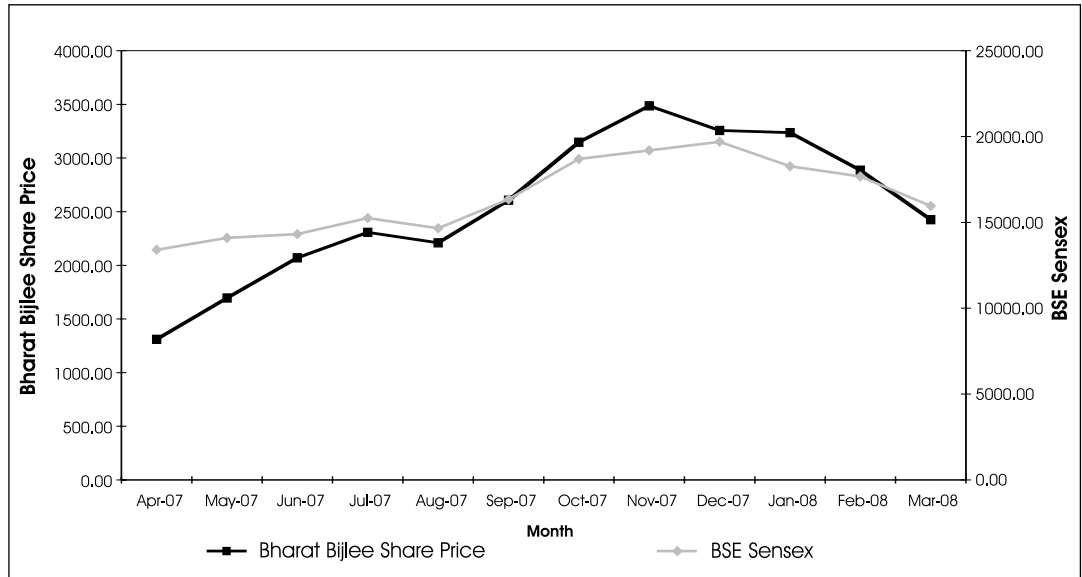
- i. Quarterly/half yearly/annual results and information relating to convening of Board meetings/Annual General Meetings are published in The Economic Times, Times of India, Free Press, Navshakti and Maharashtra Times and are also notified to the Stock Exchanges as required under the Listing Agreement. Half yearly report is not sent to each shareholder in view of its publication in newspapers. As required by the Listing Agreement, the requisite information is transmitted through the EDIFAR System and through Corporate Filing and Dissemination System (CFDS). 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 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 been obtaining prior approval before dealing in shares in excess of the prescribed limit under the said code.
- v. The Company has its own website, www.bharatbijlee.com
- vi. In terms of the revised Clause 49 of the listing agreement, the certification by the Managing Directors 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 -
Day : Thursday.
Date : 26th June, 2008.
Time : 4.00 p.m.
Venue : Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Churchgate, Mumbai 400 020.
- ii. Financial Year:
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.
- iii. Dates of Book Closure:
Monday, 16th June, 2008 to Thursday, 26th June, 2008 (both days inclusive).
- iv. Dividend Payment Date: After 26th June, 2008.
- v. Listing of Equity Shares on Stock Exchanges:
Bombay Stock Exchange Limited (BSE) : 503960
National Stock exchange of India Limited (NSE) : BBL
The Delhi Stock Exchange Association Ltd.* : 02080
* The Equity shares of the Company have been delisted from The Delhi Stock Exchange Association Ltd. w.e.f. 31st March, 2008.
The listing fees for the Financial year 2008-09 has been paid to both BSE & NSE.
Demat international security Identification No. in NSDL & CDSL : INE 464A01028
- vi. Stock Price Data at the Stock Exchanges:

	BSE	BSE	NSE	NSE
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2007	1,450.00	1,170.10	1,444.40	1,170.00
May, 2007	1,940.00	1,449.90	1,940.00	1,451.00
June, 2007	2,305.00	1,836.00	2,300.00	1,815.00
July, 2007	2,495.85	2,119.00	2,600.00	2,105.10
August, 2007	2,438.90	1,980.00	2,440.00	1,952.00
September, 2007	2,850.00	2,365.15	2,898.00	2,350.05
October, 2007	3,825.00	2,470.00	4,000.00	2,480.30
November, 2007	3,779.90	3,192.10	3,779.90	3,150.00
December, 2007	3,690.00	2,824.50	3,998.00	3,115.10
January, 2008	4,068.00	2,405.00	4,075.00	2,435.00
February, 2008	3,139.95	2,632.00	3,465.00	2,526.65
March, 2008	2,875.00	1,975.00	2,856.95	1,801.50

Performance of Share price in comparison with BSE Sensex



vii. 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

viii. Share Transfer System:
 The Board has constituted a Share Transfer Committee and has delegated the requisite power to the Committee to attend to share transfer matters. 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.

ix. Distribution of Shareholding As on 31-3-2008

Sr. No.	No. of Equity Shares held	No. of shareholders	No. of shares	% of shareholders	% of shareholding
1.	1 — 500	18,177	8,18,307	96.62	14.48
2.	501 — 1000	297	2,24,753	1.58	3.98
3.	1001 — 2000	166	2,37,985	0.88	4.21
4.	2001 — 3000	57	1,36,624	0.30	2.42
5.	3001 — 4000	20	71,756	0.11	1.27
6.	4001 — 5000	15	69,418	0.08	1.23
7.	5001 — 10000	30	2,08,475	0.16	3.69
8.	10001 — above	51	38,84,242	0.27	68.72
	Total:	18,813	56,51,560	100.00	100.00

Share Holding Pattern As on 31-3-2008

Sr. No.	Category	No. of shares	% to total shareholding
1.	Promoters, Directors & Relatives	20,16,888	35.69
2.	Public Financial Institutions/Banks	9,25,505	16.38
3.	Mutual Funds/ UTI	6,59,743	11.67
4.	FII	1,73,763	3.07
5.	NRIS/OCBS	43,994	0.78
6.	Private Corporate Bodies	3,19,838	5.66
7.	Indian Public	15,11,829	26.75
	Total:	56,51,560	100.00

- x. Dematerialization of Shares and Liquidity:
Your Company's shares are traded compulsorily in electronic form and the Company has established connectivity with both the depositories. i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
As on 31st March, 2008, 83.91% of shares have been held in dematerialized form and the rest are in physical form.
- xi. The Company has no outstanding GDR's/ADR's/Warrants or any convertible instruments, since not issued.
- xii. Plant Location:
Plot No. 2, MIDC Industrial Estate, Belapur Road, Opp. Airoli Railway Station, Navi Mumbai - 400 708, Maharashtra
- xiii. 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:
1. Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W), Mumbai 400 078
Tel: 25963838
Fax: 25962691
 2. Bharat Bijlee Limited,
Electric Mansion, 6th Floor
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025
Tel: 24306237
Fax: 24370624
 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

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Clause 49 of the Listing Agreements with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the period ended 31st March, 2008.

Mumbai
9th May, 2008

For Bharat Bijlee Ltd.

Nikhil J. Danani
Managing Director

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

We have examined the 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, 2008.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the 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.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management we certify

that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange of India.

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

For and on behalf of
DALAL & SHAH
Chartered Accountants

Shishir Dalal
Partner

Mumbai: 9th May 2008

Membership No.: 37310

MANAGEMENT DISCUSSIONS AND ANALYSIS — ANNEXURE B

GDP growth during 2007-2008, at 8.7%, was lower than the growth of 9.6% in the previous year. This was largely attributable to a deceleration in the growth of both agriculture and industry. The deceleration in the industrial production was primarily due to a slowdown in the manufacturing sector - particularly in the last quarter of the year. Against this backdrop, the Company was able to achieve growth in performance as under:

	(Rs. lakhs)	(Rs. lakhs)
	2007-2008	2006-2007
Sales	56239.32	46986.01
PBT	11168.72	8320.20
PAT	7249.18	5508.05
EPS (Rs.)	128.27	97.46

SEGMENT ANALYSIS

The Company operates in one segment, namely Industrial Products, comprising power and distribution transformers, a wide range of standard and customised Low-Tension motors, and variable speed drives. It also trades in anti-corrosive products and submersible pumps. During the year AC variable speed drives and gearless machines are added to the industrial products segment.

The motor business had another year of growth resulting in a CAGR of 33% over the last 4 years. The current year also shows promise of increased volumes although there is a perceptible slackening of demand from some sectors, notably sugar and textile machinery.

During the year, the Company executed a project order for motors from M/s. Reliance Petroleum Ltd. valued at Rs. 9.63 crores. With the addition of 355 frame to its range, the Company has further improved its ability to serve a wider range of customers and applications.

The Transformer division received its first 200 MVA, 220 KV order (from MSETCL), and its first 160 MVA 220 KV order (from PGCIL). As a result of its high intake of 100 MVA orders during the year the division has established itself as a major player in the 220 KV segment. The first 200 MVA 220 KV transformer was successfully designed, manufactured, tested and despatched to MSETCL well ahead of the committed delivery.

The Division also received its single largest order (from MPPTCL) comprising 2105 MVA and value Rs. 122 crores. Bulk orders were also received from prestigious customers like HVPNL, MSETCL, UPPCL, MPPTCL, RRVNL, DVC, Gujarat Ambuja and Grasim,

and contributed to record levels of order input, production and despatch.

The transformer plant's enhanced capacity of 8000 MVA was fully utilized during the year. A further capacity enhancement to 11,000 MVA will be completed during the second quarter of the current year.

INTERNAL CONTROL, AUDIT SYSTEM AND RISK MANAGEMENT

A well-defined organization structure, guidelines for conducting business transactions, authority levels, the practice of Management by Objectives (MbO), transaction processing with inherent control mechanisms through IT systems, and an established Internal Audit framework ensure compliance with prevalent statutes, listing agreement provisions, management authorizations, policies and procedures, and risk exposures. Further, transactional controls are continually reviewed, and deviations are reported and corrected. Significant observations made by Internal Audit on business operations and internal controls are regularly presented to, and reviewed by, the Audit Committee.

The Company has appointed Ernst & Young as Risk Advisory Consultants to assist in formally identifying, prioritizing and mitigating strategic, operational, financial and compliance risks, and to evolve a risk organizational structure with risk policies and procedures.

RISK AND CONCERNS

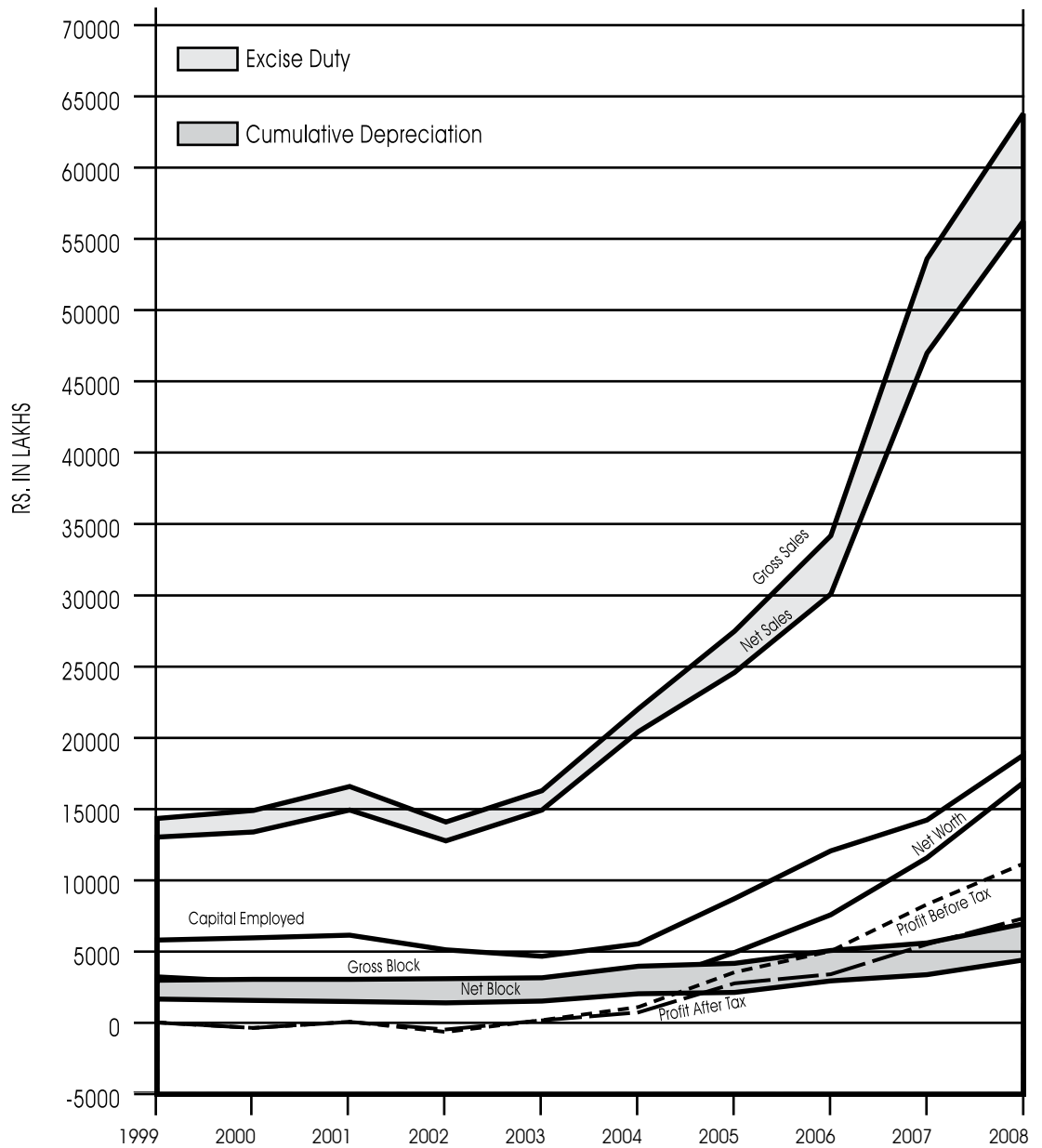
The entry of several new players and capacity augmentation by existing players is likely to increase competitive pressure and adversely affect margins. Costs of raw materials - notably steel, cast iron and copper - have risen steeply without commensurate increases in product prices.

FUTURE OUTLOOK

Considering the fact that demand has out-grown in the current year, the motor business has embarked upon the expansion plan with investments in manufacturing & testing facilities. With this the motor capacity will go up to 1.7 Mn HP per annum.

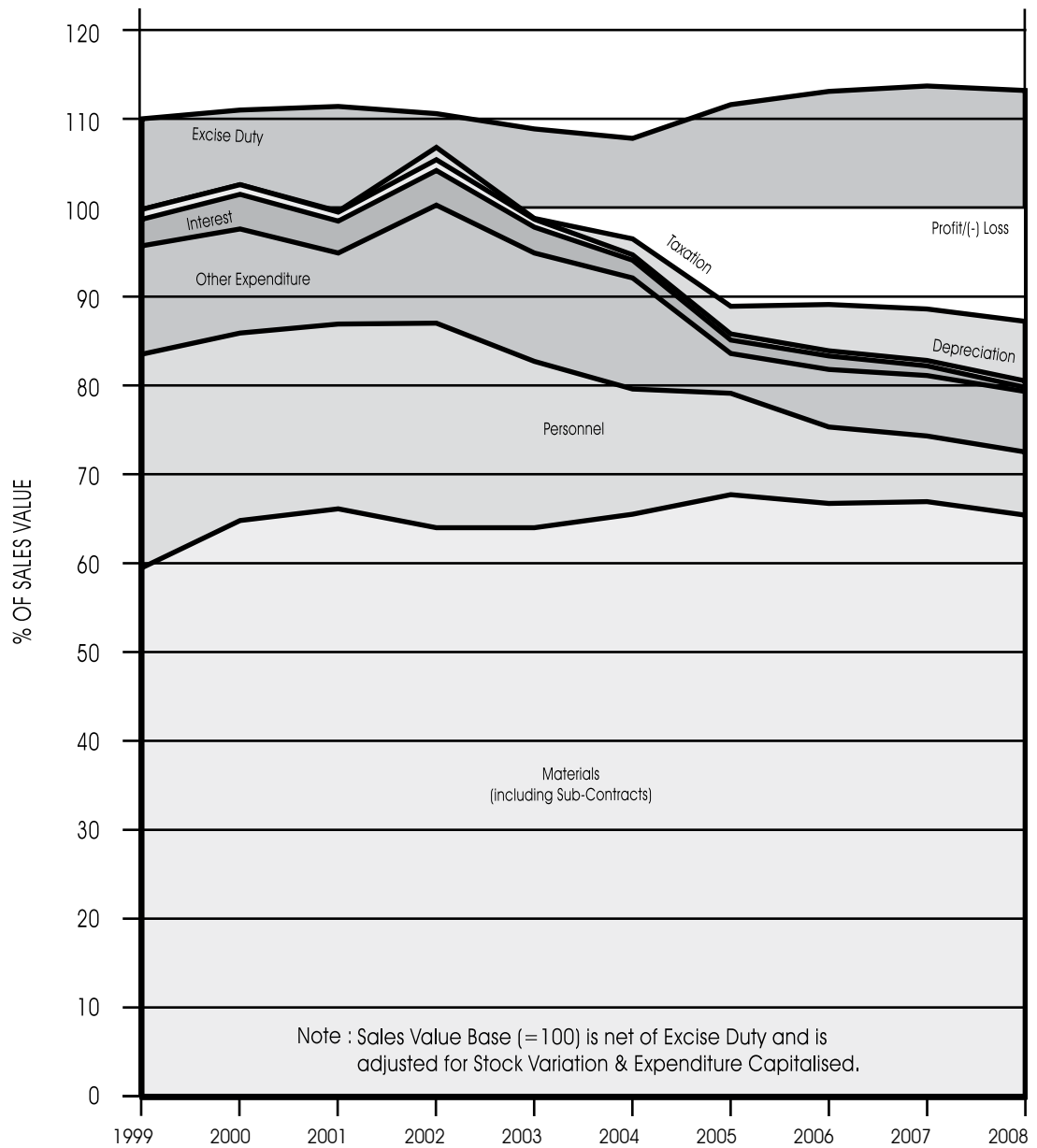
As regards Transformer business, the Government continues its investments in accelerated development programme of power generation, transmission and distribution capacities aggressively which is going to benefit the electrical equipment manufacturers. Accordingly, the market for transformer industry would continue its growth momentum with a CAGR of about 10% - 12% in the next 2-3 years. However the market has turned fiercely competitive due to capacity expansion by competitors.

BUSINESS TRENDS



Particulars	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gross Sales	14334	14899	16581	14100	16282	22042	27479	34173	53601	63790
Net Sales	13025	13397	14932	12770	14940	20430	24584	30078	46986	56240
Cptl. Empld.	5816	5968	6151	5120	4675	5546	8718	12061	14226	18776
Net Worth	3225	2878	2925	2379	1923	2573	4928	7585	11584	16850
Gross Block	2993	3047	3053	3105	3157	3966	4171	5075	5607	6940
Net Block	1670	1572	1490	1405	1521	2034	2135	2938	3383	4403
Profit/(-) Loss Before Tax	28	-357	73	-637	185	1101	3557	5030	8320	11169
Profit/(-) Loss After Tax	22	-361	63	-464	177	734	2777	3368	5508	7329

COST TRENDS



Particulars	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Excise Duty	10.0	11.0	11.4	10.6	8.9	7.8	11.6	13.1	13.7	13.2
Profit/(-) Loss	0.2	-2.6	0.4	-3.7	1.2	3.5	11.1	10.9	11.4	12.8
Taxation	0.0	0.0	0.1	-1.4	0.1	1.8	3.1	5.2	5.8	6.7
Depreciation	1.1	1.1	1.0	1.2	0.9	0.6	0.7	0.6	0.6	0.7
Interest	3.0	3.9	3.6	3.9	2.9	2.0	1.5	1.5	1.1	0.5
Other Exp.\$	12.2	11.7	8.0	13.3	12.2	12.5	4.5	6.5	6.8	6.8
Personnel #	24.0	21.1	20.8	22.8	18.7	14.1	11.4	8.6	7.4	7.1
Materials	59.5	64.8	66.1	63.9	64.0	65.5	67.7	66.7	66.9	65.4

\$ 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 2008	March 2007	March 2006	March 2005	March 2004	March 2003	March 2002	March 2001	March 2000	March 1999
SALES AND EARNINGS										
Sales	63789.81	53600.79	34173.42	27479.12	22041.64	16281.89	14099.45	16580.86	14898.72	14334.11
Profit/(-) Loss Before Taxes	11168.72	8320.20	5029.64	3556.90	1101.30	184.77	-637.37	73.05	-356.82	28.39
Profit/(-) Loss After Taxes Net of Adjustments	7249.18	5508.05	3367.98	2776.54	729.11	175.95	-463.93	62.72	-360.49	21.89
Dividends	1695.47	1412.89	762.96	508.64	226.06	56.52	—	—	—	56.52
ASSETS										
Gross Block	6939.82	5607.49	5075.12	4171.10	3965.77	3157.26	3105.37	3052.54	3046.99	2992.68
Net Block	4403.32	3383.03	2938.07	2135.32	2033.93	1520.72	1404.75	1490.36	1571.52	1669.71
Investments	2028.97	1872.97	1834.97	284.97	283.97	302.31	302.31	302.31	320.68	202.66
Deferred Tax Liabilities (Asset)	122.70	46.02	82.63	(13.23)	102.03	(150.29)	(138.28)	—	—	—
Current Assets, Loans & Advances	36064.19	28733.64	18048.73	15197.04	12507.86	10312.69	9670.25	11088.92	10493.43	9353.01
Current Liabilities & Provisions	24896.63	19765.11	10923.19	9346.08	9750.67	8099.05	6465.65	6758.53	6429.75	5429.60
Net Current Assets	11167.56	8968.53	7125.54	5850.96	2757.19	2213.64	3204.60	4330.39	4063.68	3923.41
Capital Employed	18776.31	14225.99	12061.46	8718.04	5546.41	4674.63	5119.72	6150.64	5967.73	5815.85
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	16284.65	11019.08	7164.04	4666.03	2469.47	1995.38	1883.19	2387.22	2324.50	2679.83
Shareholders' Funds	16849.81	11584.24	7729.20	5231.19	3034.63	2560.54	2448.35	2952.38	2889.66	3244.99
Loan Funds	1803.80	2595.73	4249.63	3500.08	2409.75	2264.38	2671.37	3198.26	3078.07	2570.86
Earnings Per Share (Rs.)	*128.27	*97.46	*59.59	491.29	129.01	31.13	-82.09	11.10	-63.78	3.87
Equity Dividend Rate (Rs. Per Share)	*30.00	*25.00	*13.50	90.00	40.00	10	—	—	—	10
Net Worth Per Share (Rs.)	*298.14	*204.97	*134.21	871.99	455.27	340.19	420.87	517.52	509.21	574.18
Debt Equity Ratio†	0.11:1	0.16:1	0.26:1	0.39:1	0.81:1	0.55:1	0.33:1	0.33:1	0.41:1	0.31:1

† 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 2008	March 2007	March 2006	March 2005	March 2004	Five Periods Total	Previous Five Years Total
SOURCES OF FUNDS:							
Gross profit/(loss)	11822.51	9142.99	5682.50	4104.26	1644.65	32396.91	2383.42
Deduct : Depreciation & Amortisation	392.68	293.34	184.02	168.22	134.61	1172.87	731.71
Deduct : Interest	261.11	529.45	468.84	379.14	408.74	2047.28	2359.69
Deduct : Taxation	3840.12	2812.65	1622.28	779.91	367.31	9422.27	(145.21)
Profit After Tax/(Loss)	7328.60	5507.55	3407.36	2776.99	733.99	19754.49	(562.77)
Add : Depreciation	392.68	293.34	184.02	168.22	134.61	1172.87	731.71
Add : Deferred Tax Debit/(Credit)	76.67	(36.61)	95.85	(115.26)	252.32	272.97	(190.38)
Add : Misc. Exp./Intangible Assets w/off	—	144.48	172.59	180.66	167.85	665.58	254.37
Internal Generation	7797.95	5908.76	3859.82	3010.61	1288.77	21865.91	(232.93)
Term Loans Raised	246.36	369.89	747.10	281.24	1633.88	3278.47	2425.84
Total	8044.31	6278.65	4606.92	3291.85	2922.65	25144.38	2658.77
APPLICATION OF FUNDS:							
Fixed Assets Additions (net)	2587.97	721.36	873.06	387.31	647.82	5217.52	548.16
Term Loans Repaid	582.12	533.47	673.13	437.88	593.73	2820.33	2747.20
Investment Changes (net)	156.00	38.00	1550.00	1.00	(18.34)	1726.66	105.65
Misc. Exp./Intangible Assets	—	—	2.37	38.43	1.21	42.01	892.33
Working Capital Changes	2734.61	3332.81	638.39	1847.25	1443.21	9996.27	(1761.06)
Dividends	1983.61	1653.01	869.97	579.98	255.02	5341.59	126.49
Total	8044.31	6278.65	4606.92	3291.85	2922.65	25144.38	2658.77
WORKING CAPITAL CHANGES:							
Inventories	1337.63	2097.33	782.56	(739.25)	431.43	3909.70	243.45
Debtors	2501.26	4486.69	2961.98	108.03	1657.74	11715.70	613.41
Cash & Bank Balances & Other Current Assets	(285.02)	419.55	(2349.11)	2286.24	129.89	201.55	170.43
Loans & Advances	3776.68	3681.34	1456.26	(9.24)	(15.05)	8889.99	31.85
Sub-Total	7330.55	10684.91	2851.69	1645.78	2204.01	24716.94	1059.14
Bank Loans	(456.16)	(1490.32)	675.57	1246.97	(894.78)	(918.72)	322.48
Other Current Liabilities	851.41	4910.44	(331.32)	(2287.63)	1419.29	4562.19	2346.36
Provisions	4200.69	3931.98	1869.05	839.19	236.29	11077.20	151.36
Sub-Total	4595.94	7352.10	2213.30	(201.47)	760.80	14720.67	2820.20
Net	2734.61	3332.81	638.39	1847.25	1443.21	9996.27	(1761.06)

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Bharat Bijlee Limited, as at 31st March 2008, Profit and Loss Account annexed thereto and also 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, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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, 2008,
 - (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: 9th May 2008

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, 2008.

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; except stocks lying with third parties in respect of whom confirmations have been obtained in most cases;
- (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, 2008.

- (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	236.93	-	-	-	236.93
3. Sales Tax	63.42	-	-	-	63.42
4. Custom Duty	-	305.83	-	-	305.83

- (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 outstanding at the beginning of the year were applied for the purposes for which the Term loans were raised. There were no fresh Term Loans obtained during the year;
- (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: 9th May 2008

Membership No.: 37310

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	Rupees in Lakhs	31st March, 2008 Rupees in Lakhs	31st March, 2007 Rupees in Lakhs
SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS:				
(a) Share Capital	A	565.16		565.16
(b) Reserves and Surplus	B	16284.65		11019.08
			16849.81	11584.24
LOAN FUNDS:				
(a) Secured Loans	C	574.24		570.53
(b) Unsecured Loans	D	1229.56		2025.20
			1803.80	2595.73
DEFERRED TAX LIABILITY (net) (Refer Note 7)			122.70	46.02
Total			18776.31	14225.99
APPLICATION OF FUNDS:				
FIXED ASSETS:				
(a) Gross Block	E	6939.82		5607.49
(b) Deduct: Depreciation		2536.50		2224.46
(c) Net Block		4403.32		3383.03
(d) Capital Work-in-Progress		1176.46		1.46
			5579.78	3384.49
INVESTMENTS:	F		2028.97	1872.97
CURRENT ASSETS, LOANS AND ADVANCES:				
(a) Inventories	G	7735.03		6397.40
(b) Sundry Debtors		16754.64		14253.38
(c) Cash & Bank Balances		739.96		1024.98
(d) Loans and Advances		10752.64		6975.96
(e) Other Current Assets		81.92		81.92
		36064.19		28733.64
Deduct:				
CURRENT LIABILITIES AND PROVISIONS:				
(a) Current Liabilities	H	12442.43		11591.02
(b) Provisions		12454.20		8174.09
		24896.63		19765.11
NET CURRENT ASSETS:			11167.56	8968.53
MISCELLANEOUS EXPENDITURE:	I		—	—
Total			18776.31	14225.99
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 &
Sr. General Manager : Legal

S. B. Godbole
Vice President : Finance

Nikhil J. Danani
Nakul P. Mehta

} Vice Chairmen &
Managing Directors

Mukul Harkisondass

Director

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

	Schedule	Rupees in Lakhs	Year ended 31st March, 2008 Rupees in Lakhs	Year ended 31st March, 2007 Rupees in Lakhs
INCOME:				
Sales and Services (Gross)		63789.81		53600.79
Less: Excise Duty		7550.49		6614.78
	J		56239.32	46986.01
Other Income	K		336.26	453.51
			56575.58	47439.52
EXPENDITURE:				
Materials	L	36430.11		31007.85
Personnel	M	4072.32		3423.53
Other Expenditure	N	4250.64		3720.67
Interest and Financial Charges	O	261.11		529.45
Depreciation and Amortisation		392.68		293.34
			45406.86	38974.84
PROFIT BEFORE EXCEPTIONAL ITEMS & TAXATION:			11168.72	8464.68
Exceptional Income/(Expenses) (net) (Refer Note 4)			—	(144.48)
PROFIT BEFORE TAXATION:			11168.72	8320.20
Provision for Taxation				
Wealth Tax		5.90		5.75
Current Tax		3709.00		2811.41
Fringe Benefit Tax		48.55		32.10
Deferred Tax Debit/(Credit)		76.67		(36.61)
			3840.12	2812.65
PROFIT FOR THE YEAR AFTER TAXATION			7328.60	5507.55
(Short)/Excess Provision for Tax for earlier years			(79.42)	0.50
PROFIT AFTER TAXATION			7249.18	5508.05
Balance brought forward from previous year			1597.71	1742.67
PROFIT AVAILABLE FOR APPROPRIATION			8846.89	7250.72
Transfer to General Reserve		5500.00		4000.00
Proposed Dividend on Equity Shares		1695.47		1412.89
Provision for Tax on proposed Equity Dividend		288.14		240.12
			7483.61	5653.01
BALANCE CARRIED TO BALANCE SHEET			1363.28	1597.71
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]			128.27	97.46

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 &
Sr. General Manager : Legal

S. B. Godbole
Vice President : Finance

Nikhil J. Danani
Nakul P. Mehta

} Vice Chairmen &
Managing Directors

Mukul Harkisondass

Director

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE A	31st March, 2008	31st March, 2007
SHARE CAPITAL:	Rupees in Lakhs	Rupees in Lakhs
Authorised:		
2,00,000 12% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 100 each	200.00	200.00
80,00,000 Equity Shares of Rs. 10 each	800.00	800.00
	<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	9421.37	5421.37
Add: Transferred from Profit & Loss Account	5500.00	4000.00
	<u>14921.37</u>	<u>9421.37</u>
Balance in Profit and Loss Account:	<u>1363.28</u>	<u>1597.71</u>
	<u>16284.65</u>	<u>11019.08</u>
SCHEDULE C		
SECURED LOANS:		
Working Capital Facilities from Banks:	293.83	—
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.		
Term Loan from Financial Institution:	280.00	560.00
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)		
Other Term Loan:	0.41	10.53
Secured by hypothecation of certain vehicles. (Rs. 0.41 lakhs falling due within one year – previous year Rs. 10.12 lakhs)		
	<u>574.24</u>	<u>570.53</u>
SCHEDULE D		
UNSECURED LOANS:		
Fixed Deposits:		
(Rs. 652.37 lakhs falling due within one year – previous year Rs. 292 lakhs) [includes Rs. 25 lakhs from a director – previous year Rs. 25 lakhs]	1229.56	1275.20
Short Term Loans:		
— from Banks	—	750.00
— from Others	—	—
	<u>—</u>	<u>750.00</u>
	<u>1229.56</u>	<u>2025.20</u>

SCHEDULES (Contd.)

SCHEDULE E

FIXED ASSETS:

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				(Rupees In Lakhs) NET BLOCK	
	As At	Additions	Deductions	As At	As At	For the	On	As At	As At	As At
	31.03.2007			31.03.2008	31.03.2007	year	Deductions	31.03.2008	31.03.2008	31.03.2007
TANGIBLE ASSETS										
Buildings Incl. Roads+	1631.98	63.47	—	1695.45	410.81	39.33	—	450.14	1245.31	1221.17
Plant & Machinery etc.	3427.84	1149.70	74.08	4503.46	1498.87	268.81	65.24	1702.44	2801.02	1928.97
Furniture & Fixtures	106.29	14.72	—	121.01	91.42	4.16	—	95.58	25.43	14.87
Office Equipment	207.81	29.17	15.60	221.38	96.97	16.77	13.59	100.15	121.23	110.84
Motor Vehicles	123.24	11.93	1.91	133.26	42.62	11.03	1.81	51.84	81.42	80.62
INTANGIBLE ASSETS										
Leasehold Land	12.95	—	—	12.95	6.39	0.13	—	6.52	6.43	6.56
Application Software	97.38	83.04	—	180.42	77.38	38.07	—	115.45	64.97	20.00
Technical Knowhow	—	71.89	—	71.89	—	14.38	—	14.38	57.51	—
TOTAL	5607.49	1423.92	91.59	6939.82	2224.46	392.68	80.64	2536.50	4403.32	3383.03
Previous Year's Total	5075.12	781.50	249.13	5607.49	2137.05	293.34	205.93	2224.46	3383.03	

+ Includes Rs. 12,100 being the value of 236 shares in Co-operative Societies for ownership premises.

SCHEDULE F

INVESTMENTS

(Non-Trade/Long Term – At cost)

Quoted:

(All fully paid up and held in Demat mode)

	31st March, 2008 Rupees in Lakhs	31st March, 2007 Rupees in Lakhs
28,25,160 Equity shares of Rs. 2 each of Siemens India Ltd. (out of above 10,00,000 equity shares pledged with HDFC Ltd.) (Previous year 14,12,580 equity shares; 14,12,850 equity shares allotted during the year as bonus shares in the ratio of 1:1)	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
3,33,333 Equity shares of Rs. 10 each of Hindustan Oil Exploration Co. Ltd. [Previous year 2,00,000 equity shares, 1,33,333 equity shares allotted during the year as rights]	216.50	60.50
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
	477.87	321.87
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
	1551.10	1551.10
	477.87	321.87
	20408.97	17282.65
	1551.10	1551.10
Total	2028.97	1872.97

Aggregate Amount of Investments

Quoted:

Book value

Market value

Unquoted:

Book value

Note: The following investments were purchased and sold during the year:

Units of the Mutual Fund	Face Value Rs.	Nos.	Purchase Cost Rs. in Lakhs
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	10	22,14,856	300.00
HDFC Liquid Fund - Premium Plan - Growth	10	68,53,260	1100.00

SCHEDULES (Contd.)

SCHEDULE G

		31st March, 2008	31st March, 2007
		Rupees in Lakhs	Rupees in Lakhs
CURRENT ASSETS, LOANS AND ADVANCES:			
(a) A.	Inventories:		
	(i) Raw Materials and Components	2229.91	1836.22
	(ii) Packing Materials, Stores, Spare Parts and Fuel	38.32	29.29
	(iii) Consumable Tools	15.50	17.40
	(iv) Work-in-Progress	3823.85	2897.38
	(v) Finished Goods	1623.32	1605.83
		7730.90	6386.12
B.	Materials in Transit	4.13	11.28
		7735.03	6397.40
(b)	Sundry Debtors, Unsecured:		
	(i) Over six months : Good	711.40	279.81
	Doubtful	120.51	146.70
	Deduct: Provision	120.51	146.70
		0.00	0.00
	(ii) Others : Good	16043.24	13973.57
		16754.64	14253.38
(c)	Cash and Bank Balances:		
	(i) (a) Cash on hand	7.14	5.58
	(b) Cheques on hand	285.94	239.61
	(c) Remittances in transit	314.63	357.54
		607.71	602.73
	(ii) Balances with Scheduled Banks:		
	(a) In Current Accounts	74.29	362.95
	(b) In Fixed Deposits	57.96	57.63
	(including kept with bank as margin Rs. 22.71 lakhs – previous year Rs. 21.09 Lakhs) (including interest accrued Rs. 0.25 lakh – previous year Rs. 1.53 lakhs)		
	(iii) Balances with a Non-scheduled Bank: The Municipal Co-op. Bank Ltd.:		
	(a) In Current A/c. (Maximum Balance during the year Rs. 1.57 lakh – previous year Rs. 2.27 lakhs)	—	1.57
	(b) In Fixed Deposit (Maximum balance during the year Rs. 0.10 lakh – previous year Rs. 0.10 Lakh)	—	0.10
		739.96	1024.98

SCHEDULES (Contd.)

SCHEDULE G (Contd.)

CURRENT ASSETS, LOANS AND ADVANCES: (Contd.)

	31st March, 2008 Rupees in Lakhs	31st March, 2007 Rupees in Lakhs
(d) Loans and Advances, good:		
Secured:		
Loans to employees (includes loan to an Officer Rs. Nil Lakh – previous year Rs. 0.11 Lakh) (maximum balance during the year Rs. 0.11 Lakh – previous year Rs. 0.37 Lakh)	46.13	23.06
Unsecured:		
(i) Advances recoverable in cash or in kind or for value to be received (includes loan to an Officer Rs. 0.77 Lakh – previous year Rs. 0.97 Lakh) (maximum balance during the year Rs. 0.97 lakh – previous year Rs. 1.00 lakh)	1174.00	1464.29
(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. 0.43 lakh) Other Deposits (including interest accrued Rs. 1.31 lakhs – previous year Rs. 1.12 lakhs)	0.43 150.32	 0.43 137.07
(iii) Balance with Central Excise Department	150.75 2.19	137.50 0.55
(iv) Advance payments of tax and tax deducted at source	9379.57	5350.56
	10752.64	6975.96
(e) Other Current Assets:		
Interest accrued on Investment	81.92	81.92
	81.92	81.92
	36064.19	28733.64

SCHEDULE H

CURRENT LIABILITIES AND PROVISIONS:

(a) Current Liabilities:

(i) Acceptances	4071.12	4915.85
(ii) Advances from Customers	2588.59	1299.60
(iii) Sundry Creditors		
(a) Dues to Small Scale and Ancillary Industrial suppliers	0.00	129.19
(b) Dues to Micro and Small Enterprises (Refer Note 6)	53.21	0.00
(c) Dues to creditors other than Micro and Small Enterprises	5652.11	5190.29
	5705.32	5319.48
(iv) Staff Security Deposits	0.28	1.04
(v) Interest accrued but not due, on Loans	54.70	42.53
(vi) Unclaimed Dividends	22.42	12.52
	12442.43*	11591.02

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

(b) Provisions:

(i) Gratuity (including to the managerial personnel Rs. 170.00 lakhs — previous year Rs. 80.75 lakhs)	753.26	672.62
(ii) Unutilised Leave encashment	337.74	293.76
(iii) Warranty Claims	125.03	143.01
(iv) Taxation	9254.56	5411.69
(v) Proposed Dividend on Equity Shares	1695.47	1412.89
(vi) Tax on Proposed Equity Dividend	288.14	240.12
	12454.20	8174.09
	24896.63	19765.11

SCHEDULES (Contd.)**SCHEDULE I**

	31st March, 2008 Rupees in Lakhs	31st March, 2007 Rupees in Lakhs
MISCELLANEOUS EXPENDITURE:		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme	—	144.48
Deduct: Written off during the year	—	144.48
	<u>—</u>	<u>0.00</u>

SCHEDULE J

	Year ended 31st March, 2008 Rupees in Lakhs	Year ended 31st March, 2007 Rupees in Lakhs
SALES AND SERVICES:		
Sales	63632.63	53445.24
Less: Excise Duty	<u>7550.49</u>	<u>6614.78</u>
	56082.14	46830.46
Services	<u>169.57</u>	<u>183.47</u>
	56251.71	47013.93
Deduct: Returns	<u>12.39</u>	<u>27.92</u>
	56239.32	<u>46986.01</u>

SCHEDULE K**OTHER INCOME:**

Interest Gross (Tax deducted at source Rs. 14.72 Lakhs – previous year Rs. 5.26 Lakhs)	169.53	144.01
Dividend	92.32	77.57
Surplus on sale of current investments	3.82	0.00
Miscellaneous Income	33.80	97.68
Surplus on sale of Assets	7.74	31.36
Bad Debt recoveries	—	9.28
Forex Gain (net)	1.64	19.47
Provision no longer required/Sundry Credit balances appropriated	<u>27.41</u>	<u>74.14</u>
	336.26	<u>453.51</u>

SCHEDULES (Contd.)

SCHEDULE L	Rupees in Lakhs	Year ended 31st March, 2008 Rupees in Lakhs	Year ended 31st March, 2007 Rupees in Lakhs
MATERIALS:			
A. Raw Materials and Components Consumed:			
Stock at Commencement	1836.22		924.32
Purchases	35674.75		30982.13
Processing Charges	571.74		531.31
		38082.71	32437.76
Deduct: Scrap Sales	357.91		359.21
Stock at close	2229.91		1836.22
		2587.82	2195.43
		35494.89	30242.33
Packing Materials, Stores, Spare Parts and Tools consumed		887.68	709.06
Fuel consumed (excluding for own power generation)		87.12	63.76
Purchases for resale		904.38	1313.95
		37374.07	32329.10
B. Variation in Work-in-Progress and Finished Goods:			
Work-in-Progress:			
Stock at commencement	2897.38		1990.43
Deduct: Stock at close	3823.85		2897.38
		(926.47)	(906.95)
Finished Goods:			
Stock at commencement	1406.33		975.40
Deduct: Stock at close	1464.39		1406.33
		(58.06)	(430.93)
Excise Duty on Finished Goods:			
Stock at Commencement	199.50		216.13
Deduct: Stock at Close	158.93		199.50
		40.57	16.63
		36430.11	31007.85
SCHEDULE M			
PERSONNEL:			
Salaries, Wages, Bonus etc.		3101.22	2497.34
Workmen and Staff Welfare Expenses		564.19	446.17
Contribution to and provision for Provident and Other Funds		406.91	480.02
		4072.32	3423.53

SCHEDULE N		Year ended 31st March, 2008	Year ended 31st March, 2007
OTHER EXPENDITURE:	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
Sub-Contract Charges		542.88	459.67
Power and fuel		309.06	270.64
Repairs to Buildings		120.50	81.12
Repairs to Machinery (excluding Spare Parts)		79.79	65.55
Other Repairs		25.05	18.43
Insurance		54.63	111.29
Rent		58.64	38.85
Rates and Taxes		22.79	20.36
Taxes and Levies by Government and Local Authorities		2.27	5.69
Excise Duty Expense		(33.44)	60.19
Technical Service Fee		3.31	—
Post and Telecommunication Charges		67.80	57.39
Travelling, Conveyance and Motor Vehicle Expenses		306.46	234.98
Freight and Forwarding Charges (net)		22.88	72.63
Discount & Allowances on Sales		275.46	181.44
Product Advertisement and Publicity		121.51	15.06
Printing and Stationery		69.22	57.53
Data Processing Charges		50.37	8.89
Audit Fees & Professional Charges		196.12	174.04
Commission		458.29	466.48
Bank Charges		200.78	246.03
Miscellaneous		521.55	581.01
Directors' Fees		5.40	6.50
Managing Directors' Remuneration		771.94	455.16
Loss on assets sold, demolished, discarded, and scrapped		7.81	39.52
Provision for Doubtful Debts	9.11		16.96
Less: Provision for Doubtful debts no longer required	35.31		30.70
		(26.20)	(13.74)
Bad Debts/Sundry Debit balances written off		15.38	5.83
Short Provision for Expenses		0.39	0.13
		4250.64	3720.67

SCHEDULE O**INTEREST AND FINANCIAL CHARGES:**

Interest			
(i) on Fixed Loans		163.62	189.11
[includes Rs. 2.09 lakhs to a Vice Chairman & Managing Director – previous year Rs. 1.75 lakhs]			
(ii) on Others		97.49	329.68
		261.11	518.79
Discounting Charges		0.00	10.66
		261.11	529.45

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 referred to in Section 211(3C) and the other 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 recognised, net of service tax, when the related services are provided.
- (d) Dividend income is recognised on establishment of the right to receive the same.
- (e) Interest income is recognised 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 recognised in the year of export.

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 technical know-how is amortised over the lower of the contract period and the period as per Accounting Standard (AS) 26 - Intangible Assets.
- (c) Expenditure on application software is amortised over a period of three years.

5. Investments :

Long term 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. Current investments are carried at the lower of cost and fair value.

6. Inventories :

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

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

Work-in-progress and manufactured finished goods are valued at standard cost adjusted for variances calculated for the period under the review.

Inventory of traded finished goods is valued on FIFO basis.

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

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

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 currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

8. Employee Benefits :

A. Short Term Employee Benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

B. Retirement Benefits :

(a) Retirement benefits in the form of Provident Fund / Family Pension Fund and Superannuation Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the profit and loss account of the year.

(b) Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, which are Defined Benefit Plans, are determined and accrued on the basis of an independent actuarial valuation applying the Projected Unit Credit Method.

(c) The actuarial gains/losses arising during the year are recognised in the profit and loss account of the year.

C. Termination Benefits :

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

9. 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. All other borrowing costs are recognised as an expense in the period in which they are incurred.

10. 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.

11. Leases :

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

12. 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.

13. 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, 2008 Rupees in Lakhs	31st March, 2007 Rupees in Lakhs
B. NOTES :		
1. Contingent Liabilities not provided for in respect of :		
(i) Bills Discounted (Since realised Rs. Nil — Previous year 250 Lakhs)	—	430.00
(ii) Disputed Sales Tax set-off and demands	133.53	180.90
(iii) Disputed Excise Duty demands	410.09	410.09
(iv) Disputed Custom Duty Demand	305.83	338.39
(v) Disputed Income Tax Demands	493.80	156.38
(vi) Claims against the Company not acknowledged as debts	3.56	22.24
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1130.36	346.46
3. Audit Fees and Professional Charges include :		
(a) To Auditors : (net of Service Tax)		
(i) As Auditors Fees	9.00	9.00
(ii) For Tax Audit	1.20	1.20
(iii) For Tax matters	0.21	0.65
(iv) For Company Law and other matters	0.23	0.23
(v) For Certifications	0.58	0.46
(vi) Reimbursement of Out of Pocket Expenses	0.25	0.34
	11.47	11.88
(b) To Cost Auditors (net of Service Tax)	0.33	0.30
4. Exceptional Income/(Expenses) represents:		
(a) Expenditure on Voluntary Retirement Scheme written off	—	(144.48)
	—	(144.48)
5. Managerial Remuneration:		
(a) Computation of Managing Directors' Commission		
Profit before Taxation as per Profit and Loss Account	11168.72	8320.20
Add: Managing Directors' Remuneration	771.94	455.16
Loss on Assets sold, demolished, discarded, and scrapped	7.81	39.52
Provision for Doubtful Debts	(26.20)	(13.74)
Expenditure on Voluntary Retirement Scheme written off	—	144.48
	753.55	625.42
	11922.27	8945.62
Less: Surplus on Sale of Assets	7.74	31.36
Surplus on Sale of current investments	3.82	—
Net Profit on which Commission is payable	11910.71	8914.26
Commission @ 1.75% (Previous Year @ 1.75%) of net profit per Managing Director	208.44	156.00
Total Commission payable	416.87	312.00

SCHEDULES (Contd.)

SCHEDULES P (Contd.)

	31st March, 2008	31st March, 2007
	Rupees in Lakhs	Rupees in Lakhs
(b) Profit and Loss Account includes payments and provisions on account of Managing Directors' as under :		
(i) Salary	120.00	60.00
(ii) Gratuity	89.25	27.20
(iii) Commission	416.87	312.00
(iv) Contribution to Superannuation	30.00	15.00
(v) House Rent & Other Perquisites	115.82	40.96
	<u>771.94</u>	<u>455.16</u>

6. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

(a) There are no Micro and Small enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31st March, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(b) Disclosure in accordance with Section 22 of the Act read with Notification No. GSR 719(E) dated 16th November 2007 issued by the Ministry of Corporate Affairs :

Particulars	31st March, 2008
	(Rs. in Lakhs)
(a) Principal amount remaining unpaid and interest due thereon	53.21
(b) Interest paid in terms of Sec. 16	-
(c) Interest due and payable for the period of delay in payment	-
(d) Interest accrued and remaining unpaid	-
(e) Interest due and payable even in the succeeding years	-

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

Component	As on 01.04.2007 (Rs. in Lakhs)	For the Year Ended 31.03.2008 (Rs. in Lakhs)	As on 31.03.2008 (Rs. in Lakhs)
Difference between Book and Tax Depreciation	(417.61)	(83.71)	(501.32)
Provision for Doubtful Debts	49.87	(8.90)	40.96
U/s. 43B of the Income Tax Act, 1961	321.72	15.94	337.66
Deferred Tax (Liability)/Asset	<u>(46.02)</u>	<u>(76.67)</u>	<u>(122.70)</u>

8. **Disclosure pursuant to Accounting Standard -15 : Employee Benefits**

A. Defined Contribution Plans

Rs. in lakhs

The Company has recognised the following amounts in the Profit & Loss Account for the year :

(1) Contribution to Employees' Provident Fund/ Employees' Family Pension Fund	78.73
(2) Contribution to Employees' Superannuation Fund	108.60

SCHEDULES (Contd.)

SCHEDULES P (Contd.)

B. Defined Benefits Plan	Gratuity	Leave Encashment
(I) Changes in the Present Value of the Defined Benefits Obligation		
(1) Present Value of Defined Benefit Obligation at the beginning of the year	1210.38	293.76
(2) Interest Cost	96.83	23.50
(3) Current Service Cost	72.30	13.42
(4) Benefits paid	(82.43)	(23.46)
(5) Actuarial (Gain)/Loss on Defined Benefit Obligation	98.16	30.52
(6) Present Value of Defined Benefit Obligation at the end of the year	<u>1395.24</u>	<u>337.74</u>
(II) Changes in the Fair Value of Plan Assets		
(1) Fair Value of Plan Assets at the beginning of the year	618.50	—
(2) Expected Return on Plan Assets	52.57	—
(3) Contributions	219.15	23.46
(4) Benefits paid	(82.43)	(23.46)
(5) Actuarial Gain/(Loss) on Plan Assets	4.19	—
(6) Fair Value of Plan Assets at the end of the year	<u>811.98</u>	<u>—</u>
(III) Amounts recognised in the Balance Sheet		
(1) Present Value of Defined Benefit Obligation at the end of the year	1395.24	337.74
(2) Fair Value of Plan Assets at the end of the year	(811.98)	—
(3) Liability to be recognised in the Balance Sheet	<u>583.26</u>	<u>337.74</u>
(IV) Balance Sheet Reconciliation		
(1) Net liability at the beginning of the year	591.87	293.76
(2) Expense recognised as under	210.54	67.44
(3) Contributions as above	(219.15)	(23.46)
(4) Net liability at the end of the year	<u>583.26</u>	<u>337.74</u>
(V) Amounts recognised in the Profit & Loss A/c		
(1) Current Service Cost	72.30	13.42
(2) Interest Cost on obligation	96.83	23.50
(3) Expected Return on plan assets for the period	(52.57)	—
(4) Net Actuarial (Gain)/Loss	93.98	30.52
(5) Expense Recognised in statement of Profit & Loss A/c.	<u>210.54</u>	<u>67.44</u>
(VI) Actual Return on Plan Assets		
(1) Expected Return on plan assets for the period	52.57	—
(2) Actuarial Gain/(Loss) on Plan Assets	4.19	—
(3) Actual Return on Plan Assets	<u>56.76</u>	<u>—</u>
(VII) Percentage of each category of Plan Assets to total Fair Value of Plan Assets		
(1) Insurer managed fund	100.00%	—
(VIII) Actuarial Assumption		
(1) Discount Rate	8.00%	8.00%
(2) Expected Rate of Return on Plan Assets	8.50%	—
(3) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		

BALANCE

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

(Rs. in Lakhs)

Class of Provision	Carrying amount as on 01.04.2007	Provision made/ Increase in Provision	Amount used during the year	Carrying amount as on 31.03.2008
Warranty #	143.01	46.77	64.75	125.03

Warranty Cost includes expenses in connection with repairs and free replacement of parts during warranty period. The same is determined based on past experience and estimates and are accrued in the year of sale.

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 Pvt Ltd.

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	— (—)	61.51 (15.85)	— (—)	— (—)	— (—)
Sitting Fee	— (—)	— (—)	0.70 (0.90)	— (—)	— (—)	— (—)
Purchases	— (—)	— (—)	— (—)	— (—)	*150.44 *(138.45)	- 24.15 (- 0.74)
Deposit taken	25.00 (25.00)	- 25.00 (- 25.00)	(2.00) (2.00)	- 2.00 (- 2.00)	0.25 (0.25)	- 0.25 (- 0.25)
Interest Paid	2.09 (1.75)	— (—)	0.18 (0.18)	— (—)	0.03 (0.03)	- 0.03 (- 0.03)
Rent Received	— (—)	— (—)	— (—)	— (—)	2.03 (1.87)	— (—)

* from Danmet Chemicals Pvt. Ltd.

a. No amount has been written off or written back during the year ended 31.03.2008.

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) Installed Capacities & Actual Production :

Item	Unit	Installed Capacity (*)		Production	
		2007-08	2006-07	2007-08	2006-07
Electric Motors (+)	000 HP	1000	1000	1090	895
Transformers	MVA	8000	8000	8111	6359
Controllers for VSD system	Nos.	250	250	9	32
Pumps	Nos.	10000	10000	—	—
Gearless Machines	Nos.	1250	—	4	—

(ii) Turnover :

Item	Unit	Quantity		Value (Rs. Lakhs)	
		2007-08	2006-07	2007-08	2006-07
Electric Motors	Nos.	145880	120766	16100.46	12929.78
Transformers	Nos.	194	163	38370.18	31610.47
Controllers for VSD system	Nos.	9	29	32.19	110.21
Pumps	Nos.	5	1	0.55	0.27
Gearless Machines	Nos.	—	—	—	—
Spare parts & Components # #				408.25	404.30
Services				169.57	183.47
Traded Pumps	Nos.	2236	2763	102.99	134.98
Other Electrical Goods # #				894.26	1482.01
Maintenance Products				173.26	158.44
Total				56251.71	47013.93

(iii) Purchases in respect of Goods traded in :

Item	Unit	Quantity		Value (Rs. Lakhs)	
		2007-08	2006-07	2007-08	2006-07
Traded Pumps	Nos.	2187	2262	89.20	67.54
Other Electrical Goods # #				664.74	1117.57
Maintenance Products				150.44	128.84
Total				904.38	1313.95

(iv) Inventories :

Item	Unit	As of 31.03.2008		As of 31.03.2007		As of 31.03.2006	
		Quantity	Value (Rs. lakhs)	Quantity	Value (Rs. lakhs)	Quantity	Value (Rs. lakhs)
Electric Motors	Nos.	4825	649.42	5597	645.08	4757	484.81
Transformers	Nos.	4	902.91	7	904.79	3	610.72
Controllers for VSD system	Nos.	3	15.95	3	8.66	—	0.28
Pumps	Nos.	39	1.34	44	1.85	45	1.64
Gearless Machines	Nos.	4	3.61	—	—	—	—
Traded Pumps	Nos.	727	37.33	776	40.96	1277	80.28
Maintenance Products			12.76		4.49		13.80
Total			1623.32		1605.83		1191.53

Explanatory Notes :

(1) The Company's products are exempt from licensing requirement under the industrial policy in terms of notification no. S.O. 477 (c) dated 25th July, 1991.

(2) Notations :

* As certified by a Managing Director being a technical matter and accepted by the Auditors as correct.

+ Current Year 215 Nos. Captive Consumption (Previous year - 233 Nos. Captive Consumption)

These include many items with different quantitative units or ratings.

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

(b) Raw Materials and Components Consumed :*

Group of Items:	Qty. MT.	Year ended	Qty. MT.	Year ended
		31st March, 2008		31st March, 2007
		Value		Value
		Rupees in Lakhs		Rupees in Lakhs
Stampings and Laminations	6393	13400.98	5183	11390.51
Electrolytic Copper Wires, Strips & Aluminium Ingots	2858	9775.86	2547	9490.81
Hardware and Special Components	**	8136.16	**	6025.54
Others		4181.89		3335.47
		35494.89		30242.33

* 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	2	664.75	3	962.52
Indigenous	98	34830.14	97	29279.81
	100	35494.89	100	30242.33
Spares:				
Imported	—	—	—	—
Indigenous	100	24.49	100	26.66
	100	24.49	100	26.66

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

Raw Materials	938.43	1178.03
Components & Spare parts	0.24	0.38
Capital Goods	484.41	35.58

(e) Expenditure in Foreign Currency on Account of:

Travelling	22.65	6.54
Technical Services Fees	3.31	—
Interest	3.95	19.91
Others	22.15	0.62

(f) Earnings in Foreign Exchange:

Direct Exports on F O B basis	443.67	542.80
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SCHEDULES (Contd.)

SCHEDULES P (Contd.)

	Year ended 31st March, 2008 Value Rupees in Lakhs	Year ended 31st March, 2007 Value Rupees in Lakhs
(g) Deemed Exports	9026.85	4608.38
(h) Net amount remitted during the year in Foreign Currencies on account of Dividends	Nil	0.03
Number of Non-resident Shareholders	Nil	1
Number of Shares held by Non-resident on which Dividend were due	Nil	250
Year for which due	2006-07	2005-06

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

Nature of Transaction	Currency	31st March, 2008	31st March, 2007
Trade Payable	USD	—	319039.84
	EUR	8027.32	—
Trade Receivable	USD	23305.00	4480.00

13. The Company has only one reportable segment viz. "Industrial Products" in terms of the Accounting Standard - 17 on "Segment Reporting". The Company mainly operates in the domestic market and hence there is no reportable secondary segment.

14. 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 &
Sr. General Manager : Legal

S. B. Godbole
Vice President : Finance

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

Mukul Harkisondass Director

Mumbai, 9th May, 2008

Mumbai, 9th May, 2008

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

	31st March, 2008 Rupees in lakhs	31st March, 2007 Rupees in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxation	11168.72	8320.20
Adjustments for :		
Depreciation	392.68	293.34
Surplus/deficit on sale of Assets (net)	0.07	8.16
Surplus on sale of current investments	(3.82)	—
Interest (net)	91.58	385.44
Dividend received	(92.32)	(77.57)
Amortisation of VRS Expenditure	—	144.48
Provision for Gratuity during the year	80.64	187.42
Provision for Leave Encashment during the year	43.98	77.72
	<u>512.81</u>	<u>1018.99</u>
Operating Profit Before Working Capital changes	11681.53	9339.19
Adjustments for:		
Trade and other receivables	(2250.05)	(5388.91)
Inventories	(1337.62)	(2097.33)
Current Liabilities	811.36	4937.29
	<u>(2776.31)</u>	<u>(2548.95)</u>
Cash generated from Operations	8905.22	6790.24
Direct Taxes paid	(4269.13)	(2917.71)
(a) Net cash from Operating activities	4636.09	3872.53
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2598.92)	(764.56)
Sale of Fixed Assets	10.88	35.04
Purchase/Sale of Investments	(152.18)	(38.00)
Interest received	170.65	143.83
Dividend received	92.32	77.57
(b) Net cash in investing activities	(2477.25)	(546.12)
	<u>2158.84</u>	<u>3326.41</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings (Net)	(791.93)	(1653.90)
Interest paid	(248.94)	(512.49)
Dividend paid	(1402.99)	(757.64)
(c) Net cash from Financing activities	(2443.86)	(2924.03)
	<u>(285.02)</u>	<u>402.38</u>
Net increase in Cash and Cash equivalents	(285.02)	402.38
Cash and Cash equivalents at the beginning of the year	1024.98	622.60
Cash and Cash equivalents at the close of the year [refer Schedule G (c)]	739.96	1024.98

Note: Cash and Cash equivalents at the closure of the year include
Rs. 92.59 Lakhs (previous year Rs. 77.12 Lakhs) which are restricted in use.

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 &
Sr. General Manager : Legal

S. B. Godbole
Vice President : Finance

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

Mukul Harkisondass Director

Mumbai, 9th May, 2008

Mumbai, 9th May, 2008

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	8										

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																				

Total Asset																				

Sources of Funds																				

Reserves & Surplus																				

Application of Funds																				

Unsecured Loans																				

Net Fixed Assets																				

Investment																				

Net Current Assets																				

Miscellaneous Expenditure																				

Accumulated Losses																				

IV Performance of Company
(Amount in Rs. Thousands)

Turnover																				

Total Expenditure																				

+/- Profit/Loss Before Tax																				

+/- Profit/Loss After Tax																				

Earnings per Share in Rs.																				

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 &
Sr. General Manager : Legal

S. B. Godbole
Vice President : Finance

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

Mukul Harkisondass Director

Mumbai, 9th May, 2008

 **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 61st ANNUAL GENERAL MEETING of the Company held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020, on Thursday, 26th June, 2008 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 61st ANNUAL GENERAL MEETING of the Company to be held on Thursday, 26th June, 2008 at 4.00 p.m. and at any adjournment thereof.

Signed this day of 2008



(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.