

66TH ANNUAL REPORT 2012 - 13

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Financial Highlights

2.50

Dividend paid per share (Rs.)

58682.72

Turnover (Rs. in Lakhs)

- 8.61

Earning per share (Rs.)

- 486.83

Profit after Tax (Rs. in Lakhs)

552.20

Book value per share (Rs.)

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PROJECTS

Largest ever private sector order from an upcoming solar project.



DRIVES

Commenced indigenous assembly and testing of AC Drives, under licence from KEB, Germany.





TRANSFORMERS

Renewed focus on the industry sector and export markets.



ELEVATOR SYSTEMS

The new GC series of ACPM Gearless Machines contains several refinements and modifications; and are already exported to Europe.



MOTORS

Inaugurated new Traction and Medium Voltage (TMV) plant with a product range up to 6.6 kV.

Letter from the Executive Director

Dear Shareholders,

As our results reflect, the financial year 2012-13 has been our most difficult of the last decade. The power and infrastructure sectors seem to have come to a standstill. The boom that was predicted for these sectors has not really materialized. Manufacturers have mostly expanded capacities expecting a burst in demand but the demand for such goods has shrunk by 7.4% last year. Thus overcapacity, depressed selling prices, and uncertainty loom large today.

We have acknowledged the need to think differently in these trying times. Our Transformer division which accounts for the largest part of our business has been the worst hit. To address this we have tried to access different markets and new areas of growth. We have made export breakthroughs in Oman, Zambia, and Bangladesh. In the past, most of our business has been generated from electricity boards. The growing demand from the private sector has forced us to re-think how we address this market segment. We are re-structuring our efforts to make sure that we explore all growth possibilities in this area. The Motor business is now also seeing signs of slowing down. Vastly improved operational effectiveness in the areas of reliability and

availability have paid us rich dividends. The sales force has been realigned and a new “sales pipeline” developed to tailor our services to different customers. As a result the hit ratio has improved. The successful entry into the range of HT motors is a feather in our cap.

There have been some significant developments in our other divisions. The Projects business has booked its largest private sector order for a solar power plant. The focus on industry will complement our efforts in the transformer business. The Drives business saw the inauguration of a state of the art facility for assembly and testing of drives in August 2012. We have established leadership in various market segments due to our superior product and cutting edge application engineering. The Elevator Systems division has grown sales by 30% over last year and increased capacity substantially. It is also in the process of increasing its range.

The good news for the world economy is that the US economy seems to be on a slow path to revival after dealing with the pitfalls of over-regulating the finance industry. The euro-zone however remains stuck in

a recession made worse by a tight monetary and fiscal policy. We will have to see how these macroeconomic developments affect our fortunes in this part of the world. For now a sluggish world economy offers little hope.

Bharat Bijlee is no stranger to the harsh cycles of the electrical industry. These cycles are part of our business and have unfortunately been compounded by a bad regulatory mechanism. A possible solution for immediate power sector woes could be to put in place a special board to oversee the last mile completion of projects which are stuck due to various clearances. Liquidity is drying up and government dues to private sector are at a very high level. Our conservative nature somehow seems to have been our biggest strength in such times. We have rolled up our sleeves and have braced ourselves for any challenges we may face in the coming year.



Shome Danani
Executive Director



DIRECTORS

Mr. Bansi S. Mehta (Chairman)

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

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

Mr. Shome N. Danani
(Executive Director)

Mr. Jaisingh R. Danani

Mr. Mukul Harkison Dass

Mr. Prakash V. Mehta

Mr. Anand J. Danani

Mr. Sanjiv N. Shah

Mr. Jairaj C. Thacker

Mr. Harish Chandra Mishra
(Appointed as Additional Director
w.e.f. 19th October, 2012)

REGISTERED OFFICE

Electric Mansion, 6th Floor,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai 400 025.

Tel. No. : 022-24306237

Fax No. : 022-24370624

WORKS

No. 2, MIDC,
Thane Belapur Road, Airoli,
Navi Mumbai 400 708

Maharashtra

Tel. No. : 022-27637200

Fax No. : 022-27637443

AUDITORS

M/s Dalal & Shah

SOLICITORS

M/s Malvi Ranchoddas & Co.

BANKERS

Bank of India

IDBI Bank Limited

Citibank N.A.

Standard Chartered Bank

HDFC Bank Ltd.

REGIONAL OFFICES

Northern Regional Office

1st Floor, 7-B Rajindra Park,
Pusa Road,
New Delhi 110 060.
Tel. No. : 011-25816931/6932/6933
Fax No. : 011-25816940

Western Regional Offices

Swastik Chambers, 5th Floor,
Junction of Sion Trombay Road and C.S.T. Road,
Chembur, Mumbai 400 071.
Tel. No. : 022-61457200
Fax No. : 022-61457255

No. 2, MIDC,
Thane Belapur Road, Airoli,
Navi Mumbai 400 708.
Maharashtra.
Tel. No. : 022-27637200
Fax No. : 022-27637443

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

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W),
Mumbai 400 078.
Tel. No. : 022-25963838
Fax No. : 022-25946969

NOTICE

Notice is hereby given that the 66th 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 Friday, 28th June, 2013 at 2.30 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, 2013 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. Bansi 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 modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Harish Chandra Mishra who was appointed as Additional Director of the Company by the Board of Directors with effect from 19th October, 2012 under Section 260 of the Companies Act, 1956 and who holds office as such upto the date of this Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing him for the office of Director under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special 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 period of 3 years with effect from 20th June 2013 on the terms and conditions and remuneration as follows :

Salary : upto Rs. 10,00,000/- (Rupees Ten Lakhs) 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 there of 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 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 subject to the provisions contained in Schedule XIII, Part II, Section II(1)(C) of the Companies Act, 1956.

The Managing Director, so long as they function 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."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special 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 period of 3 years with effect from 20th June 2013 on the terms and conditions and remuneration as follows :

Salary : upto Rs. 10,00,000/- (Rupees Ten Lakhs) 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 subject to the provisions contained in Schedule XIII, Part II, Section II(1)(C) of the Companies Act, 1956.

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, 24th June, 2013 to Friday, 28th June, 2013 (both days inclusive).
- C) The Profiles of the Directors being appointed, Item Nos. 3, 4, 5, 7, 8 and 9 of the Notice as required under Clause No. 49 of the Listing Agreement with Stock Exchanges is annexed to this notice.
- 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. 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, 2005 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 31-3-2006 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 Ministry of Corporate Affairs (MCA) vide its circulars dated 21/04/2011 and 29/04/2011 has taken a "Green initiative" in Corporate Governance by allowing paperless compliances by the Companies through Electronic mode. To support this green initiative of the government, the Company vide its Circular dated 04/05/2013 have requested the shareholders holding shares both in Physical/Demat form to register/update their e-Mail addresses to the Company/Depository Participants. Accordingly, the Annual Report for 2012-13, Notice for AGM, etc. are being sent in electronic mode to shareholders who have made available their e-mail addresses to the Company/Depository participants. For those Shareholders who have not opted for the above, the same are being sent in physical form. Shareholders are requested to take note of the above and lend their support in full measure for the initiative taken by the Government.

F) The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid after Friday, 28th June, 2013 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, 22nd June, 2013 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 before, Monday, 24th June, 2013.

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

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

H) 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 Limited
Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
2. National Stock Exchange of India Ltd.
Exchange Plaza
Bandra Kurla Complex,
Bandra, Mumbai 400051

The listing fee for the period 1-4-2013 to 31-3-2014 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: 17th May, 2013

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

Item Nos. 3, 4, 5, 7, 8 & 9 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 46,650 equity shares representing 0.8% 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 and Mr. Shome N. Danani, Executive Director.

Mr. Bansi S. Mehta :

Mr. Bansi S. Mehta holds a degree in Commerce and is a fellow member of the Institute of Chartered Accountants of 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 Health Care 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. NSDL e-Governance Infrastructure 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 Pvt. 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	Remuneration & 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
10.	Sasken Communication Technologies Ltd.) Audit)
11.	Pidilite Industries Ltd.	Audit)
12.	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 18, 1963 to March 31, 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 jointly holds 1,85,080 equity shares representing 3.28% of the Issued and Subscribed Equity Share Capital of the Company.

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

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

Item No. 7

Mr. Harish Chandra Mishra was appointed as Additional Director by the Board of Directors with effect from 19th October, 2012. In terms of Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company he holds office as Additional Director only till the date of the forthcoming Annual General Meeting but is eligible for reappointment for the office of Director in the Company. Notice has been received from a member under Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Mr. Harish Chandra Mishra for the office of Director liable to retire by rotation. The Board of Directors of the Company are confident that his vast knowledge and experience will be of great value to the Company and hence recommend the Resolution of No. 7 for approval of the members.

Mr. Harish Chandra Mishra holds a Masters Degree in Arts (MA) and is the Director & Chief Executive of M/s. LICHFL Care Homes Ltd. and has a long and distinguished career with M/s. Life Insurance Corporation of India (LIC) in the field

of Insurance, Real Estate, Investments and Construction. Mr. Harish Chandra Mishra does not hold any shares in the Company and is not related to any Director on the Board of the Company.

Excepting Mr. Harish Chandra Mishra who is interested in the resolution, none of the Directors are concerned or interested in the resolution.

Item Nos. 8 & 9

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, 2008 and hence their term of office expires on 19th June, 2013. The Board of Directors at their meeting held on 17th May, 2013 have reappointed them as Managing Directors for a further period of 3 years with effect from 20th June, 2013 subject to obtaining the requisite approval of shareholders at the ensuing 66th 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, subject to the approval of the Central Government in terms of the provisions contained in Schedule XIII, Part II, Section II(1)(C) of the Companies Act, 1956, as may be applicable in the year of inadequate profits, was approved by the Remuneration Committee at its meeting held on 17th May, 2013.

Special resolutions proposing the terms and conditions of their appointment as set out in Item Nos. 8 and 9 of the accompanying notice are now being placed before the members at the 66th 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 35 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 1,51,284 equity shares representing 2.68% of the Issued and Subscribed Equity Share Capital of the Company.

Mr. Danani is related to Mr. J.R. Danani, Mr. Anand J. Danani and Mr. Shome N. 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 25 years experience in the Electrical Engineering Industry.

He is a Director on the Board of M/s. Nasivan Investments Pvt. Ltd. and 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, Mr. Anand J. Danani and Mr. Shome N. Danani are concerned or interested in the Resolution at Item No. 8 and Mr. Nakul P. Mehta is concerned or interested in Resolution at Item No. 9.

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 17th May, 2013 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.

Statement containing the information required to be furnished pursuant to Schedule XIII, Part II, Section II (C) (iv) of the Companies Act, 1956 as amended for Item Nos. 8 & 9 of the Notice dated 17th May, 2013 is given hereunder.

1. General Information :

(1) Nature of Industry	Electrical Engineering, manufacturing and sale of Transformers, Motors, Drives, Elevator Systems and Execution of Turnkey Projects			
(2) Date or expected date of commencement of commercial production	The Company was incorporated on June 22 nd 1946 and business commenced on or around the year 1947.			
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.			
(4) Financial performance based on given indicators	Rs. in lakhs			
		Year ending 31.03.2011	Year ending 31.03.2012	Year ending 31.03.2013
	Sales Turnover (gross)	76299	77385	58683
	Capital employed	30951	38375	39707
	Net worth	28135	31860	31373
	Profit before Tax	9233	6603	(-819)
	Profit after Tax	7353	5367	(-487)
	Dividends	1412.89	1412.89	141.29
(5) Export performance and net foreign exchange collaborations	Rs. in lakhs			
		Year ending 31.03.2011	Year ending 31.03.2012	Year ending 31.03.2013
	Foreign Exchange Earning	538.29	3053.47	2314.55
	Less			
	Foreign Exchange Outgo	2024.77	3037.89	2693.19
	Net Position	- 1486.48	15.58	-378.64
(6) Foreign investments or collaborators, if any	There is no direct foreign investment in the Company. The Company has entered into Foreign Collaboration agreements with M/s Permanent Magnets S. A., Spain, for manufacture and sale of Gearless Permanent Magnet Synchronous Motors and with M/s Karl E Brinkmann, GmbH, Germany for KEB Combivert (Drives).			

2. Information about the Appointees :
A. Mr. Nikhil J. Danani, Vice Chairman & Managing Director

(1) Background details	Mr. Nikhil J. Danani, B.E.(Mech) and M.B.A. (U.S.A) has 39 years of experience in the electrical engineering industry and is Managing Director since 1990, overseeing the Transformer, Finance / Secretarial / Legal / Management Accounting and Human Resources divisions.
(2) Past remuneration	Remuneration comprises of monthly salary, perquisites, retirement benefits and commission, the details of which are:
	Rs. in lakhs
	Y.E. 31.03.2011 240.89
	Y.E. 31.03.2012 169.93
Y.E. 31.03.2013 133.21	
(3) Recognition or Awards	Mr. Nikhil J. Danani has been associated with the Transformer industry for nearly four decades and is well known in the electrical engineering field. He is also a member of the Governing Council of Aerosol Promotion Council of India.
(4) Job Profile and his suitability	Mr. Nikhil J. Danani, is the Managing Director since 1990 and has vast experience of 39 years in the Electrical Engineering Industry and has successfully managed the Divisions of Transformer, Finance / Secretarial/ Legal / Management Accounting and Human Resources.
(5) Remuneration proposed	<p>Salary : upto Rs. 10,00,000/- (Rupees Ten Lakhs) per month as may be determined by the Board of Directors with such increments from time to time.</p> <p>Perquisites : Housing, Personal Accident Insurance, Club Fees, Medical, Hospitalisation, Leave Travel and other perquisites and allowances as may be determined by the Board or its Committee from time to time.</p> <p>Commission : In addition to Salary, Perquisites and Allowances as may be determined by the Board of Directors or its committee thereof payable calculated with reference to the net profits of the Company in a particular financial year on its absolute discretion as may deem fit as long as the total remuneration does not exceed the prescribed ceiling limit under Section 198, 309, Schedule XIII of the Companies Act, 1956.</p> <p>Retiral : Contributions to Provident Fund, Superannuation Fund or any other Annuity Fund which shall not be part of perquisites or allowances. Use of cars and telephones (fixed and mobile) for use of Company business shall not be considered part of the above perquisites.</p> <p>Benefits</p>
(6) Comparative remuneration profile with respect to industry size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The proposed remuneration is in tune with the current remuneration packages of managerial personnel of Companies belonging to similar industries. Further, it is commensurate with the qualification and experience and in accordance with the highly competitive business scenario requiring recognition and reward for performance and achievement towards meeting objectives of the Company.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Only to the extent of his entitlement of his remuneration and is related to Mr. Shome N. Danani
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B. Mr. Nakul P. Mehta, Vice Chairman & Managing Director

(1) Background details	Mr. Nakul P. Mehta, B.Sc., B.S. Mech., M.S. Engg. Mech., has 29 years of experience in the electrical engineering industry and is Managing Director since 1990, overseeing the Electrical Motors, Elevator Systems, Drives and Information Technology divisions.
(2) Past remuneration	Remuneration comprises of monthly salary, perquisites, retirement benefits and commission, the details of which are:
	Rs. in lakhs
	Y.E. 31.03.2011 240.27
	Y.E. 31.03.2012 168.81
	Y.E. 31.03.2013 132.75
(3) Recognition or Awards	Mr. Nakul P. Mehta has been associated with the electrical engineering industry for close to 3 decades and is well known in the Electric Motor and the Elevator industry. He was a past member of the Managing Committee of Electrical Research and Development Association, Past Chairman of IEEMA (Lift Division), Member of Tau Beta Pi Engineering Honour Society and has been a Chief Guest at ELROMA 2012.
(4) Job Profile and his suitability	Mr. Nakul P. Mehta, is the Managing Director since 1990 and has vast experience of 29 years in the Electrical Engineering Industry and has successfully managed the Divisions of Electrical Motors, Elevator Systems, Drives and Information Technology.
(5) Remuneration proposed	<p>Salary : upto Rs. 10,00,000/- (Rupees Ten Lakhs) per month as may be determined by the Board of Directors with such increments from time to time.</p> <p>Perquisites : Housing, Personal Accident Insurance, Club Fees, & Allowances Medical, Hospitalisation, Leave Travel and other perquisites and allowances as may be determined by the Board or its Committee from time to time.</p> <p>Commission : In addition to Salary, Perquisites and Allowances as may be determined by the Board of Directors or its committee thereof payable calculated with reference to the net profits of the Company in a particular financial year on its absolute discretion as may deem fit as long as the total remuneration does not exceed the prescribed ceiling limit under Section 198, 309, Schedule XIII of the Companies Act, 1956.</p> <p>Retiral : Contributions to Provident Fund, Superannuation Fund Benefits or any other Annuity Fund which shall not be part of perquisites or allowances. Use of cars and telephones (fixed and mobile) for use of Company business shall not be considered part of the above perquisites.</p>

(6) Comparative remuneration profile with respect to industry size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The proposed remuneration is in tune with the current remuneration packages of managerial personnel of Companies belonging to similar industries. Further, it is commensurate with the qualification and experience and in accordance with the highly competitive business scenario requiring recognition and reward for performance and achievement towards meeting objectives of the Company.
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Only to the extent of his entitlement of his remuneration.

3. Other Information :

(1) Reasons of loss or inadequate profits	Lack of demand in the electrical engineering industry due to delays in project finalization and orders, reduction in industrial capex plans, price erosions, over capacities and the delicate financial health of the state utilities and SEB's have resulted in inadequate profits in the financial year 2012-2013.
(2) Steps taken or proposed to be taken for improvement	Management is taking necessary and adequate steps to improve the profitability of the Company.
(3) Expected increase in productivity and profits in measureable terms	A reasonable improvement is expected in the demand for Company's products, production and profits during the year 2013-2014

4. Disclosures :

"The necessary disclosure required under provision (iv) of Part II, Section II(1)(C) to Schedule XIII of the Act have already been reported in the Directors Report under the heading 'Corporate Governance' forming part of the Annual Report 2012-2013 of the Company."

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: 17th May, 2013

REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors are pleased to present their 66th Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended 31st March 2013.

The economic environment continued to be hostile during the year under review. Concerns over growth, inflation and capital investment resulted in underperformance by core industrial sectors; this has had a direct bearing on the businesses of your Company. Lower demand and relative overcapacity have further increased competitive intensity and margin pressures and it is expected that these conditions will persist during the current year as well. Implementation of the next phase of reforms and effective management of structural bottlenecks for infrastructural and industrial growth will be the key triggers for revival of a favourable business environment. While we keenly follow the macroeconomic trends, we continue to evaluate options and take measures to address current challenges while building organizational capabilities for the future.

During the year under review there was ongoing emphasis on improving market share and margins in our existing businesses while focusing on all possible opportunities to eliminate wasteful expenditure. Concurrently, your Company has taken important steps to prepare itself for the next phase of growth and expansion. In May 2012, a new facility to manufacture Medium Voltage and traction motors was inaugurated. This will expand our product range and help to build capabilities in the higher voltage range of motors; the first Medium Voltage motor from this facility was delivered during the year. A new plant to assemble and test AC Drives was also commissioned during the year under review. This will enable us to cater to our customers' needs for specialized automation solutions, quicker deliveries and high service standards while maintaining stringent product quality at a more competitive price.

FINANCIAL PERFORMANCE

	Year Ended 31 st March 2013 (Rs. In Lakhs)	Year Ended 31 st March 2012 (Rs in lakhs)
Income from Sales & Service	59401.25	78111.99
Less: Excise Duty	5148.52	6334.10
	<u>54252.73</u>	<u>71777.89</u>
Other Income	1745.34	1959.67
	<u>55998.07</u>	<u>73737.56</u>

Profit before Interest, Finance Charges, Depreciation, Exceptional Items and Tax	1492.66	6291.84
Less: Interest & Finance Charges	1242.06	1337.48
Less: Depreciation	1069.93	960.77
Profit before Exceptional Item and Tax	(819.33)	3993.59
Add : Exceptional Item	-	2608.92
Profit before Tax	(819.33)	6602.51
Less: Provision for Taxes	(329.83)	1235.28
Profit after Tax	(489.50)	5367.23
Short (-) / Excess Provision of tax for earlier years	2.67	0.00
Profit after Taxation	(486.83)	5367.23
Add: Profit brought forward from previous year	6823.42	3648.29
Profit available for appropriation	6336.59	9015.52
APPROPRIATION		
Proposed Equity Dividend	141.29	1412.89
Tax on Proposed Equity Dividend	24.01	229.21
General Reserve	-	550.00
Profit Carried Forward	6171.29	6823.42

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

DIVIDEND

The Directors recommend a Dividend of Rs. 2.50 per Equity Share for the year ended 31st March, 2013 on 56,51,560 Equity Shares of Rs. 10/- each. The Dividend payout, including Dividend Tax of Rs. 24.01 lakhs, will be Rs. 165.30 compared to Rs. 1642.10 lakhs in the previous year.

OPERATIONS

Income from Sales and Service for the Company declined from Rs. 781 crore in the previous year to Rs. 594 crore, a drop of 24%. Revenues of the Power Systems as well as the Industrial Systems segments reduced significantly due to sluggish market demand and reduced price realizations.

The company incurred a loss before exceptional items and tax of Rs. 8.19 crore as against a profit before exceptional items and tax of Rs. 39.94 crore in the previous year mainly due to reduced volumes and poor price realizations in the Transformer and Motor businesses and cost overruns in Project operations.

FINANCE

In spite of tight money market conditions, adverse liquidity and substantial erosion in profitability, the focus of the Company upon the efficient management of short-term and long-term funds through rigorous monitoring of deployment towards working capital, a comprehensive evaluation and execution process for capital expenditure, and prudent deployment of surplus funds helped it generate positive cash flow from operations. Although the Company incurred interest and finance costs of Rs.12.42 crore, it also earned income of Rs. 14.66 crore from deployment of surplus funds and treasury operations.

The Company's free reserves as on 31st March, 2013 decreased by Rs. 652.13 lakhs to Rs. 30642.66 lakhs.

As on 31st March, 2013, the Company had Fixed Deposits aggregating to Rs 1949.81 lakhs. Out of the Fixed Deposits which matured for payment prior to 31st March, 2013, 56 deposits aggregating to Rs 17.25 lakhs were neither renewed nor claimed till 31st March, 2013. Of these 10 deposits aggregating to Rs 2.60 lakhs have since been renewed or refunded on receipt of requests from the deposit holders. The balance 46 deposits aggregating to Rs 14.65 lakhs have been neither 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.

During the year Rs 3.91 lakhs was transferred to the Investor Education and Protection Fund.

HUMAN RESOURCES AND EMPLOYEE RELATIONS

There is an ongoing emphasis on building a progressive Human Resources culture within the organisation. Structured initiatives to nurture talent and create a working environment

that fosters motivation, team-work and result-orientation continue to be addressed.

The long term wage agreement with the Union expired on 31st December 2011, and negotiations will commence in due course. Employee Relations across the Company continued to be cordial, and issues were settled amicably. Productivity levels continued to be subject to continuous monitoring.

Employee strength as on 31st March 2013 was 1362 as compared to 1381 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".

DIRECTORS' 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 judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2013, 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 a 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.

During the year Mrs D Vijayalakshmi resigned from the Board on 31st July, 2013. The Board of Directors place on record their appreciation for the invaluable advice and guidance given by Mrs Vijayalakshmi during her association with the Company.

Mr. Harish Chandra Mishra was appointed as an Additional Director with effect from 19th October 2012 and holds office up to the date of the forthcoming Annual General Meeting. Notice has been received under Section 257 of the Companies Act, 1956 from a member proposing his candidature for office of Director and such appointment has been proposed at Item No 7 of the Notice dated 17th May, 2013.

The appointments of Mr. N J Danani and Mr. N P Mehta as Managing Directors expire on 19th June, 2013. The Board of Directors' at their meeting held on 17th May, 2013 have reappointed them subject to approval of Shareholders for a further period of 3 years, w.e.f. 20th June, 2013. Appropriate Special Resolutions have been proposed for their appointment and remuneration at Item No. 8 & 9 of the Notice dated 17th May, 2013.

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, 5, 7, 8 and 9 forming part of the Notice dated 17th May, 2013 circulated along with the Annual Report 2012-13.

AUDITORS:

The Company's auditors, M/s. Dalal & Shah, bearing Firm Registration No. 102021W, hold office till the date of the ensuing Annual General Meeting and, being eligible, are recommended for reappointment. This item of business is covered under Item No. 6 of the accompanying notice.

COST AUDITORS:

M/s. P. M. Nanabhoy & Co. an independent firm of Cost Accountants having an arm's length relationship with the Company and who are free from any disqualification as specified under Section 233 B(5) read with Section 224 and sub section 3 and sub section 4 of Section 226 of the Companies Act, 1956, have been appointed by the Board as Cost Auditors of the Company, for electric motors, power

transformers, drives and elevator system products for the Financial Year ending 31st March, 2014, subject to the approval of the Central Government. Their appointment is in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

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 20 of this Annual Report.

ACKNOWLEDGEMENTS

The Directors accept and convey their sincere appreciation to all employees of the Company for their continued dedication and commitment of the Company. The Directors also acknowledge and are grateful to the Bankers, Government Authorities, Shareholders, Vendors and other Stake-Holders for their continued support, confidence and co-operation in these difficult times, in the performance of the Company.

For and on behalf of the Board of Directors

Bansi S. Mehta
Chairman

Date : 17th May, 2013

ADDITIONAL INFORMATION

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

A. Conservation of Energy :

- 1) Measures :
 - Maintained 1000kVAR Capacitor bank in Transformer Plant and installed 300 KVAR capacitor bank in sub-station and achieved power factor of 0.99
 - Installed Magnetic Induction Lamps of 150 Watts in place of 250 Watts Metal Halide lamps and 55 Watts in place of 150 Watts Metal Halide lamps in three new sheds
 - Replacement of conventional light fittings (120 Watts) in office area with T5 tube light (56 Watts)
 - Replacement of metal halide fittings (150 watts) on shop floor with T5 tube light fittings (96 Watts)
 - Replacement of conventional ballast for metal halide lamps by electronic ballast is in progress
 - Feasibility study for installation of latest cost effective technology viz. LED lamps for offices and Magnetic induction lamps for shop floor done
 - Installed VF Drives on remaining cranes for smooth and trouble free operation
 - Installed timers for automatic switching on & switching off of street lights
 - Provision of transparent sheets on roof top to utilize natural lighting
 - Piped Natural Gas system installed and commissioned for manufacturing process and Canteen
- 2) Impact of Measures :
 - Savings of 3% to 4% in monthly billing by improving power factor
 - Energy savings of approx. 30% in lighting, 10% in Cranes & 5% in Ovens, Painting Booths & compressed air consumption
 - Achieved Savings of 55% in fuel cost by switching over to Piped Natural Gas from Light Diesel Oil
- 3) Measures Planned : Energy Savings
 - Replacement of Metal Halide Lamps with Magnetic Induction Lamps in Shop floor
 - Installation of turbo air ventilator in Transformer T1 plant to reduce heat impact during summer
 - Conversion of electric heating ovens to Piped Natural Gas (Thermopac) heating

- Replacement of existing motors by energy efficient motors
- Installation of VFD Panel for air compressor

B. Technology, Absorption, Adaptation, and Innovation:

- 1) Efforts made:
 - Separate Vacuum Pumping System for applying vacuum to transformer tank to achieve better drying result
 - SCADA operated VPI plant installed in TMV plant
 - In sub-station, Gang Operating Device (GOD) replaced with SF-6 Breaker
 - In sub-station, 2MVA transformer installed
 - Demag make under slung crane installed in motor assembly line
 - CNC machine installed for third operation in Body Castings
 - Dry type painting booth installed in large motor plant
- 2) Benefits derived:
 - Improvement of Dew Point readings and reduce cycle time to achieve better dew point before dispatch
 - Increase in manufacturing capacity
 - Quality Improvement
 - Better pollution control
- 3) Technology imported during the last five years :

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

The Company has also entered into a 10 year Technical Assistance & Licence Agreement to manufacture and sell products designated as "KEB Combivert" (Drives) in India, Sri Lanka, Nepal and Bangladesh with technical information and assistance from M/s. Karl E. Brinkmann, GmbH, Germany

C. Foreign Exchange earnings and outgo :

- 1) Export Activities :

The Company has directly exported Motors and Transformers to the international customers. 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	6767.97
- Direct Exports	2314.55
- 3) Foreign Exchange used :

	2693.19
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CORPORATE GOVERNANCE REPORT - ANNEXURE A

1. Company's Philosophy on Corporate Governance:

The company believes that good corporate governance is the key which inspires and strengthens investor's confidence by ensuring company's commitment to higher growth and profits by adopting transparent procedures and practices by arriving at decisions based on adequate information.

Effective governance reduces perceived risks, consequently reduces cost of capital, and also enables the Board of Directors to take quick and sustained decisions which improves the bottom line of the Company.

The company is committed to deliver reliable quality products and services to all its customers at competitive costs thereby creating superior value for all its stakeholders and this can be achieved by practicing best corporate governance standards.

2. Board Of Directors & Board Meetings :**a. Composition :**

The Board consists of 11 Directors, out of which six (6) are Non-Executive Independent, two (2) are Non-Executive and three (3) are 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 73% of the Board's strength against the minimum requirement of 50% as per the Listing Agreement. Independent Directors constitute more than half of the total strength of the Board as against one third required when the Chairman is a Non Executive Director. 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 three Executive Directors, Mr. Nikhil J. Danani, Mr. Nakul P. Mehta (both Managing Directors), and Mr. Shome N. Danani (Executive Director).

During the year Mrs. D. Vijayalaxmi resigned from the Board on 31st July, 2012 and Mr. Harish Chandra Mishra was appointed as an Additional Director w.e.f 19th October, 2012, who holds office as such upto the date of this ensuing Annual General Meeting. Notice has been received under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Harish Chandra Mishra to be appointed as Director on the Board and the same is proposed at item no. 7 in the Notice of the Annual General Meeting dated 17th May, 2013

Except Mr. Nikhil J. Danani, Mr. Nakul P. Mehta, both Managing Directors and Mr. Shome N. Danani, Executive Director, all other Directors are liable to retire by rotation.

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

b. Board Meetings:

In the Financial Year 2012-2013, Five (5) Board of Directors' meetings were held on the following dates:

- | | |
|---------------------------------|------------------------------------|
| 1. 16 th May, 2012, | 4. 19 th October, 2012, |
| 2. 29 th June, 2012, | 5. 31 st January, 2013 |
| 3. 31 st July, 2012, | |

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 Directorships of other Companies	Membership of Committees of other Companies		Sitting Fees for Board/ Committee meetings Rs.	No. of Equity Shares Held as On March31, 2013
						As Member	As Chairman		
1.	Mr. Bansi S. Mehta – Chairman	Independent Non-Executive	5	YES	16**	9@	5	50000	-
2.	Mr. Nikhil J. Danani – Managing Director	Executive	5	YES	1*	-	-	-	1,51,284
3.	Mr. Nakul P. Mehta- Managing Director	Executive	5	YES	2*	-	-	-	1,85,830
4.	Mr. Shome N. Danani	Executive	5	YES	1*	-	-	-	2,898
5.	Mr. Jaisingh R. Danani	Non-Executive	3	NO	-	-	-	70000	1,85,080
6.	Mr. Mukul Harkisondass	Independent Non-Executive	4	NO	1*	-	-	140000	500
7.	Mr. Prakash V. Mehta	Independent Non-Executive	5	YES	15*	10@@	1	160000	325
8.	Mr. Anand J. Danani	Non-Executive	-	NO	-	-	-	-	46,650
9.	Mr. Sanjiv N. Shah	Independent Non-Executive	5	YES	5*	4	-	140000	4,560
10.	Mr. Jairaj C. Thacker	Independent Non Executive	3	NO	5*	-	-	90000	-
11.	Mrs. D.Vijayalakshmi	Independent Non-Executive	-	NO	***	-	-	-	-
12.	Mr. Harish C. Mishra	Independent Non-Executive	1	NA	1	-	-	10000	-
							Total	6,60,000	

@ includes membership in Remuneration/Compensation committee in 4 companies.

@@ includes membership in Remuneration committees in 3 companies.

* Includes Directorship in Pvt. Ltd. companies.

** includes Alternate Directorship in 1 company.

*** Resigned w.e.f. 31st July, 2012

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 including appointment or removal of the Chief Financial Officer and the Company Secretary 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 has 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 the following Five Members :

1.	Mr. Sanjiv N. Shah	Chairman	Independent Non-Executive
2.	Mr. Jaisingh R. Danani	Member	Non Executive
3.	Mr. Mukul Harkison Dass	Member	Independent Non-Executive
4.	Mr. Prakash V. Mehta	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, Deputy General Manager: Internal Audit and Senior General Manager: Finance attend the Audit Committee meetings by invitation. Statutory Auditors and Cost Auditors are also invited to attend the meetings.

b. Meetings & Attendance:

The Audit Committee had six (6) meetings during the Financial year 2012-13 and were held on the following dates :

1. 20th April, 2012
2. 16th May, 2012
3. 31st July, 2012
4. 08th October, 2012
5. 19th October, 2012
6. 31st January, 2013

Mr. Sanjiv N. Shah , Mr. Mukul Harkison Dass and Mr. Prakash V. Mehta were present in all the meetings.

Mr. Jaisingh R Danani and Mr. Jairaj C. Thacker attended Four (4) meetings each.

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 financial statements before submission to the Board.
- Review with management the annual financial statements before submission to the Board, including matters related to Director's Responsibility Statement, changes, if any, in accounting policies and reasons for the same, significant adjustments made in the financial statements arising out of audit findings, compliance with listing and other legal requirements relating to financial statements, disclosure of Related Party transactions and any qualifications in the draft audit report.
- 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 depositors, shareholders (in case of non-payment of dividends) and creditors.
- Decide on recommendations/audit report findings to be placed before the Board.

The Audit Committee exercises its Powers as defined in Clause No. 49 II (C) as and when the need arises and also reviews all mandatory information as required under Clause 49 II (E) from time to time.

4. Remuneration Committee :

The Remuneration Committee of the Company comprises the following Four (4) Members :

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

The Remuneration Committee meetings were held on the following dates :

1. 16th May, 2012
2. 19th October, 2012

Mr. Mukul Harkisondass, Mr. Prakash V. Mehta , Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker were present in all the meetings.

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,
- ii. To recommend and oversee employee stock option scheme.
- iii. To recommend sitting fees of the Board of Directors

a. Remuneration of Executive Directors:

The total remuneration payable to the Managing Directors/ Executive Director for the financial year 2012-2013 is as under:

in (Rs.)

	Salary	Perquisites	Commission Payable for the FY 2012-2013	Total
Mr. Nikhil J. Danani	60,00,000	73,20,847	0	1,33,20,847
Mr. Nakul P. Mehta	60,00,000	72,74,822	0	1,32,74,822
Mr. Shome N. Danani	27,00,000	33,75,000	0	60,75,000

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 the following four members:

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

Mr. D.N. Nagarkar, Company Secretary, is the Secretary of the Committee. The Committee has met once, on 31st January, 2013, wherein all members were present. The total number of grievances redressed and reviewed by the Committee to the satisfaction of the shareholders was 26, most of them related to non receipt of dividend. There were no requests for

share transfer / transmission / deletions of names etc. pending as on 31st March, 2013 and all such requests were processed and delivered within fifteen days (15 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.

a. Terms of 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. Annual General Meetings :

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2011-2012	29-6-2012	3.00 p.m.	Walchand Hirachand Hall, 4 th Floor, Indian Merchants Chamber Bldg., Churchgate, Mumbai 400 020
2010-2011	24-6-2011	3.00 p.m.	-do-
2009-2010	25-6-2010	3.00 p.m.	-do-

Three (3) Special Resolutions were passed to obtain the consent of the Shareholders in view of expected inadequacy of profits in the financial year 2012-2013 to pay remuneration to the Managing Directors, Mr. Nikhil J. Danani and Mr. Nakul P. Mehta and Executive Director Mr. Shome N. Danani each, for the financial year 2012-2013 and for the residual period of their appointment at an Extraordinary General Meeting held on 11th March, 2013. All three (3) Special Resolutions were moved at the aforesaid Extraordinary General Meeting and passed by more than 3/4th majority by show of hands.

7. Disclosures :

- i. At the 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 – Every quarter Financial Results and notes thereon are published in news papers.
- iii. Risk Management – Risk identification, prioritization and mitigation plans for the top 20 risks have been finalized with the risk owners and Consultant's (Ernst & Young), as reported earlier. Draft risk policy has been formulated.
A formal organisation structure for risk management and monitoring process with reporting has been concluded and the implementation of risk mitigation plans have commenced. The risk management and minimisation procedures are being reviewed with the Board members periodically.
- 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 authority 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 mandatory requirements as stipulated in Clause 49 of the listing agreement with Stock Exchanges.
- viii. As regards the other non-mandatory requirements, the Company has constituted a Remuneration Committee and has also moved towards a regime of unqualified statements. As regards whistle blower policy, the Board has taken cognizance of this and will consider adopting it as and when necessary.
- ix. The shares held by the promoters have not been pledged with any Banks, Financial Institutions or with any third party.

8. Communication to Shareholders:

- i. Quarterly/half yearly/annual results and information relating to convening of Board meetings/Annual General Meetings are published in Free Press Journal and Navshakti 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 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 made no presentation to any Institutional Investors / Analysts during the year.
- iii. Management Discussion and Analysis is covered as 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 Clause 49 of the Listing Agreement, the certification by the Managing Director and Vice President: Finance and Corporate Strategy on the financial statements and internal controls relating to financial reporting has been obtained by the Board of Directors.

9. General Shareholders Information :**i. Annual General Meeting :**

Day : Friday

Date : 28th June, 2013

Time : 2.30 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 in May as permitted by the Listing Agreement.

iii. Dates of Book Closure :

Monday, 24th June, 2013 to Friday, 28th June, 2013 (both days inclusive).

iv. Dividend Payment Date : After 28th June, 2013

v. Listing of Equity Shares on Stock Exchanges :

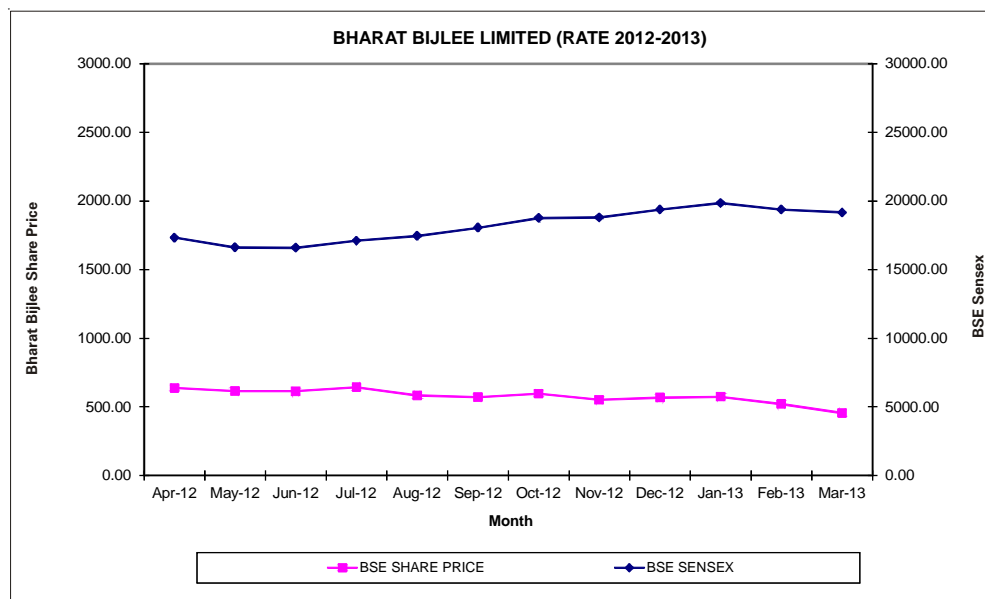
Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE)	503960
National Stock exchange of India Limited (NSE)	BBL

The listing fees for the financial year 2013-14 has been paid to both BSE & NSE.

Demat international security Identification No. in : INE 464A01028
NSDL & CDSL

vi. Stock Price data at the Stock Exchanges :

Month	BSE	BSE	NSE	NSE
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2012	712.30	562.15	711.20	583.20
May, 2012	651.00	579.05	643.00	576.35
June, 2012	666.60	559.00	664.00	557.00
July, 2012	684.00	600.00	683.00	598.00
August, 2012	615.00	550.00	618.90	550.00
September, 2012	607.55	533.00	609.00	535.00
October, 2012	636.00	553.90	639.00	552.00
November, 2012	572.90	528.00	573.35	526.00
December, 2012	603.00	533.00	570.00	533.10
January, 2013	601.00	544.95	600.00	543.00
February, 2013	561.35	479.80	555.00	480.00
March, 2013	508.00	401.55	495.00	401.70



vii. Registrar and Transfer Agents :

Link Intime India Pvt. Ltd.
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (W),
 Mumbai 400 078.
 Tel : 25963838
 Fax : 25946969

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 4 Directors and Approvals are obtained at intervals not exceeding 15 days.

ix. Distribution of Shareholding as on 31-3-2013

S.No.	No. of Equity Shares held	No. of shareholders	No. of shares	% of shareholders	% of shareholding
1.	1-500	22,930	12,51,668	96.90	22.15
2.	501-1000	403	2,97,080	1.70	5.26
3.	1001-2000	173	2,44,684	0.73	4.33
4.	2001-3000	73	1,82,477	0.31	3.23
5.	3001-4000	21	75,650	0.09	1.34
6.	4001-5000	9	41,638	0.04	0.73
7.	5001-10000	16	1,20,413	0.07	2.13
8.	10001- above	39	34,37,950	0.16	60.83
	Total	23,664	56,51,560	100.00	100.00

Share Holding Pattern as on 31-3-2013

S.No.	Category	No. of shares	% to total shareholding
1.	Promoters & Promoter Group	20,21,734	35.77
2.	Financial Institutions/Banks	8,84,529	15.65
3.	Mutual Funds/ UTI	2,54,730	4.51
4.	FIIS	14,574	0.26
5.	NRIS/OCBS	1,08,843	1.93
6.	Corporate Bodies	2,41,561	4.27
7.	Indian Public	21,25,589	37.61
	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, 2013, 97.79% of shares have been held in dematerialized form and the rest are in physical form. All promoters' shareholding are in dematerialised form (100%).

xi. The Company has no outstanding GDR's/ADR's/Warrants or any convertible instruments, since not issued.

xii. Plant Location :

No.2, M.I.D.C., Thane- Belapur Road, Airoli, 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:

- | | |
|--|---|
| <p>1. Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg,
Bhandup (W), Mumbai 400 078
Tel : 25963838
Fax : 25946969</p> | <p>2. Bharat Bijlee Limited,
Electric Mansion, 6th Floor
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025.
Tel : 24306237
Fax : 24370624</p> |
|--|---|
2. 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 this 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, 2013.

For Bharat Bijlee Limited

Place : Mumbai

Date : 17th May, 2013

Nikhil J.Danani

Vice Chairman & Managing Director

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**To the Members of Bharat Bijlee Limited**

We have examined the compliance of conditions of Corporate Governance by Bharat Bijlee Limited, for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

For DALAL & SHAH

Firm Registration Number : 102021W

Chartered Accountants

S. VENKATESH

Partner

Membership Number : F-037942

Mumbai, May 17, 2013

MANAGEMENT DISCUSSION AND ANALYSIS - ANNEXURE B

Economic uncertainties continued to prevail in both global and domestic markets during the year under review. Your Company's products mainly cater to domestic industrial and infrastructure sectors, which are key drivers of the Indian economy. The state of the Indian economy, therefore, has a strong linkage to the business environment for our products.

During the previous year, low growth, high inflation, the burgeoning fiscal deficit and a phase of perceived policy paralysis impaired business confidence and resulted in low capital formation. The growth in the Index of Industrial Production (IIP) also witnessed a slowdown to 0.9% largely due to infrastructure and input constraints. Further, the latest consensus estimates of India's GDP growth for the current year have been revised downward to around 5.5%.

The Reserve Bank of India's recent macro-economic outlook acknowledges that growth has been hobbled by structural bottlenecks on the supply side. Shortages of power, coal, and natural gas, and interruptions to mining activities have been a major constraining factor for industrial growth. This has resulted in underperformance in core industries. Some of the key industries that have been affected are power, water resources, railways, petrochemicals and cement: sectors that directly impact your Company's key business segments of Power and Industrial Systems.

Going forward, we believe that policy and implementation issues related to land acquisition, fuel availability, regulatory/statutory clearances, and a coordinated governance mechanism are key to propelling supply-side growth. The Government's effectiveness in implementing the next phase of reforms are, therefore, likely to be closely watched.

Against this backdrop we expect overcapacity and margin pressures to continue in our key businesses in the near future. We continue to evaluate options and take all possible steps to address the current challenges while building capabilities for the future.

SEGMENT ANALYSIS

The Company operates in two Business Segments, viz. "Power Systems" and "Industrial Systems".

Power Systems:

The Power Systems segment comprises Power Transformers upto 200 MVA, 220 KV voltage class, EPC projects for electrical substations upto 400 KV; and marketing of maintenance products.

Our transformer business is tightly linked to power sector investments, especially in transmission and distribution; a

significant proportion of these investments occur at State level. There was evidence of steps being taken in respect of SEB restructuring and tariff revisions in various States during the previous year, and we are hopeful that these will translate into a more conducive business environment. However, we expect intense competition and depressed price realizations to continue due to the ongoing overcapacity in the Indian market. Apart from efforts to expand the domestic customer base, we have taken steps to increase our focus on international business for our transformers. This will not only help us address a larger market but also help to diversify market risk.

The Projects business continues to see a good flow of enquiries from both the private and public sectors. However, we are cognizant of the fact that the uncertain economic environment could hamper timely project completion and payments. We have endeavored to be prudent and selective about our project portfolio, and continue our focus on execution quality and timely completion.

Industrial Systems:

This segment comprises the marketing, engineering, design and manufacture of a full range of LT industrial AC electric motors, synchronous gearless machines for elevators, and AC variable speed drives and drive systems.

The Motors business has experienced downward pressures on volumes, price realizations and margins over the last three quarters. While we expect no significant demand pick-up during the course of this year, we continue to concentrate on market reach and customer focus. During the last two years, we have innovatively strengthened our supply-chain efficiencies and are ready to cater to the demands of an increasingly competitive market. During the year, your Company also delivered its first Medium Voltage motor. This is an important milestone in our ongoing focus on continuously expanding our product portfolio.

The Drives business presently caters to highly engineered application segments. During the year we have commissioned a new facility for production of a range of AC drives at our Airoli Works. This will help us reduce costs, widen the customer and application segments that we cater to, and to offer better after-sales service to our customers.

Sales of AC permanent-magnet gearless machines for the elevator industry continue to see robust growth. We continue to maintain our leadership position in this market and have increased production capacities to sustain the growth momentum.

INTERNAL CONTROLS, AUDITS, RISK MANAGEMENT & IT

Commensurate with the nature, size and complexity of its business operations, the Company has in place internal controls, procedures and policies, and a review system, which ensures strict vigilance over the Company's assets, the reliability of operational and financial records, and compliance with prevailing statutes.

Business process controls are substantially embedded within the organisation-wide SAP ERP system, and are continuously reviewed and refined. These provide reasonable assurance with regard to the monitoring of operations, maintaining of proper accounting controls, safeguarding of assets, adherence to access and authority frameworks, compliance with regulations, and ensuring reliability and accuracy of financial reporting.

Internal controls related to all business operations in the factory and offices are regularly reviewed and tested both by the Company's Internal Audit function and the Statutory Auditors, and necessary improvements in processes, IT systems and controls are recommended and followed up for implementation with process owners. Review of significant audit observations, and monitoring of the implementation of consequential corrective and preventive actions, is periodically undertaken by top management and the Audit Committee.

The Company has a well defined framework for Risk Management which is being integrated within its business

planning and review process.

Risks are identified and prioritised annually on the basis of impact and likelihood, and mitigation plans are developed by Risk owners and are subject to evaluation and review by the Audit Committee.

To promote our efforts to manage and protect critical business knowledge, the internal PRO+Active team that maps and improves internal processes is being complemented through Knowledge Management initiatives.

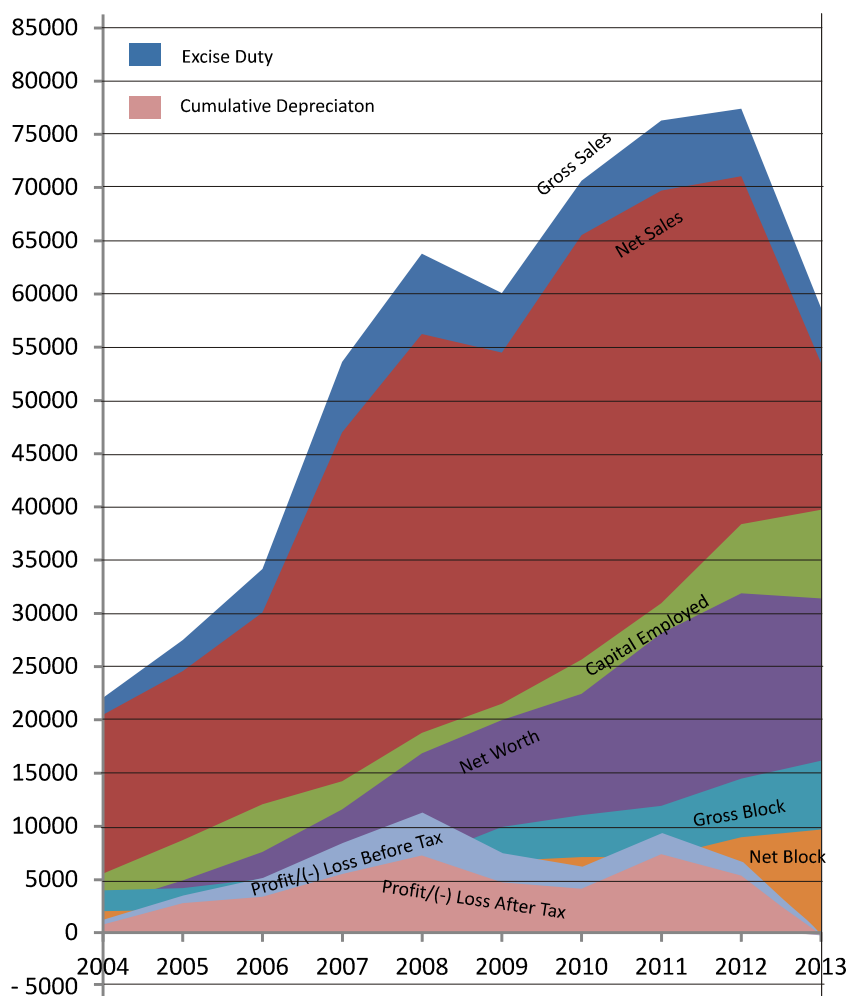
RISKS AND CONCERNS

The current slowdown in the domestic economy is likely to continue but is expected to bottom out. The Government's renewed stated emphasis on pushing the reform agenda and its awareness of the need to revive the economy give us hope that the situation can only improve in the near future. Monetary easing by the RBI will likely boost the recovery. However, for our businesses to recover, we will need to see concrete steps and visible outcomes, including the revival of stalled projects, investments in the power sector, and an improvement in the investment sentiment.

Future Outlook

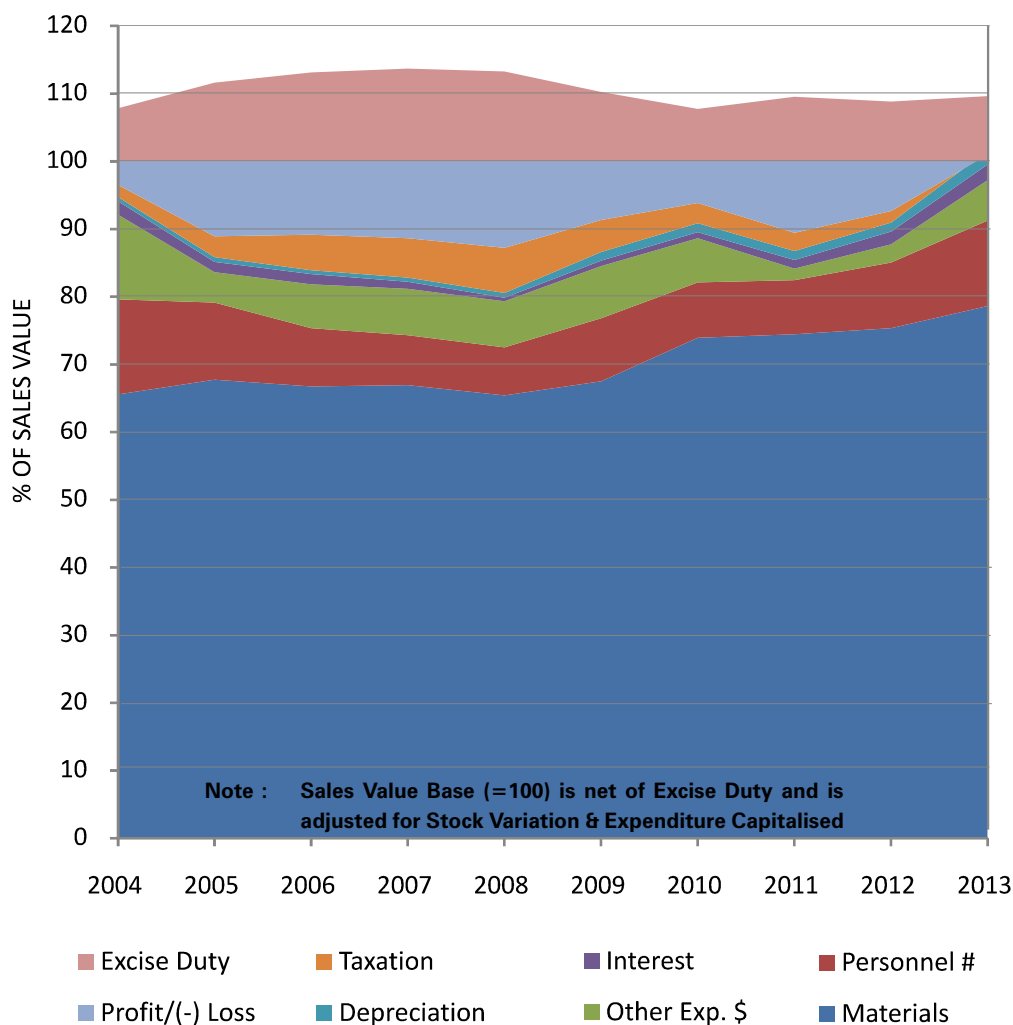
Unfavourable business conditions are likely to continue in the current year. Overcapacity and intense competition will result in margin pressures. While we do not expect demand for our businesses to worsen substantially from the current levels we will need to be watchful.

BUSINESS TRENDS



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Particulars										
Gross Sales	22042	27479	34173	53601	63790	60077	70609	76299	77385	58683
Net Sales	20430	24584	30078	46986	56240	54470	65514	69704	71051	53534
Cptl. Empld	5546	8718	12061	14226	18776	21507	25668	30951	38375	39707
Net Worth	2573	4928	7585	11584	16850	19950	22424	28135	31860	31373
Gross Block	3966	4171	5075	5607	6940	9941	11043	11913	14465	16127
Net Block	2034	2135	2938	3383	4403	6752	7094	7124	8989	9688
Profit/(-) Loss Before Tax	1101	3557	5030	8320	11169	7342	6096	9233	6603	(-819)
Profit/(-) Loss After Tax	734	2777	3368	5508	7249	4753	4122	7353	5367	(-487)

COST TRENDS



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Excise Duty	7.8	11.6	13.1	13.7	13.2	10.2	7.7	9.5	8.8	9.6
Profit/(-) Loss	3.5	11.1	10.9	11.4	12.8	8.7	6.2	10.6	7.4	-0.9
Taxation	1.8	3.1	5.2	5.8	6.7	4.7	3.0	2.7	1.7	-0.6
Depreciation	0.6	0.7	0.6	0.6	0.7	1.3	1.3	1.3	1.3	2.0
Interest	2.0	1.5	1.5	1.1	0.5	0.8	0.9	1.3	1.9	2.3
Other Exp. \$	12.5	4.5	6.5	6.8	6.8	7.7	6.5	1.7	2.7	6.0
Personnel #	14.1	11.4	8.6	7.4	7.1	9.3	8.2	8.0	9.7	12.6
Materials	65.5	67.7	66.7	66.9	65.4	67.5	73.9	74.4	75.3	78.6

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

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

TEN YEARS FINANCIAL DATA

(Rs. In Lakhs)

Period ended	March 2013	March 2012	March 2011	March 2010	March 2009	March 2008	March 2007	March 2006	March 2005	March 2004
SALES AND EARNINGS										
Sales	58682.72	77384.76	76299.48	70608.64	60077.08	63789.81	53600.79	34173.42	27479.12	22041.64
Profit/(-) Loss Before Taxes	(-819.33)	6602.51	9232.85	6095.96	7341.95	11168.72	8320.2	5029.64	3556.90	1101.30
Profit/(-) Loss After Taxes Net of Adjustments	(-489.50)	5367.23	7352.53	4122.35	4752.79	7249.18	5508.05	3367.98	2776.54	729.11
Dividends	141.29	1412.89	1412.89	1412.89	1412.89	1695.47	1412.89	762.96	508.64	226.06
Earnings Per Shares (Rs.)	*(-8.61)	*94.97	*130.10	*72.94	*84.10	*128.27	*97.46	*59.59	491.29	129.01
Equity Dividend Rate (Rs Per Share)	*2.50	*25.00	*25.00	*25.00	*25.00	*30.00	*25.00	*13.50	90	40
Net Wroth Per Share (Rs.)	*552.20	*563.74	*497.82	*396.78	*352.99	*298.14	*204.97	*134.21	871.99	455.27
Debt Equity Ratios +	0.05:1	0.04:1	0.07:1	0.08:1	0.06:1	0.11:1	0.16:1	0.26:1	0.39:1	0.81:1

+ Debt = Loan Funds less cash credit & Short -Term Loans from Banks; Equity = Shareholder' Funds

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

INDEPENDENT AUDITORS' REPORT

To the Members of Bharat Bijlee Limited**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Bharat Bijlee Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by

Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of

Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;

- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Dalal & Shah**
Firm Registration Number: 102021W
Chartered Accountants

S. Venkatesh
Partner

Mumbai
May 17, 2013

Membership Number - 037942

Annexure to Auditors' Report

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Bharat Bijlee Limited on the financial statements as of and for the year ended March 31, 2013

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d)] of the said Order are not applicable to the Company.
- (e) The Company has taken unsecured loans, from a Company and other parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregating Rs. 32.50 Lakhs each.
- (f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts, as stipulated, and is also regular in payment of interest, as applicable.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees

Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- vi. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of income tax and sales tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and service-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, customs duty and excise

duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty	423.60	1986-1995 and 2002-2004	Central Excise and Service Tax Appellate Tribunal
Local Sales Tax	Local Sales Tax (including VAT, Works Contract Tax etc.)	175.96	1999-2004, 2007-2010 and 2011-12	Commissioner Appeals - Sales Tax
Customs Act	Custom Duty	245.83	1996-1999	Central Excise and Service Tax Appellate Tribunal
Income Tax Act	Income Tax	30.00	2009-10	Commissioner Appeals

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order

- are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and

records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, *except for sales made by the branch manager to subprime dealers with an intent to fraudulently pilfer the collection*, we have neither come across any other instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management. The Management has taken appropriate steps including repossession of the stocks, recovery of money directly from the dealers and discontinuance of business with these dealers. An amount of Rs 24.45 lakhs has been estimated and provided for as doubtful debts/loss from this event.

For **Dalal & Shah**

Firm Registration Number: 102021W
Chartered Accountants

S Venkatesh
Partner

Mumbai
May 17, 2013

Membership Number - 037942

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES :			
SHAREHOLDERS' FUNDS:			
Share Capital	3	565.16	565.16
Reserves and Surplus	4	30642.66	31294.79
		31207.82	31859.95
NON-CURRENT LIABILITIES:			
Long-term borrowings	5	1527.10	1371.61
Deferred Tax Liability (Net)	6	144.20	474.03
Other Long-term liabilities	7	104.40	95.78
Long-term provisions	8	273.02	347.38
		2048.72	2288.80
CURRENT LIABILITIES :			
Short-term borrowings	9	6504.73	3638.46
Trade payables	10	13876.60	14516.11
Other current liabilities	11	3808.82	5461.13
Short-term provisions	12	1441.98	2826.49
		25632.13	26442.19
Total		58888.67	60590.94
ASSETS :			
NON-CURRENT ASSETS :			
Fixed Assets	13		
Tangible assets		9511.46	8690.33
Intangible assets		176.63	298.27
		9688.09	8988.60
Capital Work-in-Progress		249.06	502.30
Non-current investments	14	402.33	402.33
Long term loans and advances	15	5598.57	2199.57
Other non-current assets	16	81.89	123.39
		16019.94	12216.19
CURRENT ASSETS :			
Current investments	17	2001.09	550.33
Inventories	18	9523.75	9816.69
Trade receivables	19	18835.29	21384.24
Cash and bank balances	20	752.31	1714.50
Short-term loans and advances	21	10515.17	13788.62
Other current assets	22	1241.12	1120.37
		42868.73	48374.75
Total		58888.67	60590.94

General Information

1

Significant Accounting Policies

2

The Notes are an integral part of these financial statements

As per our report of even date.
For DALAL & SHAH,
Firm Registration No. 102021W
Chartered Accountants,

Nikhil J. Danani

Nakul P. Mehta

 Vice Chairmen &
Managing Directors

S. Venkatesh
Partner
Membership No. 037942

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

Shome N. Danani

Prakash V. Mehta

Executive Director

Director

S.M. Tilak

Vice President : Finance and Corporate Strategy

Mumbai, 17th May, 2013

Mumbai, 17th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note	Year ended 31st March 2013	Year ended 31st March 2012
REVENUE :			
Gross Revenue From Operations	23	59401.25	78111.99
Less Excise Duty		5148.52	6334.10
Net Revenue From Operations		54252.73	71777.89
OTHER INCOME	24	1745.34	1959.67
TOTAL REVENUE		55998.07	73737.56
EXPENSES :			
Cost of materials consumed	25	40684.92	53454.26
Purchases of stock in trade	26	1361.35	1511.30
Changes in inventories	27	36.97	(1009.99)
Employee benefits	28	6729.49	6968.49
Finance costs	29	1242.06	1337.48
Depreciation and amortisation expense	13	1069.93	960.77
Other expenses	30	5692.68	6521.66
TOTAL EXPENSES		56817.40	69743.97
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		(819.33)	3993.59
EXCEPTIONAL ITEM			
Profit on sale of Long Term Investments		-	2608.92
PROFIT/(LOSS) BEFORE TAX		(819.33)	6602.51
TAX EXPENSE			
Current Tax		-	1329.91
MAT (credit)/set-off		-	(118.43)
Deferred Tax Charge/(Credit)		(329.83)	23.80
		(329.83)	1235.28
		(489.50)	5367.23
Short/(Excess)Provision for Tax for earlier years		(2.67)	-
PROFIT/(LOSS)FOR THE YEAR		(486.83)	5367.23
Basic and diluted earning per share (in Rs.)	43		
[nominal value Rs. 10 per share]			
- including exceptional items		(8.61)	94.97
- excluding exceptional items		(8.61)	48.81

As per our report of even date.
For DALAL & SHAH,
Firm Registration No. 102021W
Chartered Accountants,

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

S. Venkatesh
Partner
Membership No. 037942

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

Shome N. Danani Executive Director
Prakash V. Mehta Director

S.M. Tilak
Vice President : Finance and Corporate Strategy

Mumbai, 17th May, 2013

Mumbai, 17th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		Year ended 31st March 2013	Year ended 31st March 2012
A: CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before Exceptional Items and Taxation		(819.33)	3993.59
Adjustments for :			
Depreciation and amortisation	1069.93		960.77
Loss/(Profit) on sale of Fixed Assets(net)	15.38		(265.63)
Profit on redemption of current investments	(54.41)		(231.18)
Finance Cost	1242.06		1337.48
Interest Income	(1411.79)		(1173.56)
Dividend Income	(188.19)		(177.48)
Unrealised exchange (gain) / loss (net)	3.01		11.17
		675.99	461.57
Operating Profit /(Loss)Before Working Capital changes		(143.34)	4455.16
Changes in Working Capital :			
Increase / (Decrease) in trade payable		(640.16)	(1231.34)
Increase / (Decrease) in provisions		17.94	389.71
Increase / (Decrease) in other current liabilities		(1042.62)	1472.51
Increase / (Decrease) in other long-term liabilities		8.62	(2.07)
(Increase) / Decrease in trade receivables		2546.59	(2229.37)
(Increase) / Decrease in inventories		292.94	(1375.60)
(Increase) / Decrease in loans and advances		(282.47)	(196.97)
(Increase) / Decrease in other current assets		149.72	(489.29)
(Increase) / Decrease in other non-current assets		41.50	(48.88)
		1092.06	(3711.30)
Cash generated from Operations		948.72	743.86
Direct Taxes paid		(213.84)	(1267.20)
Net Cash inflow/(outflow) from Operating Activities	(A)	734.88	(523.34)
B: CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(1484.65)		(2545.57)
Proceeds from Sale of Fixed Assets	10.78		635.84
Proceeds from Sale of Long Term Investments	-		4345.71
Proceeds from Sale/(Purchase) of Current Investments (net)	(1396.35)		1494.31
Inter Corporate Deposits (given) / redeemed	315.73		(6799.30)
Interest received	1141.32		817.67
Dividend received	188.19		177.48
Net Cash inflow/(outflow) from Investing Activities	(B)	(1224.98)	(1873.86)
C: CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/(Repayment)of Fixed Deposits (Net)	(449.64)		450.54
Inter Corporate Deposits taken	-		999.00
Inter Corporate Deposits repaid	-		(1409.00)
Proceeds/(Repayment) of Short Term Loans from Banks (net)	2866.27		3638.46
Interest paid	(1250.82)		(1332.77)
(Increase)/Decrease in other bank balance	(119.26)		(59.53)
Dividend paid including Dividend Distribution Tax	(1637.90)		(1634.05)
Net Cash inflow/(outflow) from Financing Activities	(C)	(591.35)	652.65
	(A+B+C)	(1081.45)	(1744.55)
Net increase in Cash and Cash equivalents		(1081.45)	(1744.55)
Cash and Cash equivalents at the beginning of the year		1586.80	3331.35
Cash and Cash equivalents at the close of the year (Refer Note No.20)		505.35	1586.80
As per our report of even date. For DALAL & SHAH, Firm Registration No. 102021W Chartered Accountants,		Nikhil J. Danani Nakul P. Mehta	} Vice Chairmen & Managing Directors
S. Venkatesh Partner Membership No. 037942	D.N. Nagarkar Company Secretary & Senior General Manager : Legal	Shome N. Danani Prakash V. Mehta	Executive Director Director
	S.M. Tilak Vice President : Finance and Corporate Strategy		
Mumbai, 17th May, 2013			Mumbai, 17th May, 2013

NOTES TO THE FINANCIAL STATEMENTS

Notes

1 GENERAL INFORMATION

Bharat Bijlee Limited is one of the leaders in the electrical engineering industry in India. A multi-product, multi-divisional organisation, its main products are transformers, projects, electric motors, elevator systems and drives. The Company has a well established all-India marketing network that ensures responsive pre and after sales service.

2 SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of Presentation:

- a) These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Sec211(3C)[Companies(Accounting Standards) Rules,2006, as amended] and other relevant provisions of the Companies Act,1956.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act,1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

- 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.

2.02 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) Revenue from Construction Contracts is recognised based on the stage of completion determined with reference to the costs incurred on contracts and the estimated total costs. When it is estimated that the total contract cost will exceed total contract revenue, expected loss is recognised as an expense immediately. Total contract cost is determined based on the technical and other assessment of cost to be incurred.
- c) Revenue from sale of products and construction contracts are stated exclusive of Value Added Tax/Sales Tax, Returns and Discounts for the year .
- d) Service income is recognised, net of service tax, when the related services are provided.
- e) Dividend income is recognised on establishment of the right to receive the same.
- f) Interest income is recognised on the time proportion basis.
- g) Insurance and other claims are accounted as and when unconditionally admitted by the appropriate authorities.
- h) Eligible export incentives are recognised in the year of export.

2.03 Fixed Assets and 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 Schedule XIV to the Companies' Act, 1956.

Leasehold land is stated at historical cost less amounts written off proportionate to expired lease period.

Spares in 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.

2.04 Intangible Assets:

- a) 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.
- b) Expenditure on application software is amortised over a period of three years.

2.05 Investments:

Long term investments are carried at cost of acquisition. Provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of Long term investments. Current investments are carried at lower of cost and fair value.

2.06 Inventories:

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

NOTES TO THE FINANCIAL STATEMENTS

Notes (Contd.)

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 and components, packing materials, stores, spare parts and traded finished goods are valued at the lower of cost and net realisable value. Cost is determined on the basis of weighted average method.

Work-in-progress and manufactured finished goods are valued at the lower of cost and net realisable value.

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.

2.07 Foreign Currency Transactions:

- (i) 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 Statement of Profit and Loss.
- (ii) In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, premium or discount are amortised as expense or income over the life of the forward contract. Exchange difference on such forward contracts are recognised in the Statement of Profit and Loss in the year in which exchange rate changes. Profit or Loss arising on cancellation or renewal of such forward contracts are recognised as income or expense for that year.

2.08 Employee Benefits:

A. Short Term Employee Benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss of the year.
- b) Retirement benefits in the form of Gratuity which is a defined benefit plan and the long term employee benefit in the form of Leave Encashment, 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 Statement of Profit and Loss of the year.

2.09 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.

2.10 Taxation:

Current Tax is determined at the amount of tax payable at the applicable tax rate in respect of the estimated taxable income for the year.

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.

Minimum Alternative Tax (MAT) Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit/asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.

2.11 Leases:

Operating Leases

For premises/vehicles, taken/given on lease, lease rentals payable/receivable are charged/credited in the statement of Profit and Loss.

2.12 Impairment of Assets :

- a) The carrying amount of assets 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.

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

- 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.

2.13 Provisions, Contingent Liabilities and Contingent Assets:

Provisions : Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.14 Cash and cash equivalents :

Cash and Cash equivalents include cash, cheques on hand, cash at bank and short term deposits with banks having maturity of three months or less.

(All amounts are Rs.in Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
3 Share Capital		
Authorised:		
2,00,000 (Previous Year- 2,00,000) 12% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 100 each	200.00	200.00
80,00,000 (Previous Year- 80,00,000) Equity Shares of Rs.10 each	800.00	800.00
Issued and Subscribed and fully paid up shares		
56,51,560 (Previous Year- 56,51,560) Equity Shares of Rs. 10 each	565.16	565.16
(a) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company		
	No of Shares (% of holding)	No of Shares (% of holding)
1 Life Insurance Corporation of India	507815 (8.99)	507815 (8.99)
2 Danmet Chemicals Pvt. Ltd.	459777 (8.14)	459777 (8.14)
3 Gayatri Education Medical & Research Foundation Pvt. Ltd.	450165 (7.97)	450165 (7.97)
(b) Rights, preferences and restrictions attached to shares		
Equity Shares : The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend . In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
4 Reserves and Surplus		
General Reserve		
Balance as at the beginning of the year	24471.37	23921.37
Add: Amount transferred from surplus in the statement of Profit and Loss during this year	-	550.00
Balance as at the end of the year	24471.37	24471.37

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	As at 31st March 2013	As at 31st March 2012
Surplus in the statement of Profit and Loss		
Balance as at the beginning of the year	6823.42	3648.29
Add: Profit / (Loss) for the year	(486.83)	5367.23
	<u>6336.59</u>	<u>9015.52</u>
Less: Appropriations		
Proposed Dividend on Equity Shares@ Rs 2.50 per equity share (Previous year Rs. 25 per equity share)	141.29	1412.89
Tax on proposed Equity Dividend	24.01	229.21
Transfer to General Reserve	-	550.00
Balance as at the end of the year	<u>6171.29</u>	<u>6823.42</u>
	<u>30642.66</u>	<u>31294.79</u>
5 Long-term borrowings		
Unsecured:		
Fixed Deposits		
- From Related Party	32.50	32.50
- From Public	1494.60	1339.11
	<u>1527.10</u>	<u>1371.61</u>
6 Deferred Tax Liability (Net)		
Deferred Tax Liability		
Depreciation	1173.16	1021.79
Deferred Tax Asset		
Provision for doubtful debt	201.80	133.24
U/s 43B of the Income Tax Act, 1961	289.49	275.01
Provision for Loss Orders	189.93	139.51
Unabsorbed Depreciation	347.74	-
	<u>1028.96</u>	<u>547.76</u>
	<u>144.20</u>	<u>474.03</u>
Deferred Tax Assets and Deferred Tax Liability have been offset as they relate to the same governing taxation laws.		
7 Other Long-term liabilities		
Deposits from Vendors, Dealers	104.40	95.78
	<u>104.40</u>	<u>95.78</u>
8 Long-term provisions		
Employee benefits :		
Provision for Gratuity (Refer Note No 39)	273.02	347.38
	<u>273.02</u>	<u>347.38</u>

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	As at 31st March 2013	As at 31st March 2012
9 Short-term borrowings		
Secured :		
Working Capital Loans from banks	6504.73	3638.46
	<u>6504.73</u>	<u>3638.46</u>
<p>Secured by hypothecation of all tangible moveable assets including stock of Raw Materials and Components , Stores, Spares, Fuel, Work-in-Progress, Finished Goods, Stock-in-trade and Book Debts. The oral equitable mortgage, ranking second and subservient to mortgages created, on immovable properties excluding vacant land at Company's Kalwe factory is in the process of being satisfied as the same has been waived by the banks.</p>		
10 Trade payables		
Acceptances	5405.14	5435.55
Due to Micro and Small Enterprises	-	-
Due to creditors other than Micro and Small Enterprises	8471.46	9080.56
	<u>13876.60</u>	<u>14516.11</u>
(a) Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006		
<p>There are no Micro and Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31st March, 2013 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 which has been relied upon by the auditors.</p>		
(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 :		
Principal amount remaining unpaid and interest due thereon	-	-
Interest paid in terms of Section 16	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	-	-
11 Other current liabilities		
Current maturities of long term fixed deposits referred to in Note 5	422.71	1031.86
Interest accrued but not due on borrowings	92.98	101.74
Unclaimed dividends *	63.93	59.73
Unclaimed matured deposits and interest accrued there on *	16.80	12.78
Other payables		
Advances from Customers	1283.45	1960.89
Employee Benefits	554.12	822.37
Project Amount due to customers (Refer Note No 38)	68.23	-
Statutory dues	705.03	894.34
Others	601.57	577.42
	<u>3808.82</u>	<u>5461.13</u>

* As at the year end there is no amount due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act.

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	As at 31st March 2013	As at 31st March 2012
12 Short-term provisions		
Employee benefits :		
Provision for Leave Entitlement	501.45	486.23
Others		
Provision for Warranty Costs (Refer Note No 44)	216.46	268.18
Provision for Contracts	558.77	429.98
Provision for proposed equity dividend	141.29	1412.89
Provision for tax on proposed equity dividend	24.01	229.21
	1441.98	2826.49

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As At 01.04.2012	Additions	Deductions	As At 31.03.2013	As At 01.04.2012	For the year	On Deductions	As At 31.03.2013	As At 31.03.2013	As At 31.03.2012
TANGIBLE ASSETS										
Leasehold Land	12.95	-	-	12.95	7.03	0.13	-	7.16	5.79	5.92
Buildings Incl. Roads+	3429.88	222.51	-	3652.39	602.81	103.71	-	706.52	2945.87	2827.07
Plant and Machinery	9069.66	1312.84	95.59	10286.91	3459.56	729.93	79.16	4110.33	6176.58	5610.10
Furniture and Fixtures	212.60	141.83	8.68	345.75	128.45	22.25	8.36	142.34	203.41	84.15
Office Equipment	309.55	58.56	17.62	350.49	168.10	27.96	13.39	182.67	167.82	141.45
Motor Vehicles	57.57	-	11.11	46.46	35.93	4.46	5.92	34.47	11.99	21.64
SUB TOTAL	13092.21	1735.74	133.00	14694.95	4401.88	888.44	106.83	5183.49	9511.46	8690.33
Previous Year's Total	10941.19	2794.68	643.66	13092.21	3906.52	768.81	273.45	4401.88	8690.33	
INTANGIBLE ASSETS										
Application Software	1300.50	59.85	-	1360.35	1002.23	181.49	-	1183.72	176.63	298.27
Technical Knowhow	71.89	-	-	71.89	71.89	-	-	71.89	-	-
SUB TOTAL	1372.39	59.85	-	1432.24	1074.12	181.49	-	1255.61	176.63	298.27
Previous Year's Total	971.91	400.48	-	1372.39	882.16	191.96	-	1074.12	298.27	

+ Includes (Rs.11,850) being the value of 231 shares in Co-operative Societies for ownership premises.

	As at 31st March 2013	As at 31st March 2012
14 Non-current investments		
Non Trade - at cost		
Quoted:		
(All fully paid up)		
21,38,160 Equity Shares of Rs. 2 each of Siemens India Ltd.	162.57	162.57
5,14,900 Equity Shares of Rs. 2 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.	216.50	216.50
2,500 Equity Shares of Rs. 2 each of HDFC Bank Ltd.	0.05	0.05
5,400 Equity Shares of Rs. 10 each of Bank of India	2.43	2.43
	401.23	401.23

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	As at 31st March 2013	As at 31st March 2012
Unquoted		
(All fully paid up)		
1,000 Equity Shares of Rs. 10 each of Saraswat Co-operative Bank Ltd.	0.10	0.10
10,000 Equity Shares of Rs. 10 each of NKGSB Co-operative Bank Ltd.	1.00	1.00
	<u>1.10</u>	<u>1.10</u>
	<u>402.33</u>	<u>402.33</u>
 Aggregate Amount of Investments		
Quoted :		
Book value	401.23	401.23
Market value	16363.18	20215.57
Unquoted :		
Book value	1.10	1.10
15 Long term loans and advances		
Unsecured considered good		
Capital Advances	181.27	238.97
Security Deposits	252.13	237.61
(including National Savings Certificates of the face value of Rs. 0.36 lakhs matured but not encashed deposited with Government Departments and Semi Government - previous year Rs.0.36 lakhs)		
Other Loans and Advances		
Corporate Deposit	3427.59	-
Employee Loans and Advances	27.75	27.81
Advances to Vendors	29.41	60.83
Sales Tax and Excise Refund Receivable including TDS on WCT	997.80	1286.94
Advance payments of tax and tax deducted at source (net of provision)	504.19	168.98
MAT Entitlement	118.43	118.43
Other Deposits	60.00	60.00
	<u>5598.57</u>	<u>2199.57</u>
16 Other non-current assets		
Long Term Trade Receivables		
Unsecured considered good	-	73.39
Unsecured considered doubtful	593.70	410.67
Less : Provision for doubtful receivable	593.70	410.67
	<u>-</u>	<u>73.39</u>
Deposits with Banks with maturity period more than 12 months	-	50.00
Interest Receivable	81.89	-
	<u>81.89</u>	<u>123.39</u>

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	As at	As at
	31st March 2013	31st March 2012
17 Current investments		
Valued at the lower of cost and fair value		
Unquoted :		
Units in Mutual Funds		
7,06,256 (Previous year Nil) of Birla Sun Life Income Plus Fund - Growth-Regular (NAV- Rs 375.71 Lakhs)	375.00	-
34,01,939 (Previous year Nil) of ICICI Prudential Ultra Short Term Fund - Regular Plan - Growth (NAV- Rs 402.85 Lakhs)	400.00	-
10,12,527 (Previous year Nil) of ICICI Prudential - Regular Plan - Growth (NAV- Rs 375.74 Lakhs)	375.00	-
19,956 (Previous year 31282) of UTI Liquid Cash Plan Institutional - Growth Option (NAV- Rs 383.81 Lakhs) (Previous Year - Rs 550.67 Lakhs)	351.09	550.33
35,55,652 (Previous year Nil) of IDFC Dynamic Bond Fund - Growth - Regular Plan (NAV- Rs 500.49 Lakhs)	500.00	-
	2001.09	550.33
18 Inventories		
Raw Materials and Components (In transit Rs 40.78 Lakhs - Previous year Rs. 143.78 lakhs)	2912.28	3006.06
Work-in-Progress	3215.38	2401.94
Finished Goods	2811.99	3880.08
Stock in Trade	503.48	451.43
Stores Spare Parts and Fuel	30.06	26.19
Consumable Tools	16.25	14.88
Packing Materials	34.31	36.11
	9523.75	9816.69
19 Trade receivables		
Secured considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	8.01	3.87
Others	29.85	48.17
Unsecured considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	2140.19	1597.93
Others	16657.24	19734.27
	18835.29	21384.24

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	As at 31st March 2013	As at 31st March 2012
20 Cash and bank balances		
Cash and Cash equivalents		
Cash on hand	5.79	2.49
Cheques on hand	252.70	95.79
Remittances in transit	114.78	270.94
Bank balances		
In Cash credit Accounts	90.19	1179.32
In Current Accounts	41.89	38.26
	505.35	1586.80
Other bank balances		
Earmarked balances with banks		
In Current Accounts (refer footnote a)	86.96	82.63
In Fixed Deposits (refer footnote b)	160.00	45.07
	246.96	127.70
	752.31	1714.50
<i>Footnotes :</i>		
a) Balances in current accounts are earmarked towards unclaimed dividend, repayment of public deposits including interest .		
b) Balance in fixed deposits is earmarked as margin against the public deposits maturing within next twelve months .		
21 Short-term loans and advances		
Unsecured considered good		
Corporate Deposit	9149.55	12892.87
Employee Loans and Advances	34.16	32.85
Advances to Vendors	427.51	348.57
Sales Tax and Excise Refund Receivable including TDS on WCT	619.18	200.62
Advance payments of tax and tax deducted at source (net of provision)	99.81	218.51
Others	184.96	95.20
	10515.17	13788.62
22 Other current assets		
Export Incentive	79.22	150.79
Interest Receivable	691.92	421.45
Gross Amounts Due from Customers of Construction Contracts (Refer Note No. 38)	469.98	548.13
	1241.12	1120.37

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	Year Ended 31st March 2013	Year Ended 31st March 2012
REVENUE FROM OPERATIONS		
23 Gross Revenue From Operations		
Sale of products		
Manufactured goods	54077.15	71874.95
Traded goods	1588.97	1823.76
	<u>55666.12</u>	<u>73698.71</u>
Sale of Services	195.28	224.29
Project Revenue	2821.32	3461.76
	<u>58682.72</u>	<u>77384.76</u>
Other Operating revenue		
Scrap Sales	718.53	727.23
	<u>59401.25</u>	<u>78111.99</u>
Less: Excise Duty	5148.52	6334.10
	<u>54252.73</u>	<u>71777.89</u>
Details of Sales		
Manufactured goods		
Electric Motors	24496.73	28914.06
Transformers	27615.37	41487.91
Gearless Machines for Elevators	1335.02	1012.31
Drive Systems	630.03	460.67
	<u>54077.15</u>	<u>71874.95</u>
Traded goods		
Drives	1368.80	1582.04
Others	220.17	241.72
	<u>1588.97</u>	<u>1823.76</u>
	<u>55666.12</u>	<u>73698.71</u>
24 Other income		
Interest	1411.79	1173.56
Dividend Income	188.19	177.48
Profit on redemption of Current Investments	54.41	231.18
Profit on sale of Fixed Assets	4.05	289.08
Net gain on foreign currency transaction and translation	14.75	-
Provision no longer required/ Credit Balances appropriated	48.48	50.32
Miscellaneous Income	23.67	38.05
	<u>1745.34</u>	<u>1959.67</u>

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	Year Ended 31st March 2013	Year Ended 31st March 2012
25 Cost of materials consumed		
Raw Materials and Components Consumed (Including Processing charges and Subcontracting charges)	38274.90	50299.98
Packing Materials Consumed	864.91	988.88
Project Materials Consumed	1545.11	2165.40
	40684.92	53454.26
(a) Details of materials consumed :		
Laminations	5296.49	6750.16
Electrolytic Copper Wires, Strips	11657.76	15711.39
Stampings	2206.95	3000.74
Hardware and Components	11241.14	14928.95
Others	7872.56	9908.74
	38274.90	50299.98
(b) Value of Imported and Indigenous materials consumed	Amount	Amount
	(%)	(%)
Imported	1532.11	1665.97
	(4%)	(3%)
Indigenous	36742.79	48634.01
	(96%)	(97%)
	38274.90	50299.98
26 Purchases of stock in trade		
Purchases	1361.35	1511.30
	1361.35	1511.30
Details of purchases of stock in trade		
Drives	1177.45	1280.54
Others	183.90	230.76
	1361.35	1511.30
27 Changes in inventories		
Changes in inventories of Finished goods ,Work-in-Progress and Stock in trade		
Stock at the beginning of the year		
Work-in-Progress:	2401.94	3207.94
Finished Goods	3880.08	1872.54
Stock in trade	451.43	331.43
	6733.45	5411.91
Stock at the end of the year		
Work-in-Progress:	3215.38	2401.94
Finished Goods	2811.99	3880.08
Stock in trade	503.48	451.43
	6530.85	6733.45

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	Year Ended	Year Ended
	31st March 2013	31st March 2012
Variation in Excise duty on finished goods		
Excise duty on closing stock	374.93	540.56
Less :Excise duty on opening stock	540.56	229.01
	(165.63)	311.55
	36.97	(1009.99)
28 Employee benefits		
Salaries and Wages	5596.03	5755.41
Workmen and Staff Welfare Expenses	903.95	857.40
Contribution to and provision for Provident and Other Funds	229.51	355.68
	6729.49	6968.49
29 Finance costs		
Interest expense	1091.53	905.45
Discounting Charges	85.60	182.95
Net (gain) / loss on foreign currency transaction and translation adjusted to interest cost	64.93	249.08
	1242.06	1337.48
30 Other expenses		
Power and Fuel	556.14	487.81
Stores, Spare Parts and Tools consumed	289.57	358.63
Fuel consumed (excluding for own power generation)	131.29	145.85
Repairs to Buildings	158.59	134.79
Repairs to Machinery	141.38	117.60
Other Repairs	35.04	57.28
Insurance	53.23	60.64
Rent	119.23	99.78
Rates and Taxes	152.52	258.75
Royalty and Technical Service Fee	14.84	18.49
Post and Telecommunication Charges	121.89	107.89
Travelling, Conveyance and Motor Vehicle Expenses	518.33	532.57
Freight and Forwarding Charges (net)	501.98	554.87
Discount and Allowances on Sales	151.99	41.13
Product Advertisement and Publicity	42.74	101.35
Printing and Stationery	93.50	90.63
Data Processing Charges	122.51	108.15
Professional Charges	408.63	513.54
Commission	694.09	862.68
Bank Charges	217.52	256.44

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	Year Ended	Year Ended
	31st March 2013	31st March 2012
Miscellaneous	955.60	1297.24
Directors' Fees	6.60	5.80
Net loss on foreign currency transaction and translation	-	76.53
Loss on Fixed Assets sold, discarded, and scrapped	19.43	23.45
Provision for Doubtful Debts	336.02	246.04
Less: Provision for Doubtful debts no longer required	152.99	36.35
	183.03	209.69
Bad Debts /Sundry Debit Balances written off	3.01	0.08
	5692.68	6521.66
 (a) Value of Imported and Indigenous stores, spare parts and tools consumed :		
	Amount	Amount
	(%)	(%)
Imported	0.18	16.21
	(-)	(5%)
Indigenous	289.39	342.42
	(100%)	(95%)
	289.57	358.63
	As at	As at
	31st March 2013	31st March 2012
 31	Contingent Liabilities not provided for in respect of :	
Disputed Sales Tax Demands	189.90	88.55
Disputed Excise Duty Demands	423.60	423.60
Disputed Custom Duty Demand	191.12	191.12
Disputed Income Tax Demands	162.03	226.29
Claims against the Company not acknowledged as debts	-	1.30
32	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	474.10 326.72
33	Professional Charges include:	
(a)	To Auditors: (net of Service Tax)	
Audit Fees	17.50	13.00
Tax Audit Fee	1.20	1.20
Company Law	0.50	0.28
Others	5.50	4.83
Reimbursement of Out of Pocket Expenses	0.60	0.39
	25.30	19.70
(b)	To Cost Auditors (net of Service Tax)	
	0.41	0.36
34	Value of Imports on C.I.F. basis:	
Raw Materials	2442.75	2497.34
Components and Spare parts	0.18	22.93
Capital Goods	90.84	443.88

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)
35 Expenditure in Foreign Currency

Travelling	44.49	35.75
Technical Services Fees	-	2.31
Royalty	14.84	16.18
Others	100.09	19.50

36 Earnings in Foreign Exchange:

Direct Exports on F O B basis	2314.55	3053.47
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37 Deemed Exports

6767.97	5088.04
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38 Disclosure pursuant to Accounting Standard - 7 : Construction Contracts

	As at 31st March 2013	As at 31st March 2012
a) Contract Revenue recognised for the year	2756.46	3416.08
b) For contracts in progress as at year end		
i) Aggregate amount of cost incurred and recognised profits (less recognised losses)	7174.60	7406.27
ii) Amount of advances received from customers	263.42	293.82
iii) Amount of retentions due from customers	635.67	530.55
c) Gross amount due from customers	469.98	548.13
d) Gross amount due to customers	68.23	-

2012-2013	2011-2012
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39 Disclosure pursuant to Accounting Standard - 15 : Employee Benefits
39.1 Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss for the year :

(1) Contribution to Employees' Provident Fund/ Employees' Family Pension Fund	128.43	107.99
(2) Contribution to Employees' Superannuation Fund	75.44	78.13

39.2 Defined Benefit Plan - Gratuity
(I) Changes in the Present Value of the Defined Benefits Obligation

(1) Present Value of Defined Benefit Obligation at the beginning of the year	2074.58	1934.82
(2) Interest Cost	171.15	159.62
(3) Current Service Cost	113.95	116.99
(4) Benefits paid	(178.12)	(182.15)
(5) Actuarial (Gain)/Loss on Defined Benefit Obligation	-76.57	45.30
(6) Present Value of Defined Benefit Obligation at the end of the year	2104.99	2074.58

(II) Changes in the Fair Value of Plan Assets

(1) Fair Value of Plan Assets at the beginning of the year	1727.20	1524.85
(2) Expected Return on Plan Assets	164.09	141.05
(3) Contributions	100.00	232.15
(4) Benefits paid	(178.12)	(182.15)
(5) Actuarial Gain/(Loss) on Plan Assets	18.80	11.30
(6) Fair Value of Plan Assets at the end of the year	1831.97	1727.20

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)

	2012-2013	2011-2012
(III) Amounts recognised in the Balance Sheet		
(1) Present Value of Defined Benefit Obligation at the end of the year	2104.99	2074.58
(2) Fair Value of Plan Assets at the end of the year	(1831.97)	(1727.20)
(3) Liability to be recognised in the Balance Sheet	273.02	347.38
(IV) Balance Sheet Reconciliation		
(1) Net liability at the beginning of the year	347.38	409.97
(2) Expense recognised in the statement of profit and loss	25.64	169.56
(3) Contributions	(100.00)	(232.15)
(4) Net liability at the end of the year	273.02	347.38
(V) Amounts recognised in the Statement of Profit and Loss		
(1) Current Service Cost	113.95	116.99
(2) Interest Cost on obligation	171.15	159.62
(3) Expected Return on plan assets for the period	(164.09)	(141.05)
(4) Net Actuarial (Gain)/Loss	(95.37)	34.00
(5) Expense Recognised in the Statement of Profit and Loss	25.64	169.56
(VI) Actual Return on Plan Assets		
(1) Expected Return on plan assets for the period	164.09	141.05
(2) Actuarial Gain/(Loss) on Plan Assets	18.80	11.30
(3) Actual Return on Plan Assets	182.89	152.35
(VII) Percentage of each category of Plan Assets to total Fair Value of Plan Assets		
(1) Insurer managed fund	100%	100%
(VIII) Actuarial Assumption		
(1) Discount Rate	8.25%	8.25%
(2) Expected Rate of Return on Plan Assets	9.50%	9.25%
(3) The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		
(IX) The amount for the current annual period and previous four annual periods of :		
		For the annual period ended
	31.03.13	31.03.12
	31.03.11	31.03.10
	31.03.09	
i. Present Value of Defined Benefit Obligation	2104.99	2074.58
ii. Fair Value of Plan Assets	1831.97	1727.20
iii. (Surplus)/Deficit in the Plan	273.02	347.38
iv. Experience adjustment on Plan Liability (Gain) / Loss	(76.58)	(25.85)
v. Experience adjustment on Plan Assets Gain / (Loss)	18.80	11.30

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)
40 SEGMENT INFORMATION
BUSINESS SEGMENTS

Particulars	Power Systems		Industrial Systems		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Segment Revenue						
External Revenue	28697.67	42068.31	24836.53	28982.35	53534.20	71050.66
Inter-segment Revenue	-	-	-	-	-	-
Total Revenue	28697.67	42068.31	24836.53	28982.35	53534.20	71050.66
Segment Result	(833.43)	1503.43	2420.39	4744.02	1586.96	6247.45
Unallocated Income/(Expense) (Net)					(1164.23)	(916.38)
Finance Costs					(1242.06)	(1337.48)
Exceptional Items					-	2608.92
Excess/(Short) provision for tax in respect of earlier years					2.67	-
Tax Expense (Debit)/Credit					329.83	(1235.28)
Profit /(Loss) after Taxation					(486.83)	5367.23
Other information :						
Segment Assets	25500.61	26146.50	14417.51	16102.80	39918.12	42249.30
Unallocated Assets					18970.55	18341.64
Total assets					58888.67	60590.94
Segment Liabilities	11975.16	12123.16	5897.06	7072.22	17872.22	19195.38
Unallocated Liabilities					9808.64	9535.61
Total liabilities					27680.86	28730.99
Capital Expenditure						
Segment Capital Expenditure	514.78	933.98	870.22	1005.86	1385.00	1939.84
Unallocated Capital Expenditure					99.65	605.73
Total Capital Expenditure					1484.65	2545.57
Depreciation and Amortisation						
Segment Depreciation and Amortisation	711.27	668.89	196.00	159.46	907.27	828.35
Unallocated Depreciation and Amortisation					162.66	132.42
Total Depreciation and Amortisation					1069.93	960.77
Significant Non Cash Expenditure						
Segment Significant Non Cash Expenditure	-	-	-	-	-	-
Unallocated Non Cash Expenditure	-	-	-	-	-	-
Total Significant Non Cash Expenditure	-	-	-	-	-	-

1. Segments have been identified in line with Accounting Standard AS 17 on the basis of production and distribution process and regulatory environment.
2. Company has disclosed Business segments as Primary segments.
Composition of Business Segments :
 - a. Power Systems
This segment comprises the design, commissioning and marketing of power transformers; EPC projects for electrical substations including delivery, rectification, commissioning, and servicing of transformers and marketing of maintenance products.

NOTES TO THE FINANCIAL STATEMENTS

Notes (Contd.)

b. Industrial Systems

This segment comprises the development, marketing and manufacture of a wide range of standard and customized electric motors; synchronous gearless machines for the elevator industry and the engineering and supply of AC variable-speed drives and drive systems.

3. Segment Revenue, Result, Assets & Liabilities include respective amounts directly attributable to each segment & other relevant amounts allocated on reasonable basis.

While presenting the segment results, common expenses, common assets and liabilities to the extent not directly identifiable with any one segment have been grouped as unallocable.

4. Company does not have any secondary segments since risk and return are not significantly dependent on geographical locations. Further since the revenue from within India and the assets within India are greater than 90% of the total revenues and total assets, respectively, of the Company, the disclosure requirements for secondary segment as per the aforesaid standard is also not applicable.

41 RELATED PARTY DISCLOSURES:

41.1 RELATED PARTIES

A. Key Management Personnel

A1. Mr. Nikhil J. Danani, Vice Chairman & Managing Director

A2. Mr. Nakul P. Mehta, Vice Chairman & Managing Director

A3. Mr. Shome N. Danani, Executive Director (son of Mr. Nikhil J. Danani)

B. Relatives of Key Management Personnel

B1. Mr. Jaisingh R. Danani, a non-executive Director (father of Mr. Nikhil J. Danani)

B2. Ms. Avanti P. Mehta (sister of Mr. Nakul P. Mehta)

B3. 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

C1. Danmet Chemicals Pvt. Ltd.

C2. Nasivan Investments Pvt. Ltd.

Related parties' relationship as stated in I(A) to I(C) above are as identified by the Company and relied upon by the Auditors.

41.2 TRANSACTIONS WITH RELATED PARTIES

Nature of transaction	Related Parties														
	Referred in I(A) above				Referred in I(B) above				Referred in I(C) above						
	With	During the year		Closing Balance Dr/(Cr)		With	During the year		Closing Balance Dr/(Cr)		With	During the year		Closing Balance Dr/(Cr)	
	CY	PY	CY	PY		CY	PY	CY	PY		CY	PY	CY	PY	
Remuneration	A1	133.21	169.93	-	(36.08)										
	A2	132.75	168.80	-	(36.08)										
	A3	60.75	84.10	-	(23.35)										
Sitting Fee						B1	0.70	0.70	-	-					
Purchases											C1	170.92	211.95	(39.73)	(46.69)
Deposits taken	A2	-	-	(25.00)	(25.00)	B2	-	1.00	(1.00)	(1.00)	C2	-	-	(5.50)	(5.50)
						B3	-	1.00	(1.00)	(1.00)					
Loan taken											C1	-	999.00	-	-
Loan repaid											C1	-	1409.00	-	-
Interest paid	A2	2.50	2.50	-	-	B2	0.10	0.10	-	-	C1	-	33.26	-	-
						B3	0.10	0.10	-	-	C2	0.64	0.30	(0.64)	(0.30)
Rent Received											C1	3.76	3.10	-	-
Asset Sold	A1	-	610.86	-	-						C1	-	4.20	-	-

a. No amount has been written off or written back during the year ended 31.03.2013.

b. CY = Current Year, PY = Previous Year

NOTES TO THE FINANCIAL STATEMENTS
Notes (Contd.)
42 Disclosure pursuant to Accounting Standard - 19 : Leases

As a lessee in a Operating Lease :

Non-cancellable

The Company has hired assets under non-cancellable operating lease arrangements at stipulated rentals. The future Minimum Lease Payments (MLP) under these leases are as under :

	As at 31st March, 2013	As at 31st March, 2012
MLP due not later than one year	37.93	37.93
MLP due later than one year but not later than five years	34.35	72.28

43 Disclosure pursuant to Accounting Standard - 20 : Earnings Per Share

		Year ended 31st March, 2013	Year ended 31st March, 2012
Profit / (Loss) after Tax	A	(486.83)	5367.23
Less: Exceptional Item	B	-	2,608.92
Profit after Tax excluding Exceptional Item	C=A-B	(486.83)	2758.31
Weighted Average number of Equity Shares	D	56,51,560	56,51,560
Nominal Value Per Share (Rs.)	E	10.00	10.00
Basic and Diluted Earning per Share (Rs.)			
- including exceptional item	A/D	(8.61)	94.97
- excluding exceptional item	C/D	(8.61)	48.81

44 Disclosure as required by AS 29 - Provisions for Warranty Costs

Provision for Warranty Costs in connection with repairs and free replacement of parts during warranty period is determined based on past experience and estimates and are accrued in the year of sale. The detail of the same is as under:

	Carrying amount as on 01.04.2012	Provision made	Amount used during the year	Carrying amount as on 31.03.2013
Warranty	268.18 (104.29)	170.49 (376.15)	222.21 (212.26)	216.46 (268.18)

Figures in the bracket are for the previous year.

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

Nature of Transaction	Currency	As at 31st March, 2013	As at 31st March, 2012
Trade Payable	EUR	55490	-
	USD	10308	37,645
	GBP	-	243
Trade Receivable	USD	-	1718280
	EUR	21547	-
Export Packing Credits	USD	-	1955907

46 Previous year's figures have been regrouped / recast / reclassified, wherever necessary.

 As per our report of even date.
 For DALAL & SHAH,
 Firm Registration No. 102021W
 Chartered Accountants,

 S. Venkatesh
 Partner
 Membership No. 037942

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

 S.M. Tilak
 Vice President : Finance and Corporate Strategy

Nikhil J. Danani

Nakul P. Mehta

Shome N. Danani

Prakash V. Mehta

 Vice Chairmen &
 Managing Directors

Executive Director

Director

Mumbai, 17th May, 2013

Mumbai, 17th May, 2013



Bharat Bijlee Limited

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

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To
Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai-400 078
(IN CASE OF PHYSICAL HOLDING ONLY)

To,
The Depository participant Concerned

(IN CASE OF ELECTRONIC HOLDING ONLY)

Dear Sir,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND (BHARAT BIJLEE LTD.)

Please fill in the information in CAPITAL LETTERS in ENGLISH only. Please TICK wherever applicable.

1. For Shares held in physical Form

Master Folio No.

2. For Shares held in Electronic Form

[Shareholder's holding shares in Electronic Form should forward this form to their respective Depository Participant].

DP ID

Client ID

3. Shareholder's Name Shri/Smt./Kum./Ms. _____

4. Shareholders Address: _____

5. Particulars of Bank	
Bank Name	
Branch Name & Address	
Branch Code	<input type="text"/>
(9 Digits Code Number appearing on the MICR Band of the Cheque supplied by the bank, Please attach a xerox copy of a Cheque or a Blank Cheque of your Bank duly cancelled for ensuring accuracy of the Bank Name, Branch Name and Code Numbers).	

Account Type	<input type="text"/>	Savings	<input type="text"/>	Current	<input type="text"/>	Cash Credit	<input type="text"/>
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A/c. No. (As appearing in the Cheque Book)	<input type="text"/>
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6. Date from Which the mandate should be effective:

I hereby declare that the particulars given above are correct and complete. If any transactions is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the Company/Registrars & Share Transfer Agents of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through ECS.

Place: _____
Member's Signature



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 OF THE AUDITORIUM

I hereby record my presence at the 66th ANNUAL GENERAL MEETING of the Company held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020, on Friday, 28th June, 2013 at 2.30 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/her

of

..... as my/our proxy

to vote for me/us on my/our behalf at the 66th ANNUAL GENERAL MEETING of the Company to be held on Friday, 28th June, 2013 at 2.30 p.m. and at any adjournment thereof.

Signed this day of 2013



(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.

Bharat Bijlee Limited

Electric Mansion 6th Floor
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025

T: +91 22 2430 6237 / 6071
Email: bbllcorporate@bharatbijlee.com