



67 TH ANNUAL REPORT 2013-14

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# Letter from the Executive Director

Dear Shareholders,

The financial year 2013 – 2014 has drawn to a close, but many questions regarding the power and infrastructure sectors remain unanswered. The “NaMo” government has the hope of the nation riding on its shoulders. We must however understand that all changes brought about by this new regime will need time. There will be a gestation period before any changes translate into increased demand for our products.

The past year has seen us work hard on operational efficiencies and cutting costs. However, there is a point beyond which cost cutting can hurt the scalability and day to day operations of the company. We recognize this and have tried innovative approaches to boost sales and keep morale high. Our prime focus this year will be on driving top line growth. We have chalked out an aggressive Business Development plan which will aim to strengthen our sales and marketing functions. This augers well with our push towards increasing business volume from the private sector for some of our divisions. We are in the process of implementing an Employee Engagement program which will help keep our people motivated through these trying times.

The Transformer division has bagged its largest export order from a large government utility in the Middle East. However there is much more to be done in this area and efforts are on to gain various approvals that will enable increased access to export markets. We now have a separate vertical in the Transformer division that will target the business from industry. While the order book is healthy, prices and profitability continue to be a cause for concern. The Motor business too has focused on market penetration and leveraging the supply chain. These efforts have fructified into market share increases. We also continue to make inroads into the project and OEM business with some marquee orders coming our way.

In the Projects business we continue to cherry pick and de-risk ourselves by quoting for very specific projects. Although we have a large enquiry base, we have witnessed a constant delay in finalization of substations. Among our achievements this year has been the completion of a switchyard for the largest solar power plant in Asia. The Drives division has registered an impressive 35% growth over the corresponding first quarter of last year. Our portfolio of automation

solutions is now impressive and we are looking at appointing solution partners across India and neighboring countries to increase our market reach. The servo drives market is growing at a rapid rate and we are exploring various opportunities in this space. The Elevator Systems division has been a pioneer in the gearless machines market. We have registered a 25% year on year growth as this technology gains acceptance. The division is currently pursuing the challenging opportunity of supplying to major elevator manufacturers.

The Modi government has made an effort to bring in accountability by uniting the frequently warring camps of Power, Coal and Renewable Energy under a single head. This should boost smoother functioning of these ministries. We look forward to policy changes that will help to unleash the potential of the power sector which has so far been unrealized.



**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. Prakash V. Mehta

Mr. Anand J. Danani

Mr. Sanjiv N. Shah

Mr. Jairaj C. Thacker

Mr. Ravishanker Prasad  
(Appointed as Additional Director  
w.e.f. 22nd January, 2014)

**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

**REPORT OF THE DIRECTORS TO THE MEMBERS**

The Directors are pleased to present their 67<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2014.

The Indian economy continued to be sluggish during the year under review and this has adversely impacted the businesses of your Company. Investments in infrastructure and manufacturing will be the key for revival of our business prospects. We expect the macro-economic situation to improve steadily going ahead and are building internal capabilities to leverage on that.

During the year under review there was continued emphasis on improving customer reach, diversification of customer and geographical mix while keeping strong focus on cost control. Concurrently, important steps have been taken to prepare your Company for the next phase of growth and expansion. The higher voltage motor facility inaugurated last year has successfully delivered its first export order. This is an important milestone as we establish our capabilities in the market place. The Drives and Elevators Systems businesses also continue to grow profitably as they scale up. Both the businesses have very good traction in the market and continue to see healthy growth.

**FINANCIAL PERFORMANCE**

	<b>Year Ended 31<sup>st</sup> March 2014 (Rs. In Lakhs)</b>	Year Ended 31 <sup>st</sup> March 2013 (Rs in lakhs)
Income from Sales & Service	<b>53748.76</b>	59401.25
Less: Excise Duty	<b>5100.61</b>	5148.52
	<b>48648.15</b>	54252.73
Other Income	<b>1814.98</b>	1745.34
	<b>50463.13</b>	55998.07
Profit before Interest, Finance Charges, Depreciation, Exceptional Items and Tax	<b>1061.50</b>	1492.66
Less: Interest & Finance Charges	<b>1309.55</b>	1242.06
Less: Depreciation	<b>1094.07</b>	1069.93
Profit before Exceptional Item and Tax	<b>(1342.12)</b>	(819.33)
Add : Exceptional Item	-	-
Profit before Tax	<b>(1342.12)</b>	(819.33)
Less: Provision for Taxes	<b>(144.20)</b>	(329.83)
Profit after Tax	<b>(1197.92)</b>	(489.50)

Short (-) / Excess Provision of tax for earlier years	<b>68.53</b>	2.67
Profit after Taxation	<b>(1129.39)</b>	(486.83)
Add: Profit brought forward from previous year	<b>6171.29</b>	6823.42
Profit available for appropriation	<b>5041.90</b>	6336.59
<b>APPROPRIATION</b>		
Proposed Equity Dividend	-	141.29
Tax on Proposed Equity Dividend	-	24.01
General Reserve	-	-
Profit Carried Forward	<b>5041.90</b>	6171.29

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

**DIVIDEND**

In view of the net loss during the financial year 2013-2014, the Directors have not recommended payment of dividend for the year ended 31<sup>st</sup> March, 2014.

**OPERATIONS**

Income from Sales and Service for the Company reduced from Rs. 59401 lakhs in the previous year to Rs. 53749 lakhs, a drop of 10%. Revenues of the Power Systems remained under pressure due to sluggish market demand and delay in customer project execution timelines.

The Company incurred a loss before exceptional items and tax of Rs.1342 lakhs as against a loss before exceptional items and tax of Rs. 819 lakhs in the previous year mainly due to pressure on margins in the Industrial Systems segment.

**FINANCE**

In spite of tight money market conditions, adverse liquidity and substantial erosion in profitability, the focus of the Company on 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.1309.55 lakhs, it also earned income of Rs.1413.29 lakhs from deployment of surplus funds and treasury operations.

The Company's free reserves as on 31<sup>st</sup> March, 2014 decreased by Rs.1129.39 lakhs to Rs. 29513.27 lakhs.

As on 31<sup>st</sup> March, 2014, the Company had Fixed Deposits aggregating to Rs. 2160.90 lakhs. Out of the Fixed Deposits which matured for payment prior to 31<sup>st</sup> March, 2014, 54 deposits aggregating to Rs. 11.63 lakhs were neither renewed nor claimed till 31<sup>st</sup> March, 2014. Of these, 10 deposits aggregating to Rs. 1.80 lakhs have since been refunded on receipt of requests from the deposit holders. The balance 44 deposits aggregating to Rs. 9.83 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. 5.41 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 was signed on January 15, 2014 and the same will be valid up to December 31, 2014. 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 March 31, 2014 was 1436 as compared to 1362 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".

#### **MANAGEMENT DISCUSSION AND ANALYSIS (MDA) REPORT:**

A separate report on MDA forms part of the Directors' Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) 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 31<sup>st</sup> March, 2014, and the profit and loss for that period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in

accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- d) The Directors have prepared Annual Accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operated effectively and;
- f) The Directors have devised proper systems to ensure compliance with the processes of all applicable laws and that such systems were adequate and operating effectively.

#### **DIRECTORS:**

During the year, Mr. Jaisingh R. Danani, Director on the Board of the Company and who was a Managing Director of the Company for 35 years until 1990, passed away on August 5, 2013.

Mr. Mukul Harkisondass who joined the Board on August 29, 1972 also passed away on June 14, 2013.

The Company has suffered an irreparable loss due to their demise and the Board of Directors place on record their appreciation for the immense contribution, valuable guidance and commitment rendered by Mr. Jaisingh R. Danani and Mr. Mukul Harkisondass during their tenure as Directors.

During the year, Mr. Harish Chandra Mishra resigned from the Board w.e.f. July 25, 2013. The Board of Directors place on record their appreciation for the invaluable advice and guidance given by Mr. Harish Chandra Mishra during his association with the Company.

Mr. Ravishanker Prasad was appointed as an Additional Director with effect from January 22, 2014 and holds office up to the date of the forthcoming Annual General Meeting. Notice has been received under Section 160 of the Companies Act, 2013 from a member proposing his candidature for office of Director and such appointment has been proposed at Item No. 5 of the Notice dated July 25, 2014.

Ms. Mahnaz A. Curmally was appointed as an Additional Director with effect from July 25, 2014 and holds office upto the date of the forthcoming Annual General Meeting. Notice has been received under Section 160 of the Companies Act, 2013 from a member proposing her candidature for office of Director and such appointment has been proposed at Item No. 4 of the Notice dated July 25, 2014.

Mr. Anand J Danani retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. Prakash V Mehta, Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker, Non-executive Directors of the Company have submitted declaration under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria

of independence prescribed for Independent Directors as stipulated under Section 149(6) of the said Act.

Notices have been received from members under Section 160 of the Companies Act, 2013 proposing their appointment as Independent Directors. The Independent Directors are proposed to be appointed for a period of 5 years from the date of the ensuing meeting and they shall not retire by rotation.

Notice has been received under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr. Rajeshwar R. Bajaaj as an Independent Director who has also confirmed that he meets the criteria of independence prescribed for Independent Directors as stipulated under Section 149(6) of the said Act and such appointment has been proposed at Item No. 9 of the Notice dated July 25, 2014.

Information on the Directors eligible for reappointment/appointment as required under Clause 49 of the Listing Agreement with Stock Exchanges is disclosed in the profiles of the Directors under Item Nos. 4 to 9 forming part of the Notice dated July 25, 2014 circulated along with the Annual Report 2013-14.

#### **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. The Company has received a confirmation from M/s. Dalal & Shah to the effect that their appointment, if made at the ensuing Annual General Meeting would be in terms of Section 139 and 141 of the Companies Act, 2013 and rules made thereunder. The Board on the recommendation of the Audit Committee proposes to appoint M/s. Dalal & Shah as Statutory Auditors of the Company for a period of 3 years from the conclusion of the ensuing Annual General Meeting, subject to ratification by members of the Company at each Annual General Meeting. This item of business is covered under Item No. 3 of the accompanying Notice dated July 25, 2014.

#### **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 141(3) 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 31<sup>st</sup> March, 2015, subject to the approval of the Central Government at a remuneration of Rs. 72,000/- which is subject to approval by members. Their appointment is in accordance with the limits specified in Section 141 (3) (g) of the Companies Act, 2013.

#### **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 No. 8 of this Annual Report.

#### **COMPANIES ACT, 2013**

The Companies Act, 2013 was notified in the Official Gazette of the Government of India on August 29, 2013. On September 12, 2013 the Ministry of Corporate Affairs (MCA) notified 98 sections and on March 27, 2014, the MCA notified another 198 sections, which were deemed to come into force with effect from April 1, 2014.

The MCA vide Circular No. 08/2014 dated April 4, 2014 clarified that the financial statements and the documents required to be attached thereto, the auditors' and directors' report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made thereunder.

The Company has accordingly prepared this balance sheet, statement of profit and loss, the schedules and notes thereto and the Directors' Report in accordance with the relevant provisions of the Companies Act, 1956, schedules and rules made thereunder.

The Company has taken cognizance of the new legislation and shall comply with the provisions of the Companies Act, 2013, as applicable.

#### **ACKNOWLEDGEMENTS:**

The Directors would like to accept and convey their sincere appreciation to all employees of the Company for their continued hard work, dedication and commitment to 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 the performance of the Company.

**For and on behalf of the Board of Directors**

**Bansi S. Mehta**  
Chairman

Date: July 25, 2014

## 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 T2 Plant and new Motor Finished Goods Godown
- Replacement of 36Wx2 tube light fixtures by 15Wx2 LED fixtures
- Replacement of conventional ballast for Metal Halide lamps by electronic ballast is in progress
- Installed timers for automatic switching on and switching off exhaust fans and lights in toilets
- Installed Remote Switching ON-OFF system to avoid idle running of compressors on no load condition
- Motion controlled sensors installed in Painting Booth
- Regenerative Test Plant installed
- Converted electric heating ovens to Piped Natural Gas (Thermopac) heating.

#### 2) Impact of Measures:

- Savings of 4% to 5% in monthly billing by improving power factor
- Energy savings of approx. 30% in lighting, 10% in Cranes & 5% in Ovens, and 40% in compressed air consumption and testing units

#### 3) Measures Planned : Energy Savings:

- Replacement of Metal Halide Lamps with Magnetic Induction Lamps in Shop floor
- Replacement of existing motors by energy efficient motors
- Replacement of conventional reciprocating compressor off chilling plants by lobe (screw) compressors

### B. Technology, Absorption, Adaptation, and Innovation:

#### 1) Efforts made:

- Upgraded existing Vapour Phased Drying Plant with latest technology to improve Drying Quality and to save energy

- Installed new turbo air ventilator in Transformer T1 Plant to reduce heat impact during summer
- SCADA operated regenerative test plant with 4 No. Bed installed for testing IE2 motor up to 22KW
- Kone cranes installed in Finished Goods Godown with overload monitoring mechanism
- 2 nos. Dry type painting booth installed in motor plant

#### 2) Benefits derived:

- Increase in manufacturing and testing capacity
- Increase in manufacturing capacity
- Quality Improvement
- Better pollution control
- Compatibility for testing motors as per new ISI5999 Part II Sec 1 with actual measurement of losses
- Equipment availability and reliability improved

#### 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, Transformers and Hoist machines 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 :

	<b>Rs. in Lakhs</b>
- Deemed Exports	2536.20
- Direct Exports	1102.93
3) Foreign Exchange used :	2676.20

**CORPORATE GOVERNANCE REPORT- ANNEXURE A**

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**1. Company's Philosophy on Corporate Governance:**

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

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

The Board consists of nine (9) Directors, out of which four (4) are Independent, two (2) are Non-Executive and three (3) are Executive Directors. The Chairman is an Independent 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 66% of the Board's strength against the minimum requirement of 50% as per the Listing Agreement. Independent Directors constitute 44 % of the total strength of the Board as against one third (33.33%) 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 Mr. Harish Chandra Mishra resigned from the Board w.e.f. 25<sup>th</sup> July, 2013. Mr. Ravishanker Prasad was appointed as an Additional Director w.e.f 22<sup>nd</sup> January, 2014 who holds office as such upto the date of this ensuing Annual General Meeting.

Notice has been received under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ravishanker Prasad to be appointed as Director on the Board and the same is proposed at item no.5 of the Notice of Annual General Meeting dated 25<sup>th</sup> July, 2014.

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 2013-2014, five (5) Board of Directors' meetings were held on the following dates:

- |                                |                                   |
|--------------------------------|-----------------------------------|
| 1. 17 <sup>th</sup> May, 2013  | 4. 17 <sup>th</sup> October, 2013 |
| 2. 28 <sup>th</sup> June, 2013 | 5. 22 <sup>nd</sup> January, 2014 |
| 3. 25 <sup>th</sup> July, 2013 |                                   |

**c. Attendance/Sitting fees of Directors:**

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings 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 March 31, 2014
						As Member	As Chairman		
1.	Mr. Bansi S. Mehta – Chairman	Independent Non-Executive	4	YES	15**	15@	4	40000	-
2.	Mr. Nikhil J. Danani – Managing Director	Executive	5	YES	1*	-	-	-	3,23,404
3.	Mr. Nakul P. Mehta- Managing Director	Executive	5	YES	2*	-	-	-	1,85,830
4.	Mr. Shome N. Danani	Executive	5	YES	2*	-	-	-	2,898
5.	Mr. Jaisingh R. Danani****	Non-Executive	2	NO	-	-	-	40000	-
6.	Mr. Mukul Harkisondass ****	Independent Non-Executive	1	NO	1*	-	-	30000	-
7.	Mr. Prakash V. Mehta	Independent Non-Executive	4	YES	16*	9@@	1	110000	325
8.	Mr. Anand J. Danani	Non-Executive	3	NO	-	-	-	30000	92,920
9.	Mr. Sanjiv N. Shah	Independent Non-Executive	3	YES	5*	3	-	90000	4,560
10.	Mr. Jairaj C. Thacker	Independent Non Executive	4	NO	5*	-	-	100000	-
11.	Mr. Harish C. Mishra	Non-Executive	2	YES	***	-	-	20000	-
12.	Mr. Ravishanker Prasad	Non-Executive	1	NO	-	-	-	10000	-
							Total	4,70,000	

@ includes membership in Remuneration/Compensation committee in 6 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. 25<sup>th</sup> July, 2013

\*\*\*\* since deceased

**d. Key functions of the Board**

- i. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- ii. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- iii. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- iv. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.

- v. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- vi. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vii. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- viii. Overseeing the process of disclosure and communications.
- ix. Monitoring and reviewing Board Evaluation framework.

**e. Information placed before the Board**

- i. Annual operating plans and budgets and any updates.
- ii. Capital budgets and any updates.
- iii. Quarterly results for the company and its operating divisions or business segments.
- iv. Minutes of meetings of audit committee and other committees of the board.
- v. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- vi. Show cause, demand, prosecution notices and penalty notices which are materially important.
- vii. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- viii. Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company.
- ix. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- x. Details of any joint venture or collaboration agreement.
- xi. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- xii. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- xiii. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- xiv. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- xv. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board of Directors are 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.

**f. 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 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:**

The Audit Committee comprised of

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

has been reconstituted in order to comply with the Companies Act, 2013 on 17<sup>th</sup> October, 2013 and also due to the demise of Mr. Jaisingh R Danani and Mr. Mukul Harkisondass with the following three (3) Members:

- |    |                       |                                 |
|----|-----------------------|---------------------------------|
| 1. | Mr. Sanjiv N. Shah    | Chairman & Independent Director |
| 2. | Mr. Prakash V. Mehta  | Independent Director            |
| 3. | Mr. Jairaj C. Thacker | Independent Director            |

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 & Corporate Strategy, General Manager : Internal Audit, General Manager - Cost and Management Accounting and Senior General Manager : Finance attend the Audit Committee meetings by invitation. Statutory Auditors and Cost Auditors are also invited to attend the meetings.

#### a. **Meetings & Attendance:**

The Audit Committee had five (5) meetings during the Financial year 2013-14 and were held on the following dates:

1. 17<sup>th</sup> May, 2013
2. 17<sup>th</sup> June, 2013
3. 25<sup>th</sup> July, 2013
4. 17<sup>th</sup> October, 2013
5. 22<sup>nd</sup> January, 2014

Mr. Prakash V. Mehta and Mr. Jairaj C. Thacker attended four (4) meetings each and Mr. Sanjiv N. Shah attended Three (3) meetings.

Late Mr. Jaisingh R Danani attended two (2) meetings and Late Mr. Mukul Harkisondass attended one (1) meeting.

#### b. **Terms of reference of Audit Committee :**

Clause 49 of the Listing Agreement lists the role of the Audit Committee.

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**4. Nomination and Remuneration Committee :**

Remuneration committee comprised of

- |    |                             |                                 |
|----|-----------------------------|---------------------------------|
| 1. | Late Mr. Mukul Harkisondass | Chairman & Independent Director |
| 2. | Mr. Prakash V. Mehta        | Independent Director            |
| 3. | Mr. Sanjiv N. Shah          | Independent Director            |
| 4. | Mr. Jairaj C. Thacker       | Independent Director            |

has been reconstituted as 'Nomination and Remuneration Committee' in order to comply with the Companies Act, 2013 on 17<sup>th</sup> October, 2013 and also due to the demise of Mr. Mukul Harkisondass with the following three (3) Members:

- |    |                       |                                 |
|----|-----------------------|---------------------------------|
| 1. | Mr. Prakash V. Mehta  | Chairman & Independent Director |
| 2. | Mr. Sanjiv N. Shah    | Independent Director            |
| 3. | Mr. Jairaj C. Thacker | Independent Director            |

The Nomination and Remuneration Committee meetings were held on the following dates:

1. 17<sup>th</sup> May, 2013
2. 28<sup>th</sup> June, 2013
3. 22<sup>nd</sup> January, 2014

Mr. Prakash V. Mehta , Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker attended two (2) meetings each and Late Mr. Mukul Harkisondass attended one (1) meeting.

**a. The role of the Nomination & Remuneration Committee is as under:**

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

**b. Remuneration of Executive Directors:**

The total remuneration payable to the Managing Directors/ Executive Director for the financial year 2013-2014 is as under:

in (Rs.)

	Salary	Perquisites	Commission Payable for the FY 2013-2014	Total
Mr. Nikhil J. Danani	60,00,000	64,15,688	0	1,24,15,688
Mr. Nakul P. Mehta	60,00,000	64,15,688	0	1,24,15,688
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. Stakeholders' Relationship Committee:**

The Shareholders'/Investors' Grievance Committee comprised of

- |    |                             |                                 |
|----|-----------------------------|---------------------------------|
| 1. | Late Mr. Mukul Harkisondass | Chairman & Independent Director |
| 2. | Mr. Prakash V. Mehta        | Independent Director            |
| 3. | Mr. Nikhil J. Danani        | Executive Director              |
| 4. | Mr. Nakul P. Mehta          | Executive Director              |

has been reconstituted as 'Stakeholders Relationship Committee' in order to comply with the Companies Act, 2013 on 17<sup>th</sup> October, 2013 and also due to the demise of Mr. Mukul Harkisondass with the following four (4) Members:

- |    |                      |                                 |
|----|----------------------|---------------------------------|
| 1. | Mr. Prakash V. Mehta | Chairman & Independent Director |
| 2. | Mr. Sanjiv N Shah    | Independent Director            |
| 3. | Mr. Nikhil J. Danani | Executive Director              |
| 4. | Mr. Nakul P. Mehta   | Executive Director              |

Mr. D.N. Nagarkar, Company Secretary, is the Secretary of the Committee. The Committee has met once, on 22<sup>nd</sup> January, 2014, wherein all members were present. The total number of grievances redressed and reviewed by the Committee to the satisfaction of the shareholders was 21, most of them related to non receipt of dividend. There were no requests for share transfer / transmission / deletions of names etc. pending as on 31<sup>st</sup> March, 2014 and all such requests were processed and delivered within fifteen days (15 days) of lodgement with the company.

**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. Corporate Social Responsibility (CSR) Committee:**

In terms of Section 135 (1) of the Companies Act, 2013 the Corporate Social Responsibility (CSR) Committee was constituted on 17<sup>th</sup> October, 2013

The Corporate Social Responsibility (CSR) Committee was constituted with the following three (3) members:

- |    |                       |                             |
|----|-----------------------|-----------------------------|
| 1. | Mr. Nakul P. Mehta    | Chairman, Managing Director |
| 2. | Mr. Shome N. Danani   | Executive Director          |
| 3. | Mr. Jairaj C. Thacker | Independent Director        |

**a. Terms of Reference :**

- i. Formulate and recommend to the Board a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and the prescribed Rules under Sections 135 of the Companies Act, 2013
- ii. Recommend the amount of expenditure to be incurred on the activities referred to in point i. above.
- iii. Monitor the CSR Policy of the Company from time to time.
- iv. Ensure disclosure of the CSR Policy in the Board Report and on the website of the Company.
- v. Ensure activities as included in CSR Policy are undertaken and are monitored regularly.
- vi. Ensure the CSR spend is made in terms of Section 135 (5), i.e. atleast 2% of the average net profits of the Company made during the 3 annually preceding financial years.

**7. Compliance Officer**

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

**8. Annual General Meetings :**

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2012-2013	28-06-2013	3.00 p.m.	Walchand Hirachand Hall, 4 <sup>th</sup> Floor, Indian Merchants Chamber Bldg., Churchgate, Mumbai - 400 020
2011-2012	29-06-2012	3.00 p.m.	-do-
2010-2011	24-6-2011	3.00 p.m.	-do-

Two (2) Special Resolutions were passed on a show of hands by the shareholders at the Annual General Meeting held on 28<sup>th</sup> June, 2013 to pay remuneration to the Managing Directors, Mr. Nikhil J. Danani and Mr. Nakul P. Mehta each, for the financial year 2013-2014, 2014-2015, 2015-2016 and for the residual period of their appointment in the year 2016-2017 in view of expected inadequacy of profits in the financial year 2013-2014.

**POSTAL BALLOT**

During the year the Company conducted a Postal Ballot in terms of Section 192 A of the Companies Act, 1956 and its rules to consider by way of a Special Resolution towards the reappointment and remuneration of the Executive Director Mr. Shome N. Danani for a period of three (3) years from 28<sup>th</sup> January 2014 to 27<sup>th</sup> January, 2017 in terms of Section 198, 269, 309, 310, 311, Schedule XIII and any other applicable provisions, If any, of the Companies Act, 1956.

The Company had appointed Mr. N.L.Bhatia, Partner, M/s NL Bhatia & Associates ,Practising Company Secretary as the Scrutinizer for this postal ballot process who submitted his report on March 20<sup>th</sup> , 2014. The result of the Postal Ballot was announced on 21<sup>st</sup> March, 2014 at the Registered Office of the Company.

The details of the Postal Ballot are as under:

<b>Sr. No.</b>	<b>Particulars</b>	<b>No. of Postal Ballot's</b>	<b>No. of Shares</b>	<b>% of total votes cast</b>
a)	Total Postal Ballots received	534	25,71,243	-
b)	Less: Invalid Postal Ballots	34	4,451	-
c)	Net Valid Postal Ballots (as per Register) of which:	500	25,66,792	100.00
d)	(i) Postal Ballots with assent for the Special Resolution	441	25,62,679	99.84
e)	(ii) Postal Ballots with dissent for the Special Resolution	59	4,113	0.16

#### 9. 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 184, 188 & 189 of the Companies Act, 2013 is tabled and signed. Related party transactions, if any, are approved by the Audit Committee and recommended to the Board of Directors for their approval. During the year there were no transactions of material nature with the Directors or the Management or relatives that had potential conflict with the interests of the Company.
- ii. Quarterly Disclosures – Results and notes thereon.
- iii. Risk Management – Risk identification, prioritization and mitigation plans for the top 20 risks have been finalized with the risk owners. A risk policy and a formal organisation structure for risk management and monitoring process is in place. All risks and mitigation plans are monitored and reviewed on regular basis. 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 reconstituted as the 'Nomination & Remuneration Committee'. As regards whistle blower policy, the Board has taken cognizance of this and will be adopting it shortly.
- ix. The shares held by the promoters have not been pledged with any Banks, Financial Institutions or with any third party.

#### 10. 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). They are also filed with the National Stock Exchange of India Limited through NSE Electronic Application Processing System (NEAPS) and with BSE Ltd. 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. The Annual Accounts are also filed with the MCA in the XBRL format.

- 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 & Corporate Strategy on the financial statements and internal controls relating to financial reporting has been obtained by the Board of Directors.
- vii. The requirement of the revised Clause 49 of the Listing Agreement, though not applicable until 1<sup>st</sup> October, 2014, have been selectively instituted and hence reported in this Corporate Governance Report.

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

Day : Thursday

Date : 11<sup>th</sup> September, 2014

Time : 3.00 p.m.

Venue : Walchand Hirachand Hall, 4<sup>th</sup> 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, 08<sup>th</sup> September, 2014 to Thursday, 11<sup>th</sup> September, 2014 (both days inclusive).

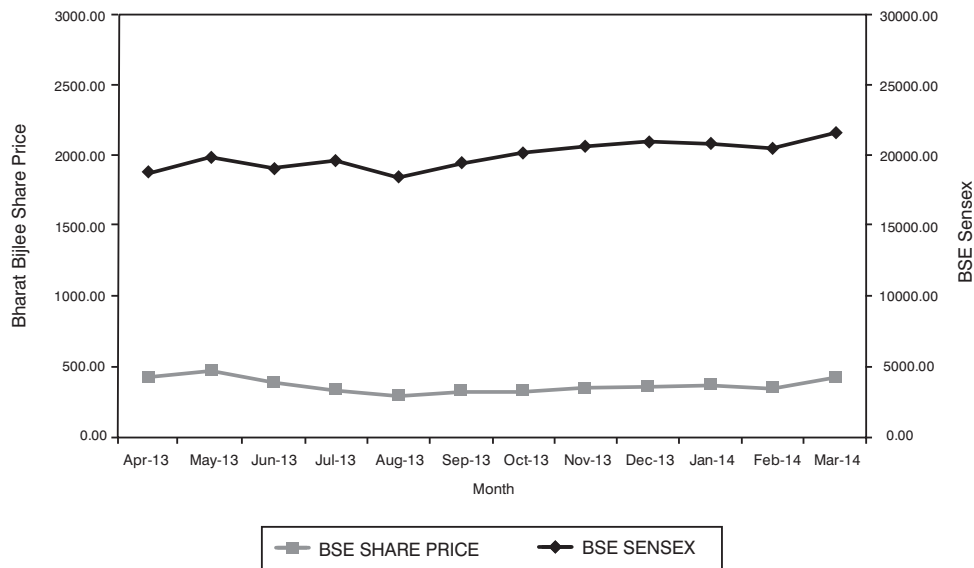
**iv. Dividend Payment Date :** Not Applicable

**v. Listing of Equity Shares on Stock Exchanges :**

<b>Name of Stock Exchange</b>	<b>Stock Code</b>
Bombay Stock Exchange Limited (BSE)	503960
National Stock exchange of India Limited (NSE)	BBL
The listing fees for the financial year 2014-15 has been paid to both BSE & NSE.	
Demat international security Identification No. in NSDL & CDSL :	INE 464A01028

**vi. Stock Price data at the Stock Exchanges :**

Month	BSE	BSE	NSE	NSE
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2013	466.95	413.05	460.00	410.50
May, 2013	531.65	423.20	534.15	426.05
June, 2013	452.80	331.45	461.15	356.00
July, 2013	384.95	290.00	380.20	290.85
August, 2013	343.60	259.00	342.00	258.00
September, 2013	362.75	288.50	365.90	278.00
October, 2013	358.70	302.10	358.90	302.15
November, 2013	378.00	313.05	377.70	315.00
December, 2013	384.00	331.10	385.50	330.10
January, 2014	398.00	342.00	396.80	345.00
February, 2014	375.00	324.40	364.05	325.10
March, 2014	499.80	343.65	502.30	343.75

**BHARAT BIJLEE LIMITED (RATE 2013 - 2014)**

**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 31-03-2014**

S.No.	No. of Equity Shares held	No. of shareholders	No. of shares	% of shareholders	% of shareholding
1.	1-500	21315	1214536	96.63	21.49
2.	501-1000	411	308824	1.86	5.46
3.	1001-2000	174	253577	0.79	4.49
4.	2001-3000	72	182300	0.33	3.23
5.	3001-4000	17	60363	0.08	1.07
6.	4001-5000	12	54931	0.05	0.97
7.	5001-10000	17	126805	0.08	2.24
8.	10001- above	40	3450224	0.18	61.05
<b>Total</b>			<b>56,51,560</b>	<b>100.00</b>	<b>100.00</b>

**Share Holding Pattern as on 31-03-2014**

S.No.	Category	No. of shares	% to total shareholding
1.	Promoters & Promoter Group	20,21,234	35.76
2.	Financial Institutions/Banks	8,83,783	15.64
3.	Mutual Funds/ UTI	2,08,889	3.70
4.	FIs	16,840	0.30
5.	NRIs/OCBs	1,87,281	3.31
6.	Corporate Bodies	2,73,579	4.84
7.	Indian Public	20,59,954	36.45
<b>Total</b>		<b>56,51,560</b>	<b>100.00</b>

**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 31<sup>st</sup> March, 2014, 97.87% 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, 6<sup>th</sup> Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025, Telephone No. 24306237, Fax No. 24370624. Shareholders may correspond on all matters relating to shares at the addresses mentioned below:

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

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**CEO CFO CERTIFICATION 2014**

We, the Vice Chairman & Managing Director, Mr. Nikhil J. Danani and the Vice President Finance & Corporate Strategy, Mr. S. M. Tilak, hereby certify in terms of Clause no. 49(IX) of the Listing Agreement with Stock Exchanges that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material act or contain statements that might be misleading.
  - these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
- Significant changes in internal control over financial reporting during the year.
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
  - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Nikhil J. Danani  
Vice Chairman & Managing Director

S. M. Tilak  
Vice President  
Finance & Corporate Strategy

Date: 20th May, 2014  
Place : Mumbai

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**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 31<sup>st</sup> March, 2014.

**For Bharat Bijlee Limited**

Place : Mumbai

Date : 25<sup>th</sup> July, 2014

**Nikhil J.Danani**

Vice Chairman & Managing Director

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**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 31<sup>st</sup> March, 2014, 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**

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The Indian economy continued to pass through a phase of subdued economic activity during the past year. A weak investment climate, in an already sluggish economy beset by high inflation, adversely impacted the capital expenditure cycle. This further aggravated the demand for your Company's products.

Macro-economic concerns related to both demand and supply side factors need to be urgently addressed and we believe that early signs of a concerted effort in that direction are visible. The Reserve Bank of India has been aggressively targeting the demand side and currency volatility issues with a clearly stated monetary policy. As the new Central Government takes charge, we expect the supply side factors to be actively addressed as well. Focus on infrastructure and capital formation would be the key first steps.

While it is early to predict the business outlook in the immediate future, we believe that the coming year will be better than the year under review. This is partly due to our belief that it is almost inevitable for the country to push reforms and take steps for economic growth. As soon as the core industries begin to grow, your Company's key businesses of Power and Industrial Systems should begin to look up.

Till such time that we see credible and sustained revival on the ground, we will continue to focus aggressively on costs and, more importantly, to build capabilities that will help us leverage the opportunities that will come in 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 the Transmission and Distribution network investments. Since this is predominantly a State subject, business outlook is different across various States of India. While a few States have revised tariffs upwards, investment levels have not surged. To add to this, there is also a lot of equipment capacity that has been built in anticipation of these investments. Consequently, competition is likely to remain intense and margins will continue to be under pressure for most of the coming year. To offset some of these risks, we have actively diversified our customer base to reduce our dependence on State level power sector investments.

The Projects business continues to see a good flow of

enquiries. However, given the uncertain economic environment, we have consciously adopted a more conservative approach to building our order book. So far this seems to have worked well, and our focus on execution quality has helped us build a strong reputation with our customers.

**Industrial Systems:**

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

The Industrial Motors business continues to experience lower demand resulting in higher competitive intensity and lower margins. However, this is a segment that can quickly see a reversal if the macro-economic environment were to shift for the better. In the meanwhile, we continue to concentrate on market reach, customer focus and strengthening the supply chain. Your Company has also built its presence in the Medium Voltage motor space with the first export order being delivered during the year. This is an important milestone for the acceptance of our products and we continue to focus on expanding our product portfolio.

The Drives business caters to highly engineered application segments. Our new facility that manufactures a range of AC drives has helped us reduce costs, address a wider customer base and 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.

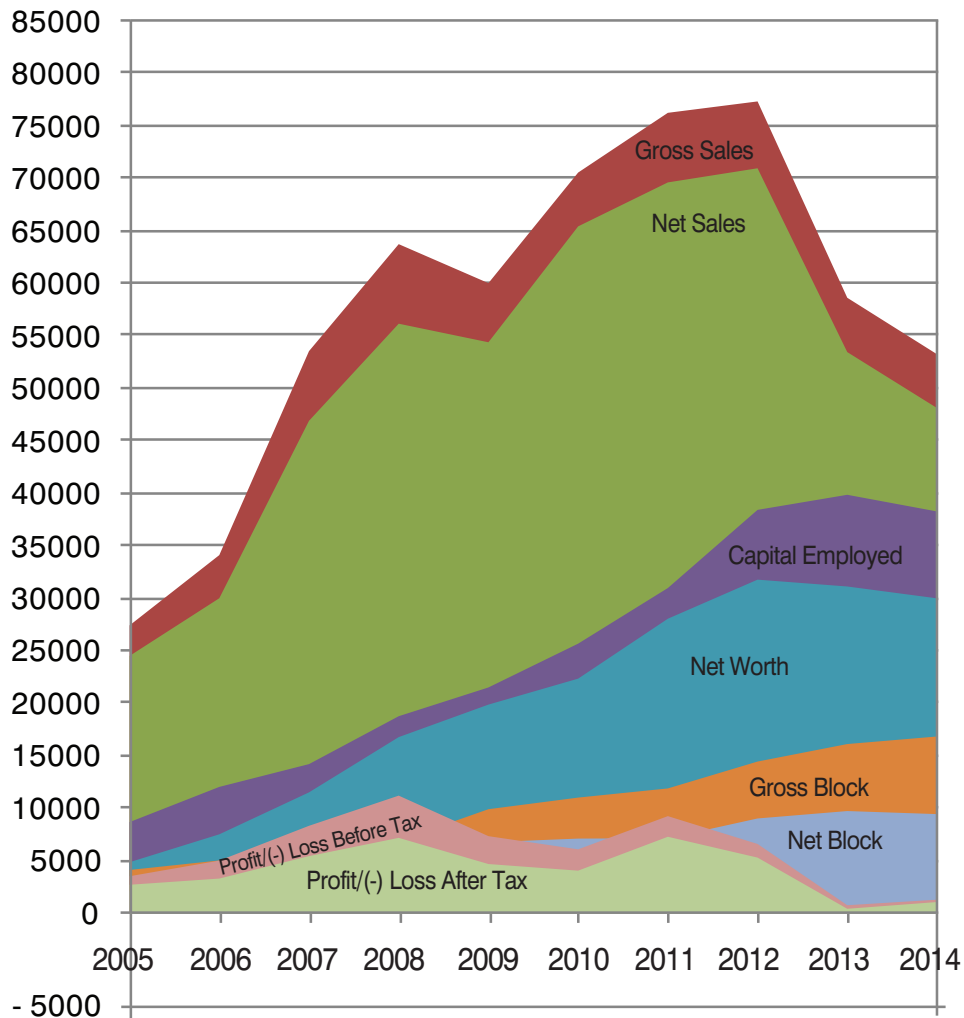
To promote our efforts to manage and protect critical business knowledge, the internal PRO+Active team that maps and improves internal processes is being complemented through Knowledge Management initiatives.

#### **RISKS AND CONCERNS**

A lot of expectations on the macro-economic front are really the cornerstone of business outlook in the coming year. While the RBI has a clear inflation containment policy, the steps taken by the new Central Government will really provide the necessary impetus for growth revival. We hope that these measures are rolled out at the earliest in order to put the economy on a long, sustained growth path.

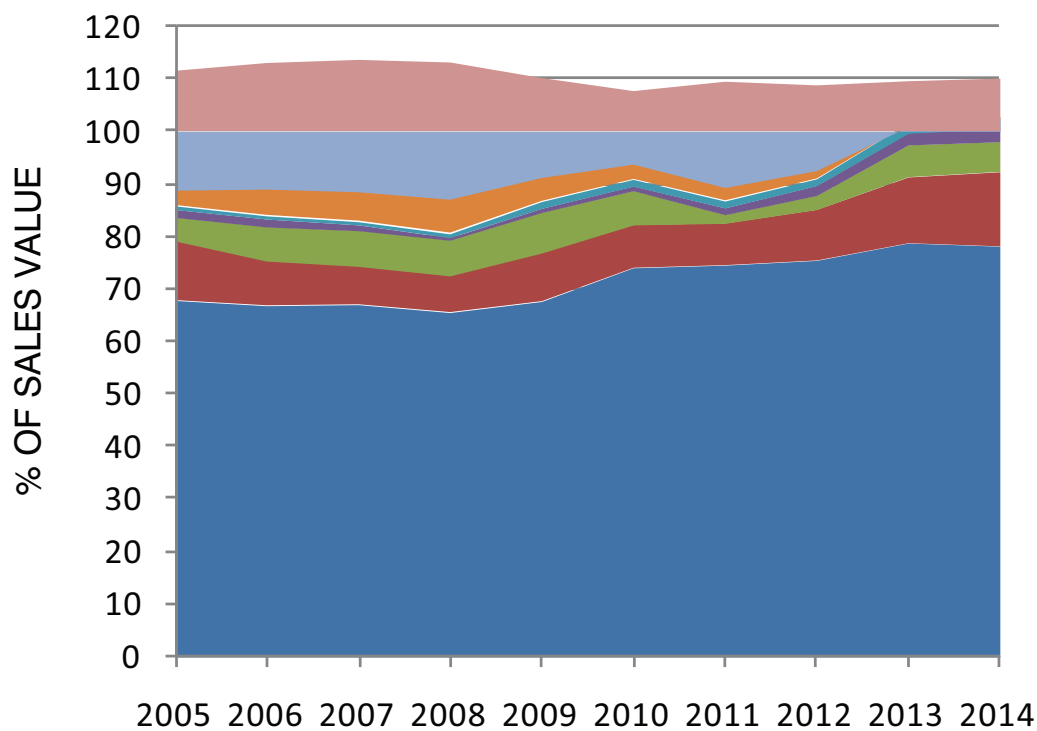
#### **FUTURE OUTLOOK**

Business environment is not expected to change overnight. However, the structural growth measures expected to be rolled out by the new Government give us hope that the worst is behind us.

**BUSINESS TRENDS**


Particulars	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Sales	27479	34173	53601	63790	60077	70609	76299	77385	58683	53306
Net Sales	24584	30078	46986	56240	54470	65514	69704	71051	53534	48205
Cptl. Empld	8718	12061	14226	18776	21507	25668	30951	38375	39807	38224
Net Worth	4928	7585	11584	16850	19950	22424	28135	31860	31208	30078
Gross Block	4171	5075	5607	6940	9941	11043	11913	14465	16127	16845
Net Block	2135	2938	3383	4403	6752	7094	7124	8989	9688	9400
Profit/(-) Loss Before Tax	3557	5030	8320	11169	7342	6096	9233	6603	(-819)	(-1342)
Profit/(-) Loss After Tax	2777	3368	5508	7249	4753	4122	7353	5367	(-487)	(-1130)

**COST TRENDS**



■ Excise Duty     ■ Profit/(-) Loss     ■ Taxation     ■ Depreciation  
■ Interest     ■ Other Exp. \$     ■ Personnel #     ■ Materials

Particulars	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Excise Duty	11.6	13.1	13.7	13.2	10.2	7.7	9.5	8.8	9.6	10.1
Profit/(-) Loss	11.1	10.9	11.4	12.8	8.7	6.2	10.6	7.4	-0.9	-2.2
Taxation	3.1	5.2	5.8	6.7	4.7	3.0	2.7	1.7	-0.6	-0.4
Depreciation	0.7	0.6	0.6	0.7	1.3	1.3	1.3	1.3	2.0	2.2
Interest	1.5	1.5	1.1	0.5	0.8	0.9	1.3	1.9	2.3	2.6
Other Exp. \$	4.5	6.5	6.8	6.8	7.7	6.5	1.7	2.7	6.0	5.6
Personnel #	11.4	8.6	7.4	7.1	9.3	8.2	8.0	9.7	12.6	14.2
Materials	67.7	66.7	66.9	65.4	67.5	73.9	74.4	75.3	78.6	78.0

\$ 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 2014	March 2013	March 2012	March 2011	March 2010	March 2009	March 2008	March 2007	March 2006	March 2005
<b>SALES &amp; EARNINGS</b>										
Sales	<b>53305.60</b>	58682.72	77384.76	76299.48	70608.64	60077.08	63789.81	53600.79	34173.42	27479.12
Profit/(-) Loss Before Taxes	<b>(-1342.12)</b>	(-819.33)	6602.51	9232.85	6095.96	7341.95	11168.72	8320.2	5029.64	3556.9
Profit/(-) Loss After Taxes Net of Adjustments	<b>(-1197.92)</b>	(-489.50)	5367.23	7352.53	4122.35	4752.79	7249.18	5508.05	3367.98	2776.54
Dividends	-	141.29	1412.89	1412.89	1412.89	1412.89	1695.47	1412.89	762.96	508.64
Earnings Per Shares (Rs.)	<b>*(-19.98)</b>	*(-8.61)	*94.97	*130.10	*72.94	*84.10	*128.27	*97.46	*59.59	491.29
Equity Dividend Rate (Rs. Per Share)	-	*2.50	*25.00	*25.00	*25.00	*25.00	*30.00	*25.00	*13.50	90
Net Worth Per Share (Rs.)	<b>*532.21</b>	*552.20	*563.74	*497.82	*396.78	*352.99	*298.14	*204.97	*134.21	871.99
Debt Equity Ratios +	<b>0.04:1</b>	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

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

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

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## **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, 2014, 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 notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 and other applicable authoritative pronouncements 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- (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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 28, 2014

Membership Number 037942

### **Annexure to Independent Auditors' Report**

**Referred to in paragraph 7 of the Independent 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, 2014**

- 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. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. 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, to companies / firms / 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 3 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 aggregated to 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 regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty 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, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the 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.)	206.58	1999-2004 and 2007-2012	Commissioner Appeals - Sales Tax
Customs Act	Custom Duty	180.83	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 incurred cash losses in the financial year ended on that date but not in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation 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. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

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- 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, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

S Venkatesh  
Partner  
Membership Number 037942

Mumbai  
May 28, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

	Note	As at 31st March 2014	As at 31st March 2013
<b>EQUITY AND LIABILITIES :</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share Capital	3	565.16	565.16
Reserves and Surplus	4	<u>29513.27</u>	<u>30642.66</u>
		<b>30078.43</b>	31207.82
<b>NON-CURRENT LIABILITIES:</b>			
Long-term borrowings	5	1124.05	1527.10
Deferred Tax Liability (Net)	6	-	144.20
Other Long-term liabilities	7	98.93	104.40
Long-term provisions	8	<u>165.99</u>	<u>273.02</u>
		<b>1388.97</b>	2048.72
<b>CURRENT LIABILITIES :</b>			
Short-term borrowings	9	5984.76	6504.73
Trade payables	10	14478.11	13893.59
Other current liabilities	11	4801.13	3818.92
Short-term provisions	12	<u>870.96</u>	<u>1441.98</u>
		<b>26134.96</b>	25659.22
<b>Total</b>		<b><u>57602.36</u></b>	<b><u>58915.76</u></b>
<b>ASSETS :</b>			
<b>NON-CURRENT ASSETS :</b>			
Fixed Assets	13		
Tangible assets		9335.76	9511.46
Intangible assets		<u>64.70</u>	<u>176.63</u>
		<b>9400.46</b>	9688.09
Capital Work-in-Progress		65.65	249.06
Non-current investments	14	402.33	402.33
Long term loans and advances	15	2435.65	5598.57
Other non-current assets	16	-	81.89
		<b>12304.09</b>	16019.94
<b>CURRENT ASSETS :</b>			
Current investments	17	825.34	2001.09
Inventories	18	12170.47	9523.75
Trade receivables	19	15820.39	18845.39
Cash and bank balances	20	592.36	752.31
Short-term loans and advances	21	14589.49	10515.17
Other current assets	22	<u>1300.22</u>	<u>1258.11</u>
		<b>45298.27</b>	42895.82
<b>Total</b>		<b><u>57602.36</u></b>	<b><u>58915.76</u></b>
General Information	1		
Significant Accounting Policies	2		

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 } Vice Chairman &  
Managing Directors  
Nakul P. Mehta }

Shome N. Danani Executive Director

Mumbai, 28th May, 2014

Mumbai, 28th May, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Note	Year ended 31st March 2014	Year ended 31st March 2013
<b>REVENUE :</b>			
Gross Revenue From Operations	23	<b>53748.76</b>	59401.25
Less : Excise Duty		<b>5100.61</b>	5148.52
Net Revenue From Operations		<b>48648.15</b>	54252.73
<b>OTHER INCOME</b>	24	<b>1814.98</b>	1745.34
<b>TOTAL REVENUE</b>		<b>50463.13</b>	55998.07
<b>EXPENSES :</b>			
Cost of materials consumed	25	<b>37375.59</b>	40684.92
Purchases of stock in trade	26	<b>1936.51</b>	1361.35
Changes in inventories	27	<b>(2163.35)</b>	36.97
Employee benefits	28	<b>7155.96</b>	6729.49
Finance costs	29	<b>1309.55</b>	1242.06
Depreciation and amortisation expense	13	<b>1094.07</b>	1069.93
Other expenses	30	<b>5096.92</b>	5692.68
<b>TOTAL EXPENSES</b>		<b>51805.25</b>	56817.40
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(1342.12)</b>	(819.33)
<b>TAX EXPENSE</b>			
Current Tax		-	-
MAT (credit)/set-off		-	-
Deferred Tax Charge/(Credit)		<b>(144.20)</b>	(329.83)
		<b>(144.20)</b>	(329.83)
		<b>(1197.92)</b>	(489.50)
Short/(Excess) Provision for Tax for earlier years		<b>(68.53)</b>	(2.67)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(1129.39)</b>	(486.83)
Basic and diluted earning per share (in Rs.)	43		
[nominal value Rs.10 per share]		<b>(19.98)</b>	(8.61)

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,

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 } Vice Chairman &  
Managing Directors  
Nakul P. Mehta }

Shome N. Danani Executive Director

Mumbai, 28th May, 2014

Mumbai, 28th May, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	Year ended 31st March 2014	Year ended 31st March 2013
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Taxation	(1342.12)	(819.33)
Adjustments for :		
Depreciation and amortisation	1094.07	1069.93
Loss/(Profit) on sale of Fixed Assets (net)	(0.77)	15.38
Profit on redemption of current investments	(112.84)	(54.41)
Finance Cost	1309.55	1242.06
Interest Income	(1300.45)	(1411.79)
Dividend Income	(175.54)	(188.19)
Unrealised exchange (gain) / loss (net)	(3.29)	3.01
	<u>810.73</u>	<u>675.99</u>
Operating Profit / (Loss) Before Working Capital changes	(531.39)	(143.34)
Changes in Working Capital :		
Increase / (Decrease) in trade payable	582.07	(623.17)
Increase / (Decrease) in provisions	(512.75)	17.93
Increase / (Decrease) in other current liabilities	345.74	(1032.52)
Increase / (Decrease) in other long-term liabilities	(5.47)	8.62
(Increase) / Decrease in trade receivables	3030.74	2536.49
(Increase) / Decrease in inventories	(2646.72)	292.94
(Increase) / Decrease in loans and advances	8.79	(282.47)
(Increase) / Decrease in other current assets	325.43	132.73
(Increase) / Decrease in other non-current assets	81.89	41.50
	<u>1209.72</u>	<u>1092.05</u>
Cash generated from Operations	678.33	948.71
Direct Taxes paid	(170.09)	(213.84)
Net Cash inflow/(outflow) from Operating Activities	(A) <u>508.24</u>	734.87
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(466.01)	(1484.65)
Proceeds from Sale of Fixed Assets	9.71	10.79
Proceeds from Sale/(Purchase) of Current Investments (net)	1288.59	(1396.35)
Inter Corporate Deposits (given) / redeemed (net)	(847.53)	315.73
Interest received	932.91	1141.32
Dividend received	175.54	188.19
Net Cash inflow/(outflow) from Investing Activities	(B) <u>1093.21</u>	(1224.97)
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) of Fixed Deposits (Net)	208.49	(449.64)
Proceeds/(Repayment) of Short Term Loans from Banks (net)	(519.97)	2866.27
Interest paid	(1278.80)	(1250.82)
(Increase)/Decrease in other bank balance	103.13	(119.26)
Dividend paid including Dividend Distribution Tax	(171.12)	(1637.90)
Net Cash inflow/(outflow) from Financing Activities	(C) <u>(1658.27)</u>	(591.35)
	(A+B+C) <u>(56.82)</u>	<u>(1081.45)</u>
Net decrease in Cash and Cash equivalents	(56.82)	(1081.45)
Cash and Cash equivalents at the beginning of the year	505.35	1586.80
Cash and Cash equivalents at the end of the year (Refer Note No. 20)	448.53	505.35

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 }  
Vice Chairman &  
Managing Directors

Shome N. Danani Executive Director

Mumbai, 28th May, 2014

Mumbai, 28th May, 2014

**NOTES TO THE FINANCIAL STATEMENTS**

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**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. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(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 Trade 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

**NOTES TO THE FINANCIAL STATEMENTS**

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**Notes (Contd.)**

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.

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) Forward Exchange Contracts : The premium or discount arising at the inception of Forward Exchange Contracts entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Deivatives' issued in March 2008.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**Notes (Contd.)**

- 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.

Current Tax Assets and Current Tax Liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred Tax Assets and Deferred Tax Liability are offset when they relate to the same governing taxation laws.

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.
- 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 and Contingent Liabilities:**

**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.

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
<b>3 Share Capital</b>		
<b>Authorised:</b>		
2,00,000 (Previous Year- 2,00,000) 12% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 100 each	<b>200.00</b>	200.00
80,00,000 (Previous Year- 80,00,000) Equity Shares of Rs.10 each	<b>800.00</b>	800.00
	<b>1000.00</b>	1000.00
<b>Issued and Subscribed and fully paid up shares</b>		
56,51,560 (Previous Year- 56,51,560) Equity Shares of Rs. 10 each	<b>565.16</b>	565.16
 <b>(a) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>		
	<b>No of Shares (% of holding)</b>	<b>No of Shares (% of holding)</b>
1 Life Insurance Corporation of India	<b>507815 (8.99)</b>	507815 (8.99)
2 Danmet Chemicals Pvt. Ltd.	<b>459777 (8.14)</b>	459777 (8.14)
3 Gayatri Education Medical & Research Foundation Pvt. Ltd.	<b>450165 (7.97)</b>	450165 (7.97)
 <b>(b) Rights, preferences and restrictions attached to shares</b>		
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.		
 <b>4 Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as at the beginning of the year	<b>24471.37</b>	24471.37
Balance as at the end of the year	<b>24471.37</b>	24471.37
<b>Surplus in the statement of Profit and Loss</b>		
Balance as at the beginning of the year	<b>6171.29</b>	6823.42
Add: Profit / (Loss) for the year	<b>(1129.39)</b>	(486.83)
	<b>5041.90</b>	6336.59
Less: Appropriations		
Proposed Dividend on Equity Shares @ Rs. Nil per equity share (Previous year Rs. 2.50 per equity share)	-	141.29
Tax on proposed Equity Dividend	-	24.01
Balance as at the end of the year	<b>5041.90</b>	6171.29
	<b>29513.27</b>	30642.66

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	As at 31st March 2014	As at 31st March 2013
<b>5 Long-term Borrowings</b>		
<b>Unsecured:</b>		
Fixed Deposits		
- From Related Party	32.50	32.50
- From Public	1091.55	1494.60
	<u>1124.05</u>	<u>1527.10</u>
Fixed Deposits are for the period one to three years and carry an interest rate of 9.00% p.a. to 10.00% p.a.		
<b>6 Deferred Tax Liability (Net)</b>		
Deferred Tax Liability		
Depreciation	1179.58	1173.16
Deferred Tax Asset		
Provision for doubtful debt	239.01	201.80
U/s 43B of the Income Tax Act, 1961	227.91	289.49
Provision for Contracts	81.39	189.93
Unabsorbed Depreciation	631.27	347.74
	<u>1179.58</u>	<u>1028.96</u>
	<u>-</u>	<u>144.20</u>
Deferred Tax Assets and Deferred Tax Liability have been offset as they relate to the same governing taxation laws.		
<b>7 Other Long-term Liabilities</b>		
Deposits from Vendors, Dealers	98.93	104.40
	<u>98.93</u>	<u>104.40</u>
<b>8 Long-term Provisions</b>		
<b>Employee benefits :</b>		
Provision for Gratuity (Refer Note No 39)	165.99	273.02
	<u>165.99</u>	<u>273.02</u>
<b>9 Short-term Borrowings</b>		
<b>Secured :</b>		
Working Capital Demand Loans from Banks	4084.76	6504.73
	<u>4084.76</u>	<u>6504.73</u>
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.		
<b>Unsecured :</b>		
Short Term Loans from Banks	1900.00	-
The above loan is repayable after 90 days carrying interest @ 10.50% p.a.	1900.00	-
	<u>5984.76</u>	<u>6504.73</u>

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	As at 31st March 2014	As at 31st March 2013
<b>10 Trade Payables</b>		
Acceptances	5207.19	5405.14
Due to Micro and Small Enterprises	-	-
Due to creditors other than Micro and Small Enterprises	9270.92	8488.45
	<u>14478.11</u>	<u>13893.59</u>
(a) Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006		
There are no Micro and Small Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31st March, 2014. 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.		
(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	—	—
<b>11 Other Current Liabilities</b>		
Current maturities of long term fixed deposits referred to in Note 5	1036.85	422.71
Interest accrued but not due on borrowings	123.73	92.98
Unclaimed dividends *	58.11	63.93
Unclaimed matured deposits and interest accrued thereon *	14.20	16.80
Other payables		
Advances from Customers	1078.34	1283.45
Employee Benefits	968.95	554.12
Project Amount due to customers (Refer Note No 38)	9.98	68.23
Statutory dues	741.96	705.03
Others	769.01	611.67
	<u>4801.13</u>	<u>3818.92</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, 1956 .		
<b>12 Short-term Provisions</b>		
Employee benefits :		
Provision for Leave Entitlement	462.93	501.45
Others		
Provision for warranty costs (Refer Note No 44)	187.64	216.46
Provision for contracts	220.39	558.77
Provision for proposed equity dividend	-	141.29
Provision for tax on proposed equity dividend	-	24.01
	<u>870.96</u>	<u>1441.98</u>

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**
**13 Fixed Assets**

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As At 01.04.2013	Additions	Deductions	As At 31.03.2014	As At 01.04.2013	For the year	On Deductions	As At 31.03.2014	As At 31.03.2014	As At 31.03.2013
<b>TANGIBLE ASSETS</b>										
Leasehold Land	12.95	-	-	12.95	7.16	0.13	-	7.29	5.66	5.79
Buildings Incl. Roads+	3652.39	140.46	-	3792.85	706.52	115.09	-	821.61	2971.24	2945.87
Plant and Machinery	10286.91	595.00	75.43	10806.48	4110.33	753.14	68.22	4795.25	6011.23	6176.58
Furniture and Fixtures	345.75	4.28	4.90	345.13	142.34	22.71	4.74	160.31	184.82	203.41
Office Equipment	350.49	13.37	17.67	346.19	182.67	25.39	16.10	191.96	154.23	167.82
Motor Vehicles	46.46	-	-	46.46	34.47	3.41	-	37.88	8.58	11.99
<b>SUB TOTAL</b>	<b>14694.95</b>	<b>753.11</b>	<b>98.00</b>	<b>15350.06</b>	<b>5183.49</b>	<b>919.87</b>	<b>89.06</b>	<b>6014.30</b>	<b>9335.76</b>	<b>9511.46</b>
Previous Year's Total	13092.21	1735.74	133.00	14694.95	4401.88	888.44	106.83	5183.49	9511.46	
<b>INTANGIBLE ASSETS</b>										
Application Software	1360.35	62.27	-	1422.62	1183.72	174.20	-	1357.92	64.70	176.63
Technical Knowhow	71.89	-	-	71.89	71.89	-	-	71.89	-	-
<b>SUB TOTAL</b>	<b>1432.24</b>	<b>62.27</b>	<b>-</b>	<b>1494.51</b>	<b>1255.61</b>	<b>174.20</b>	<b>-</b>	<b>1429.81</b>	<b>64.70</b>	<b>176.63</b>
Previous Year's Total	1372.39	59.85	-	1432.24	1074.12	181.49	-	1255.61	176.63	

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

As at  
**31st March 2014**      As at  
31st March 2013

**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.	<b>162.57</b>	162.57
5,14,900 Equity Shares of Rs. 2 each of HDFC Ltd.	<b>13.52</b>	13.52
15,821 Equity Shares of Rs. 10 each of ICICI Bank Ltd.	<b>6.16</b>	6.16
3,33,333 Equity Shares of Rs. 10 each of Hindustan Oil Exploration Co. Ltd.	<b>216.50</b>	216.50
2,500 Equity Shares of Rs. 2 each of HDFC Bank Ltd.	<b>0.05</b>	0.05
5,400 Equity Shares of Rs. 10 each of Bank of India	<b>2.43</b>	2.43
	<b>401.23</b>	401.23

**Unquoted**

(All fully paid up)

1,000 Equity Shares of Rs.10 each of Saraswat Co-operative Bank Ltd.	<b>0.10</b>	0.10
10,000 Equity Shares of Rs.10 each of NKGSB Co-operative Bank Ltd.	<b>1.00</b>	1.00
	<b>1.10</b>	1.10
	<b>402.33</b>	402.33

Aggregate Amount of Investments

Quoted :

Book value	<b>401.23</b>	401.23
Market value	<b>21459.61</b>	16363.18

Unquoted :

Book value	<b>1.10</b>	1.10
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**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	<b>As at 31st March 2014</b>	As at 31st March 2013
<b>15 Long term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Capital Advances	<b>15.31</b>	181.27
Security Deposits	<b>220.97</b>	252.13
(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	<b>17.17</b>	27.75
Advances to Vendors	<b>45.04</b>	29.41
Sales Tax and Excise Refund Receivable including TDS on WCT	<b>1316.02</b>	997.80
Advance payments of tax and tax deducted at source (net of provision Rs 1347.91 Lakhs, Previous Year Rs 7400.86 Lakhs)	<b>642.71</b>	504.19
MAT Entitlement	<b>118.43</b>	118.43
Other Deposits	<b>60.00</b>	60.00
	<b>2435.65</b>	<b>5598.57</b>
<b>16 Other Non-current Assets</b>		
Long Term Trade Receivables		
Unsecured, considered doubtful	<b>703.16</b>	593.70
Less : Provision for doubtful receivable	<b>703.16</b>	593.70
	-	-
Interest Receivable	-	81.89
	-	81.89
<b>17 Current Investments</b>		
<b>Valued at the lower of cost and fair value</b>		
<b>Quoted :</b>		
Units in Mutual Funds		
- (Previous year 706256) of Birla Sun Life Income Plus - Growth- Regular Plan (NAV - Rs. Nil, Previous Year - Rs. 375.71 Lakhs)	-	375.00
- (Previous year 3401939) of ICICI Prudential Ultra Short Term - Regular Plan - Growth (NAV - Rs. Nil , Previous Year - Rs. 402.85 Lakhs)	-	400.00
- (Previous year 1012527) of ICICI Prudential Income - Regular Plan- Growth (NAV - Rs. Nil, Previous Year - Rs. 375.74 Lakhs)	-	375.00
- (Previous year 19956) of UTI Liquid Cash Plan - Institutional - Growth (NAV - Rs. Nil, Previous Year - Rs. 383.81 Lakhs)	-	351.09
- (Previous year 3555652) of IDFC Dynamic Bond Fund - Growth - Regular Plan (NAV - Rs. Nil, Previous Year - Rs. 500.49 Lakhs)	-	500.00

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	<b>As at 31st March 2014</b>	As at 31st March 2013
<b>Current portion of Non-current Investments</b>		
4,150,000 (Previous year Nil) of HDFC FMP Series 29 - 369 Days March-2014 (1) -Regular-Growth (NAV- Rs. 419.30 Lakhs, Previous Year - Rs. Nil)	<b>415.00</b>	-
4,103,418 (Previous year Nil) of ICICI Prudential - FMP Series 68 - 369 Days Plan K Regular Plan Cumulative (NAV- Rs. 437.84 Lakhs, Previous Year - Rs. Nil)	<b>410.34</b>	-
	<u><b>825.34</b></u>	<u>2001.09</u>
Aggregate Amount of Investments		
Quoted :		
Book value	<b>825.34</b>	2001.09
Market value	<b>857.14</b>	2038.60
<b>18 Inventories</b>		
Raw Materials and Components (In transit Rs. 433.70 Lakhs - Previous year Rs. 40.78 lakhs)	<b>3333.03</b>	2912.28
Work-in-Progress	<b>4512.89</b>	3215.38
Finished Goods	<b>3761.50</b>	2811.99
Stock in Trade	<b>476.76</b>	503.48
Stores Spare Parts and Fuel	<b>33.03</b>	30.06
Consumable Tools	<b>15.98</b>	16.25
Packing Materials	<b>37.28</b>	34.31
	<u><b>12170.47</b></u>	<u>9523.75</u>
<b>19 Trade Receivables</b>		
<b>Secured, considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	<b>9.15</b>	8.01
Others	<b>30.07</b>	29.85
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	<b>2048.80</b>	2128.76
Others	<b>13732.37</b>	16678.77
	<u><b>15820.39</b></u>	<u>18845.39</u>
<b>20 Cash and Bank Balances</b>		
Cash and Cash equivalents		
Cash on hand	<b>9.38</b>	5.79
Cheques on hand	<b>81.99</b>	252.70
Remittances in transit	<b>94.16</b>	114.78
Bank balances		
In Cash credit Accounts	<b>140.25</b>	90.19
In Current Accounts	<b>122.75</b>	41.89
	<u><b>448.53</b></u>	<u>505.35</u>

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	<b>As at 31st March 2014</b>	As at 31st March 2013
Other bank balances		
Earmarked balances with banks		
In Current Accounts (refer footnote a)	<b>78.83</b>	86.96
In Fixed Deposits (refer footnote b)	<b>65.00</b>	160.00
	<u><b>143.83</b></u>	<u>246.96</u>
	<u><b>592.36</b></u>	<u>752.31</u>

## Footnotes :

- 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	<b>13424.67</b>	9149.55
Employee Loans and Advances	<b>35.02</b>	34.16
Advances to Vendors	<b>238.47</b>	427.51
CENVAT Credit and Sales Tax Refund Receivable including TDS on WCT	<b>605.86</b>	619.18
Advance payments of tax and tax deducted at source (net of provision Rs. 2219.90 Lakhs, Previous Year Rs. Nil)	<b>199.91</b>	99.81
Others	<b>85.56</b>	184.96
	<u><b>14589.49</b></u>	<u>10515.17</u>

**22 Other Current Assets**

Export Incentive	<b>44.32</b>	79.22
Interest Receivable	<b>1059.46</b>	691.92
Gross Amounts Due from Customers of Construction Contracts (Refer Note No. 38)	<b>140.60</b>	469.98
Other Receivables	<b>55.84</b>	16.99
	<u><b>1300.22</b></u>	<u>1258.11</u>

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	<b>Year Ended 31st March 2014</b>	Year Ended 31st March 2013
<b>23 Gross Revenue From Operations</b>		
Sale of products		
Manufactured goods	<b>48894.51</b>	54077.15
Traded goods	<b>2274.07</b>	1588.97
	<b>51168.58</b>	55666.12
Sale of Services	<b>159.10</b>	195.28
Project Revenue	<b>1977.92</b>	2821.32
	<b>53305.60</b>	58682.72
Other Operating Revenue		
Scrap Sales	<b>443.16</b>	718.53
	<b>53748.76</b>	59401.25
Less: Excise Duty	<b>5100.61</b>	5148.52
	<b>48648.15</b>	54252.73
<b>Details of Sales</b>		
Manufactured goods		
Electric Motors	<b>23740.84</b>	24496.73
Transformers	<b>23077.87</b>	27615.37
Gearless Machines for Elevators	<b>1766.54</b>	1335.02
Drive Systems	<b>309.26</b>	630.03
	<b>48894.51</b>	54077.15
Traded goods		
Drives	<b>2073.17</b>	1368.80
Others	<b>200.90</b>	220.17
	<b>2274.07</b>	1588.97
	<b>51168.58</b>	55666.12
<b>24 Other Income</b>		
Interest	<b>1300.45</b>	1411.79
Dividend Income	<b>175.54</b>	188.19
Profit on redemption of Current Investments	<b>112.84</b>	54.41
Profit on sale of Fixed Assets	<b>8.10</b>	4.05
Net gain on foreign currency transaction and translation	<b>-</b>	14.75
Provision no longer required/Credit Balances appropriated	<b>64.05</b>	48.48
Miscellaneous Income (Includes Rs. 98 Lakhs towards encashment of Bank Guarantee)	<b>154.00</b>	23.67
	<b>1814.98</b>	1745.34

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	<b>Year Ended 31st March 2014</b>	Year Ended 31st March 2013
<b>25 Cost of Materials Consumed</b>		
Raw Materials and Components Consumed (Including Processing charges and Subcontracting charges)	<b>35743.53</b>	38274.90
Packing Materials Consumed	<b>921.14</b>	864.91
Project Materials Consumed	<b>710.92</b>	1545.11
	<b><u>37375.59</u></b>	<u>40684.92</u>
(a) Details of materials consumed :		
Laminations	<b>4233.70</b>	5296.49
Electrolytic Copper Wires, Strips	<b>10803.42</b>	11657.76
Stampings	<b>2395.03</b>	2206.95
Hardware and Components	<b>11728.58</b>	11241.14
Others	<b>6582.80</b>	7872.56
	<b><u>35743.53</u></b>	<u>38274.90</u>
	<b>Amount</b>	Amount
(b) Value of Imported and Indigenous materials consumed	(%)	(%)
Imported	<b>1483.40</b>	1532.11
	<b>(4%)</b>	(4%)
Indigenous	<b>34260.13</b>	36742.79
	<b>(96%)</b>	(96%)
	<b><u>35743.53</u></b>	<u>38274.90</u>
<b>26 Purchases of Stock in Trade</b>		
Purchases	<b>1936.51</b>	1361.35
	<b><u>1936.51</u></b>	<u>1361.35</u>
Details of purchases of stock in trade		
Drives	<b>1751.81</b>	1177.45
Others	<b>184.70</b>	183.90
	<b><u>1936.51</u></b>	<u>1361.35</u>
<b>27 Changes in Inventories</b>		
<b>Changes in inventories of Finished goods, Work-in-Progress and Stock in trade</b>		
Stock at the beginning of the year		
Work-in-Progress	<b>3215.38</b>	2401.94
Finished Goods	<b>2811.99</b>	3880.08
Stock in trade	<b>503.48</b>	451.43
	<b><u>6530.85</u></b>	<u>6733.45</u>
Stock at the end of the year		
Work-in-Progress	<b>4512.89</b>	3215.38
Finished Goods	<b>3761.50</b>	2811.99
Stock in trade	<b>476.76</b>	503.48
	<b><u>8751.15</u></b>	<u>6530.85</u>

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	Year Ended 31st March 2014	Year Ended 31st March 2013
<b>Variation in Excise duty on finished goods</b>		
Excise duty on closing stock	431.88	374.93
Less :Excise duty on opening stock	<u>374.93</u>	<u>540.56</u>
	<u>56.95</u>	<u>(165.63)</u>
	<u>(2163.35)</u>	<u>36.97</u>
<b>28 Employee Benefits</b>		
Salaries and Wages	5866.44	5596.03
Workmen and Staff Welfare Expenses	998.49	903.95
Contribution to and provision for Provident and Other Funds	<u>291.03</u>	<u>229.51</u>
	<u>7155.96</u>	<u>6729.49</u>
<b>29 Finance Costs</b>		
Interest expense	1141.69	1091.53
Discounting Charges	46.10	85.60
Net (gain) / loss on foreign currency transaction and translation adjusted to interest cost	<u>121.76</u>	<u>64.93</u>
	<u>1309.55</u>	<u>1242.06</u>
<b>30 Other Expenses</b>		
Power and Fuel	472.63	556.14
Stores, Spare Parts and Tools consumed	185.04	289.57
Fuel consumed (excluding for own power generation)	115.20	131.29
Repairs to Buildings	90.27	158.59
Repairs to Machinery	95.32	141.38
Other Repairs	34.19	35.04
Insurance	55.81	53.23
Rent	118.14	119.23
Rates and Taxes	221.57	152.52
Royalty and Technical Service Fee	21.63	14.84
Post and Telecommunication Charges	116.90	121.89
Travelling, Conveyance and Motor Vehicle Expenses	510.38	518.33
Freight and Forwarding Charges (net)	469.50	501.98
Discount and Allowances on Sales	115.40	151.99
Product Advertisement and Publicity	30.82	42.74
Printing and Stationery	81.52	93.50
Data Processing Charges	113.68	122.51
Professional Charges	422.02	408.63
Commission	452.98	694.09
Bank Charges	164.05	217.52
Miscellaneous	1076.47	955.60
Directors' Fees	4.70	6.60
Net loss on foreign currency transaction and translation	9.41	-

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	<b>Year Ended 31st March 2014</b>	Year Ended 31st March 2013
Loss on Fixed Assets sold, discarded, and scrapped	<b>7.33</b>	19.43
Provision for Doubtful Debts	<b>239.46</b>	336.02
Less: Provision for Doubtful debts no longer required	<u><b>130.00</b></u>	<u>152.99</u>
	<b>109.46</b>	183.03
Bad Debts/Sundry Debit Balances written off	<u><b>2.50</b></u>	<u>3.01</u>
	<u><b>5096.92</b></u>	<u>5692.68</u>
 (a) Value of Imported and Indigenous stores, spare parts and tools consumed :		
	<b>Amount</b>	Amount
	(%)	(%)
Imported	<b>3.38</b>	0.18
	<b>(2%)</b>	(-)
Indigenous	<b>181.66</b>	289.39
	<u><b>(98%)</b></u>	<u>(100%)</u>
	<u><b>185.04</b></u>	<u>289.57</u>
	<b>As at</b>	As at
	<b>31st March 2014</b>	31st March 2013
<b>31 Contingent Liabilities not provided for in respect of :</b>		
Disputed Sales Tax Demands	<b>225.33</b>	189.90
Disputed Excise Duty Demands	<b>423.60</b>	423.60
Disputed Custom Duty Demand	<b>126.12</b>	191.12
Disputed Income Tax Demands	<b>228.43</b>	162.03
It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
<b>32</b> Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>14.84</b>	474.10
<b>33 Professional Charges Include:</b>		
(a) To Auditors: (net of Service Tax)		
Audit Fees	<b>17.50</b>	17.50
Tax Audit Fee	<b>3.00</b>	1.20
Company Law	<b>0.50</b>	0.50
Others	<b>4.75</b>	5.50
Reimbursement of Out of Pocket Expenses	<u><b>0.50</b></u>	<u>0.60</u>
	<u><b>26.25</b></u>	<u>25.30</u>
(b) To Cost Auditors (net of Service Tax)	<b>0.72</b>	0.41

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	As at 31st March 2014	As at 31st March 2013
<b>34 Value of Imports on C.I.F. basis:</b>		
Raw Materials	2549.63	2442.75
Components and Spare parts	3.05	0.18
Capital Goods	6.74	90.84
<b>35 Expenditure in Foreign Currency:</b>		
Travelling	34.93	44.49
Royalty	21.63	14.84
Others	60.22	100.09
<b>36 Earnings in Foreign Exchange:</b>		
Direct Exports on F O B basis	1102.93	2314.55
<b>37 Deemed Exports:</b>	2536.20	6767.97

**38 Disclosure pursuant to Accounting Standard - 7 : Construction Contracts**

	As at 31st March, 2014	As at 31st March, 2013
a) Contract Revenue recognised for the year	1935.65	2756.46
b) For contracts in progress as at year end		
i) Aggregate amount of cost incurred and recognised profits (less recognised losses)	5876.09	7174.60
ii) Amount of advances received from customers	64.66	263.42
iii) Amount of retentions due from customers	318.44	635.67
c) Gross amount due from customers	140.60	469.98
d) Gross amount due to customers	9.98	68.23

	2013-2014	2012-2013
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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	131.95	128.43
(2) Contribution to Employees' Superannuation Fund	66.11	75.44

**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	2104.99	2074.58
(2) Interest Cost	173.66	171.15
(3) Current Service Cost	108.17	113.95
(4) Benefits paid	(217.32)	(178.12)
(5) Actuarial (Gain)/Loss on Defined Benefit Obligation	(65.10)	(76.57)
(6) Present Value of Defined Benefit Obligation at the end of the year	<u>2104.40</u>	<u>2104.99</u>

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

	2013-2014	2012-2013
<b>(II) Changes in the Fair Value of Plan Assets</b>		
(1) Fair Value of Plan Assets at the beginning of the year	1831.97	1727.20
(2) Expected Return on Plan Assets	169.46	164.09
(3) Contributions	200.00	100.00
(4) Benefits paid	(217.32)	(178.12)
(5) Actuarial Gain/(Loss) on Plan Assets	(45.70)	18.80
(6) Fair Value of Plan Assets at the end of the year	<u>1938.41</u>	<u>1831.97</u>
<b>(III) Amounts recognised in the Balance Sheet</b>		
(1) Present Value of Defined Benefit Obligation at the end of the year	2104.40	2104.99
(2) Fair Value of Plan Assets at the end of the year	(1938.41)	(1831.97)
(3) Liability to be recognised in the Balance Sheet	165.99	273.02
<b>(IV) Balance Sheet Reconciliation</b>		
(1) Net liability at the beginning of the year	273.02	347.38
(2) Expense recognised in the statement of profit and loss	92.97	25.64
(3) Contributions	(200.00)	(100.00)
(4) Net liability at the end of the year	<u>165.99</u>	<u>273.02</u>
<b>(V) Amounts recognised in the Statement of Profit and Loss</b>		
(1) Current Service Cost	108.17	113.95
(2) Interest Cost on obligation	173.66	171.15
(3) Expected Return on plan assets for the period	(169.46)	(164.09)
(4) Net Actuarial (Gain)/Loss	(19.40)	(95.37)
(5) Expense Recognised in the Statement of Profit and Loss	<u>92.97</u>	<u>25.64</u>
<b>(VI) Actual Return on Plan Assets</b>		
(1) Expected Return on plan assets for the period	169.46	164.09
(2) Actuarial Gain/(Loss) on Plan Assets	(45.70)	18.80
(3) Actual Return on Plan Assets	<u>123.76</u>	<u>182.89</u>
<b>(VII) Percentage of each category of Plan Assets to total Fair Value of Plan Assets</b>		
(1) Insurer managed fund	100%	100%
<b>(VIII) Actuarial Assumption</b>		
(1) Discount Rate	9.25%	8.25%
(2) Expected Rate of Return on Plan Assets	9.25%	9.50%
(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.		

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

- (IX) The amount for the current annual period and previous four annual periods of :

	31.03.14	For the annual period ended			
		31.03.13	31.03.12	31.03.11	31.03.10
i. Present Value of Defined Benefit Obligation	<b>2104.40</b>	2104.99	2074.58	1934.82	1468.64
ii. Fair Value of Plan Assets	<b>1938.41</b>	1831.97	1727.20	1524.85	1243.02
iii. (Surplus)/Deficit in the Plan	<b>165.99</b>	273.02	347.38	409.97	225.62
iv. Experience adjustment on Plan Liability (Gain) / Loss	<b>25.70</b>	(76.58)	(25.85)	350.15	39.86
v. Experience adjustment on Plan Assets Gain / (Loss)	<b>45.70</b>	18.80	11.30	1.18	16.48

**40 SEGMENT INFORMATION**
**BUSINESS SEGMENTS**

Particulars	Power Systems		Industrial Systems		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Segment Revenue						
External Revenue	<b>23222.73</b>	28697.67	<b>24982.26</b>	24836.53	<b>48204.99</b>	53534.20
Inter-segment Revenue	-	-	-	-	-	-
<b>Total Revenue</b>	<b>23222.73</b>	28697.67	<b>24982.26</b>	24836.53	<b>48204.99</b>	53534.20
<b>Segment Result</b>	<b>(214.82)</b>	(833.43)	<b>1186.13</b>	2420.39	<b>971.31</b>	1586.96
Unallocated Income/(Expense) (Net)					<b>(1003.88)</b>	(1164.23)
Finance Costs					<b>(1309.55)</b>	(1242.06)
Exceptional Items					-	-
Excess/(Short) provision for tax in respect of earlier years					<b>68.53</b>	2.67
Tax Expense (Debit)/Credit					<b>144.20</b>	329.83
Profit / (Loss) after Taxation					<b>(1129.39)</b>	(486.83)
<b>Other information :</b>						
Segment Assets	<b>22314.01</b>	25512.49	<b>16398.76</b>	14427.91	<b>38712.77</b>	39940.40
Unallocated Assets					<b>18889.59</b>	18975.36
<b>Total assets</b>					<b>57602.36</b>	58915.76
Segment Liabilities	<b>11653.56</b>	11987.04	<b>6944.35</b>	5907.46	<b>18597.91</b>	17894.50
Unallocated Liabilities					<b>8926.02</b>	9813.44
<b>Total liabilities</b>					<b>27523.93</b>	27707.94
<b>Capital Expenditure</b>						
Segment Capital Expenditure	<b>219.46</b>	514.78	<b>101.47</b>	870.22	<b>320.93</b>	1385.00
Unallocated Capital Expenditure					<b>145.08</b>	99.65
Total Capital Expenditure					<b>466.01</b>	1484.65
<b>Depreciation and Amortisation</b>						
Segment Depreciation and Amortisation	<b>719.49</b>	711.27	<b>231.00</b>	196.00	<b>950.49</b>	907.27
Unallocated Depreciation and Amortisation					<b>143.58</b>	162.66
Total Depreciation and Amortisation					<b>1094.07</b>	1069.93

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**

Particulars	Power Systems		Industrial Systems		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
<b>Significant Non Cash Expenditure</b>						
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.

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. Late Mr. Jaisingh R. Danani, a non-executive Director (father of Mr. Nikhil J. Danani & Grandfather of Mr. Shome N. 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 significance influence

- C1. Danmet Chemicals Pvt. Ltd.
- C2. Nasivan Investments Pvt. Ltd.

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

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**
**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	124.16	133.21	-	-									
	A2	124.15	132.75	-	-									
	A3 *	60.75	60.75	-	-									
Sitting Fee						B1	0.40	0.70	-	-				
Purchases											C1	176.13	170.92	(27.65) (39.73)
Deposits Taken	A2	-	-	(25.00)	(25.00)	B2	-	-	(1.00)	(1.00)	C2	-	-	(5.50) (5.50)
						B3	-	-	(1.00)	(1.00)				
Interest Paid	A2	2.50	2.50	-	-	B2	0.10	0.10	-	-		-	-	- -
						B3	0.10	0.10	-	-	C2	0.68	0.64	(0.68) (0.64)
Rent Received											C1	3.76	3.76	- -

\* In view of absence of profit for the year ended March 31, 2014 the remuneration payable to the Executive Director for the period January 28, 2014 to March 31, 2014 aggregating Rs. 10.69 Lakhs which has been approved by a special resolution by the shareholders through postal ballot is subject to the approval of Central Government for which an application has been made by the Company dated March 29, 2014. The above referred remuneration paid subsequent to the year end is being held in trust by the Executive Director.

a. No amount has been written off or written back during the year ended 31.03.2014.

b. CY = Current Year, PY = Previous Year

**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 2014	As at 31st March 2013
MLP due not later than one year	34.35	37.93
MLP due later than one year but not later than five years	-	34.35

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

		Year ended 31st March 2014	Year ended 31st March 2013
<b>Profit / (Loss) after Tax</b>	A	<b>(1,129.39)</b>	(486.83)
Weighted Average number of Equity Shares	B	<b>5,651,560</b>	5,651,560
Nominal Value Per Share (Rs.)	C	<b>10.00</b>	10.00
Basic and Diluted Earning per Share (Rs.)	A/B	<b>(19.98)</b>	(8.61)

**NOTES TO THE FINANCIAL STATEMENTS**
**Notes (Contd.)**
**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 01.04.2013	Provision made	Amount used during the year	Carrying amount as on 31.03.2014
Warranty	<b>216.46</b>	<b>270.52</b>	<b>299.34</b>	<b>187.64</b>
	(268.18)	(170.49)	(222.21)	(216.46)

Figures in the bracket are for the previous year.

**45 Foreign currency exposures not hedged at the end of the year**

Nature of Transaction	Currency	As at 31st March, 2014	As at 31st March, 2013
Trade Payable	EUR	<b>12015</b>	55490
	USD	<b>16792</b>	10308
Trade Receivable	EUR	<b>16952</b>	21547

**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

Mumbai, 28th May, 2014

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

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

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

Shome N. Danani Executive Director

Mumbai, 28th May, 2014





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