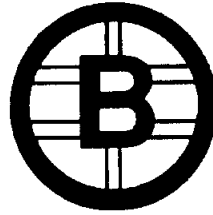


ECONOMIC RESEARCH INDIA LTD.
18, RAAJ MAHAL, 4th FLOOR,
84, VEER NARIMAN ROAD,
CHURCHGATE-400 020.



Bharat Bijlee Limited
55th ANNUAL REPORT
Year Ended March 2002

DIRECTORS

Mr. Banshi S. Mehta (Chairman)

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

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

Mr. Jaisingh R. Danani

Mr. Mukul Harkisondass

Mr. Prakash V. Mehta

Mr. Anand J. Danani

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

Mr. N. Balakrishnan

Mr. Sanjiv N. Shah
(Appointed as Additional Director w.e.f. June 27th, 2002)

Mr. Jairaj C. Thacker
(Appointed as Additional Director w.e.f. June 27th, 2002)

REGISTERED OFFICE

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

WORKS

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

AUDITORS

Messrs Datal & Shah
Messrs Rashmi Zaveri & Co.

SOLICITORS

Messrs Malvi Ranchoddas & Co.

BANKERS

Bank of India
The Hongkong & Shanghai Banking Corporation Limited
The United Western Bank Limited
Syndicate Bank
Indian Bank

Report  junction.com

REGIONAL OFFICES**Western Regional Offices**

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

Swastik Chambers, 5th Floor,
Junction of Sion Trombay Road and C.S.T. Road,
Chembur, Mumbai 400 071.

Northern Regional Office

Milap Niketan, 4th Floor,
8-A, Bahadur Shah Zafar Marg,
New Delhi 110 002.

Eastern Regional Office

Mansarowar, 2nd Floor,
3B, Camac Street,
Kolkata 700 016.

Southern Regional Office

Ramanashree Chambers,
37, Lady Curzon Road,
Bangalore 560 001.



NOTICE

Notice is hereby given that the 55th Annual General Meeting of Bharat Bijlee Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020 on Wednesday, 14th August, 2002 at 4.00 p.m. to transact the following business:

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukul Harkisondass who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. N. Balakrishnan who retires by rotation and is eligible for re-appointment.
4. To appoint M/s. Dalal & Shah, Chartered Accountants, as Statutory Auditors of the Company for the ensuing year and to authorise the Board of Directors and/or its Audit Committee to fix their remuneration. Pursuant to Section 224A(1) of the Companies Act, 1956 a special resolution will be proposed for their re-appointment.

SPECIAL BUSINESS

5. To appoint a Director in place of Mr. Sanjiv N. Shah who was appointed as Additional Director of the Company by the Board of Directors with effect from 27th June, 2002 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956.
6. To appoint a Director in place of Mr. Jairaj C. Thacker who was appointed as Additional Director of the Company by the Board of Directors with effect from 27th June, 2002 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956.
7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
 "RESOLVED that the accounts for the year ending 31st March, 2003 of the Company's branches at New Delhi, Kolkata, and Bangalore be audited otherwise than by the Company's Auditors and that for the audit of the accounts of these branches the Company hereby authorises the Board of Directors and/or its Audit Committee to appoint as Branch Auditor or Branch

Auditors in consultation with the Company's Auditors, a person or firm of persons qualifying for appointment as auditors of the Company under Section 226 of the Companies Act, 1956 and to fix the terms and conditions of appointment and remuneration of such Branch Auditors."

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

"RESOLVED that pursuant to the provisions of Section 314 and any other applicable provisions, if any, of the Companies Act, 1956 the Company hereby accords its consent to the employment in the Company with effect from 1st April, 2002 of Mr. Shome N. Danani, a relative of Mr. Nikhil J. Danani, Managing Director, Mr. Jaisingh R. Danani and Mr. Anand J. Danani, Directors of the Company on a consolidated salary of Rs.1400/- per month in the time scale of Rs.1400-150-2450-175-3025-200-4025-225-5150 together with allowances and facilities of special dearness allowance linked with cost of living index, house rent allowance, children's education allowance, conveyance allowance, reimbursement of medical and telephone expenses, LTA, provident fund, gratuity, loan facilities, hospitalisation scheme or benefits which are or which may be given to the other employees in his category from time to time with the authority of the Board of Directors to sanction in any year, apart from the normal increments, as per the aforesaid time scale one or more special increments or to withhold such increments within the aforesaid time scale as they may deem fit and proper."

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

"RESOLVED that pursuant to Section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

The following Article 10A be inserted along with Marginal note after Article 10 of the Articles of Association of the Company.

Buy Back 10A "Notwithstanding anything contained in these Articles but subject to the provisions of Section 77A and Section 77B of the Companies Act, 1956; the Company may purchase its own shares or other specified securities (hereinafter referred to as 'Buy-back') in accordance with the provision of Section 77A of the Companies Act, 1956 and the Rules/Regulations/guidelines made thereunder by the Central Government/SEBI or any other Statutory body(ies) in this behalf"

The following Article 96(A) be inserted along with the Marginal note after Article 96 of the Articles of Association of the Company.

**Passing of
Resolution by
Postal Ballot 96(A):**

Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or in any other manner as may be prescribed by the Central Government in this behalf, in respect of the following matters:

- i. Any business that can be transacted by the Company in a general meeting and
- ii. Any resolution relating to such business as the Central Government may by notification declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/or in any other manner as prescribed by the Central Government in this regard."

NOTES:

- (A) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. INSTRUMENTS APPOINTING PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (B) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 1st August, 2002 to Wednesday, 14th August, 2002 (both days inclusive).
- (C) The Explanatory Statement is annexed to this notice as regards items 2 to 9 of the business as required under section 173 and other applicable provisions of the Companies Act, 1956 and Clause No. 49 of the Listing Agreement with Stock Exchanges.
- (D) It is notified for the information of shareholders concerned that the unclaimed dividends on equity and preference shares for the year ended 31-3-1995 has been transferred by the Company to the General Revenue Account of the Central Government and the same can be claimed by such shareholders from the Registrar of Companies, Maharashtra, Everest, 100, Marine Drive, Mumbai 400 002

by submitting an application in the prescribed form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

As per the provision of Section 205A read with Section 205C of the Companies Act, 1956 a Company is required to transfer its dividends, debentures, bonds, redeemed preference shares, fixed deposits, interest on fixed deposits, interest on debentures etc. upto the financial year March 31, 1995 and onwards which remain unpaid or unclaimed for a period of 7 years to the Investor Education and Protection Fund set up by the Central Government. The Company has in compliance transferred all such unclaimed amounts upto the financial year 31st March, 1995 to the said fund. It may be noted that no claims will lie against the Company in respect of the said unclaimed amount(s) transferred to the said fund. Members who have not claimed the dividends declared for the Financial Year 31-3-1996 and onwards are requested to lodge their claim immediately with the Company's Registrar and Transfer Agents at the address mentioned in the Annual Report.

- (E) The Company has admitted its Equity Shares in the Depository System of National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and has offered investors the facility to hold shares in demat form and to carry out scripless trading of these shares.
- (F) The Registration and Transfer activity of shares held in physical and demat form continue to be carried out by our Registrars, M/s. Intime Spectrum Registry Ltd., 260A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080.

The Register of Members continue to be maintained at the Registered Office of the Company.
- (G) Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders may file nomination in respect of their shareholdings. Any shareholder willing to avail of this facility may submit to the Company the prescribed form 2B, if not already filed.
- (H) The Equity Shares of the Company are listed in the following stock exchanges:
 1. The Stock Exchange, Mumbai
Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
 2. The Delhi Stock Exchange Association Ltd.
3&4/4B, Asaf Ali Road,
New Delhi 110 002

The listing fees for the period 1.4.2002 to 31.3.2003 to the above Exchanges has been paid.

REQUEST TO THE MEMBERS

1. Members desiring any information on the Accounts are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring the copy of the Annual Report to the Meeting.
3. Members who hold shares in the dematerialised form are requested to bring their Depository Account Number for identification.

By Order of the Board

D.N. NAGARKAR

Company Secretary &
Deputy General Manager: Legal

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

Dated: 27th June, 2002

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item Nos. 2 & 3**

Mr. Mukul Harkisondass has been a Director on the Board of the Company since 29th August, 1972. He has vast knowledge and experience in various fields including Merchant Banking, Finance, Stock Markets, Regulatory Authorities and has been a Director on the Boards of various companies. At present he is a Director on the Board of:

1. M/s. Kalyanpur Cements Ltd.
2. M/s. Nemex Enterprises Pvt. Ltd. and
3. M/s. Harkisondass Financial Consultants Pvt. Ltd.

He is also the Chairman of the Audit Committee and Shareholder/Investors' Grievance Committee of the Company. The Company has benefited immensely by his expert advice over the years and has drawn strength from his experience and knowledge.

Mr. N. Balakrishnan (MA, LLB, DLL) has been a Director on the Board of the Company since 15th June, 1998 and is the representative of the Life Insurance Corporation of India, it being the single largest shareholder of the Company. Mr. Balakrishnan has held several important posts in LIC and was its Executive Director and Chief Vigilance Officer at the time of his retirement. The Company has benefited immensely from his

timely advice and vast experience. He is presently on the Board of:

1. M/s. Vijayeshwari Textiles Ltd.
2. M/s. Burany Consultancy & Trading (P) Ltd.
3. The Indian Hume Pipe Co. Ltd.

Item No. 4

M/s. Dalal & Shah and M/s. Rashmi Zaveri & Co. have been the joint auditors of the Company for several years. However, considering the size of your Company's operations and since Company also has its branches audited by Branch Auditors for consolidation, it is proposed to appoint a sole Auditor i.e. M/s. Dalal & Shah to audit the accounts of your Company for the Financial Year 2002-2003. Accordingly, the approval of the Members/Shareholders is sought pursuant to this resolution.

The Directors would like to place on record their appreciation for the services rendered by M/s. Rashmi Zaveri & Co. during their long association as joint auditors of the Company.

None of the Directors are interested in the resolution.

Item Nos. 5 and 6

Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker were appointed as Additional Directors by the Board of Directors with effect from 27th June, 2002. In terms of Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company both hold office as Directors only till the date of the forthcoming Annual General Meeting, but are eligible for re-appointment for the office of Director in the Company. Notices have been received from members under Section 257 of the Companies Act, 1956 signifying their intention to propose the candidatures of Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker for the office of Directors, liable to retire by rotation. The Board of Directors of the Company are confident that their vast knowledge and experience will be of great value to the Company and hence recommend the resolutions at No. 5 and 6 for approval of the members.

Mr. Shah holds a degree (B. A.) in Economics and Statistics from the University of Bombay, a degree (B. Sc.) in Economics from the London School of Economics, is a Chartered Accountant from England and Wales and a fellow member of the Institute of Chartered Accountants of India. He was a Partner of M/s. S. B. Billimoria & Company, a renowned firm of Chartered Accountants and specialises in Financial Services Industry.

Mr. Jairaj C. Thacker is a well known Industrialist and Educationist. He holds a degree in Commerce and is the Chairman and Managing Director of M/s. Golden Chemicals Pvt. Ltd., manufacturers of Chromium Chemicals having the largest Bichromate Plant in India. He is also the Managing Trustee of the prestigious Shri Narsee Monjee Educational Trust and Jamnabhai Narsee Public Charitable Trust, Executive and Governing Council Member of Dr. Balabhai Nanavati Hospital.

Vile Parle and Executive Committee Member of Vile Parle Kelavani Mandal.

Excepting Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker, who are interested in their respective resolutions, none of the Directors of the Company are concerned or interested in these Resolutions.

Item No. 7

It is obligatory on the part of the Company to have all its branches audited by the statutory auditors of the Company unless the Company in general meeting decides to have any branches audited by persons qualified to be appointed as auditors of the Company under Section 226 of the Companies Act, 1956. The Company has branches at Delhi, Kolkata, and Bangalore. The Chennai branch office has been closed w.e.f. April 1st, 2002 in view of the restructuring exercise conducted by the Company and its operations shifted to Bangalore. Hence the appointment of a branch auditor for Chennai branch is not being sought. The necessary authorisation of the members is sought, in accordance with the provision of Section 228(3) of the Companies Act, 1956, to enable the Board of Directors and/or its Audit Committee to appoint branch auditors in consultation with the Company's auditors, to audit the accounts of the aforesaid branches and to fix terms, conditions and remuneration, as the Board and/or its Audit Committee may deem fit.

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

Item No. 8

Mr. Shome N. Danani has been appointed in the Company as Assistant Manager: Motor w.e.f. 1st April, 2002. In terms of Section 314(1)(b) of the Companies Act, 1956, no relative of a Director can hold or continue to hold any office or place of profit in the Company which carries a total monthly compensation of not less than Rs. 10,000/- (Rupees ten thousand) per month except with the consent of the company by a Special Resolution. Accordingly the approval of the Members/Shareholders is sought pursuant to this Resolution.

Mr. Shome N. Danani, aged 24 years holds a degree in Industrial Engineering and Operations from the University of Michigan and is a relative of Mr. Nikhil J. Danani, Managing Director, Jaishingh R. Danani and Mr. Anand J. Danani, Directors of the Company. The monthly salary including perquisites and allowances paid to him is approximately Rs. 17,103/- per month, the detailed break up of which is available in the copy of the appointment letter issued to Mr. Shome N. Danani and kept for inspection of the members between 11.00 a.m. to 5.00 p.m. on any working day at the Registered Office of the Company. The Board of Directors of the Company state that the appointment of

Mr. Shome N. Danani would be in the interest of the Company. The Board has also reserved its authority to grant any special increments, apart from the normal yearly increments or withhold any increments including normal increments at its sole discretion.

None of the Directors, excepting Mr. Nikhil J. Danani, Mr. Jaishingh R. Danani and Mr. Anand J. Danani relatives of Mr. Shome N. Danani are directly or indirectly interested in the resolution.

Item No. 9

Sections 77A of the Companies Act, 1956 permits a company to purchase its own securities (hereinafter referred to as "Buy back"). The Articles of Association of your Company however do not contain any article permitting such "Buy Back" and hence, it is proposed that in order to enable the company to Buy Back its shares, in future, the Articles of Association of the Company be altered suitably.

The Board of Directors of your Company recommend this resolution.

Except to the extent of their shareholding none of the Directors are interested in the resolution.

In terms of Section 192A of the Companies Act, 1956 and The Companies (Passing of resolution by postal ballot) Rules 2001, a listed public company may, and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company.

The Articles of Association of your Company however do not contain any such article which permits the passing of resolution by postal ballot and hence are required to be suitably altered by inserting Article 96A so as to be in conformity with the provision of the Companies Act, 1956 and the rules framed thereunder.

None of the Directors are interested in the resolution.

By Order of the Board

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

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

Date: 27th June, 2002

REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors hereby present their 55th Annual Report together with Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

| | Year ended 31st March, 2002 Rupees in lakhs | Year ended 31st March, 2001 Rupees in lakhs |
|--|---|---|
| Sales | 13916.17 | 16580.86 |
| Other Income | 191.53 | 684.59 |
| | 14107.70 | 17265.45 |
| Profit/Loss (-) before interest & Financial Charges, | | |
| Depreciation and Tax | - 5.96 | 738.58 |
| Less: Interest & Financial Charges | 485.18 | 515.17 |
| Less: Depreciation | 146.23 | 150.36 |
| Profit/Loss (-) Before Tax Expense | - 637.37 | 73.05 |
| Less: Tax Expense for the year | - 173.12 | 10.00 |
| Profit/Loss (-) for the year | - 464.25 | 63.05 |
| Short(-)/Excess Provision of tax for earlier years | 0.32 | -0.33 |
| | - 463.93 | 62.72 |
| Add: Transfer from General Reserve | 463.93 | — |
| Add: Profit brought forward | 86.82 | 24.10 |
| Net Surplus available for Appropriation | 86.82 | 86.82 |
| APPROPRIATION: | | |
| Proposed Equity Dividend | — | — |
| Tax on proposed Equity Dividend | — | — |
| General Reserve | — | — |
| Profit Carried Forward | 86.82 | 86.82 |

DIVIDENDS

The Directors regret their inability to declare any dividend in the absence of profits during the year.

OPERATIONS

For the fourth successive year the economy and market conditions were dominated by demand gap, low price realisations, negative growth in the capital-goods industry, low levels of investment by government and industry, delays in project execution and the effective bankruptcy of several public utilities. The Company had to maintain its operations against this backdrop.

Sales and other income declined by Rs. 3157.75 lakhs (from Rs. 17265.45 lakhs to Rs. 14107.70 lakhs) over the previous year. The position of over-supply and intense competition took its toll on margins and volumes. Despite gaining substantial reduction in costs of material, personnel and other overheads, these two factors led to the loss situation.

Of this loss of Rs. 637.37 lakhs, Rs. 277.76 lakhs (previous year Rs. 45.38 lakhs) is related to a critical value judgement evaluation of receivables remaining unrealised out of sales of past years.

EXPANSION OF TRANSFORMER MANUFACTURING FACILITIES

The Transformer Industry, in which your Company is a significant player has in the recent past been plagued by negative growth, low margins and poor liquidity. Nonetheless, there are grounds for optimism about the future prospects of the industry and your Company, with its strong brand equity, is well placed to participate in the recovery. It is therefore an appropriate time to initiate — the first phase of the expansion plan which will expand our manufacturing range into transformers of higher ratings.

The Directors have thought it fit and necessary to invest in so upgrading the manufacturing facilities to augment the Company's market position and maximise returns due to operating leverage. The estimated cost of the expansion would be approximately Rs. 400 lakhs, of which banks have approved Term Loans of Rs. 300 lakhs net of margin money.

RESTRUCTURING MEASURES

The Company has initiated a number of steps and evolved plans to improve operational efficiency across the organisation. These include:

1. Improvement in Productivity of manufacturing and field operations.
2. Reduction of cost in every possible area.
3. Working capital management.
4. Voluntary Retirement Scheme.
5. Territorial repositioning in certain geographical markets.
6. Upgrading the manufacturing range of transformers.

Several of the measures have been already implemented, and are expected to yield substantial cost and cash flow advantages in the coming years.

FINANCE

Though the fund situation throughout the year remained tight, the Company ensured that there were no defaults whatsoever in meeting any obligations legal or otherwise, maintained a smooth flow of operations, and still reduced interest cost by Rs. 35 lakhs over the previous year.

As on 31st March 2002, the Company had Fixed Deposits aggregating to Rs. 566.21 lakhs. Out of Fixed Deposits which matured for payment prior to 31st March, 2002, 74 deposits aggregating to Rs. 9.33 lakhs were neither renewed nor claimed till 31st March, 2002. Of these 37 deposits aggregating to Rs. 5.45 lakhs have since been renewed or refunded on receipt of requests from the deposit holders. The balance of 37 deposits aggregating to Rs. 3.88 lakhs have been neither claimed nor renewed till date of this report, inspite of the Company's intimation to the deposit holders. There has been no default or delay in meeting any maturity payment obligations.

CORPORATE GOVERNANCE

Corporate governance is a management philosophy, and your company has, since its incorporation, sought to manage its business and conduct its corporate affairs transparently, ethically, with fairness and in a spirit of corporate citizenship, a detailed report on corporate governance is set out in Annexure A.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, 31st March, 2002 and of the profit or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

The last wage agreement with the Union expired in December 1999. Since negotiations have not commenced as yet, no provision has been made for any revision.

As stated in the last Annual Report, the Fabrication Shop of the Transformer Division at Kalwa has been closed.

The Management has been keeping the Union and its members informed about the state of affairs of the Company and environment, and the need for strict discipline, productivity improvement and cost control. The response from the Union and all employees has been commendable.

DIRECTORS

Mr. Mukul Harkisondass and Mr. N. Balakrishnan retire by rotation at the 55th Annual General Meeting of the Company to be held on 14th August, 2002 but are eligible for re-appointment.

Mr. Sanjiv N. Shah and Mr. Jairaj C. Thacker were appointed as Additional Directors of the Company by the Board of Directors w.e.f. 27th June, 2002. In terms of Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association both Directors hold office upto the date of the forthcoming Annual General Meeting, but are eligible for reappointment. Notices have been received in writing from Members proposing their candidature for the office of Director under the provision of Section 257 of the Companies Act, 1956.

Information on the Directors eligible for reappointment as required under Clause 49 of the listing agreement with stock exchanges is disclosed in the Explanatory Statement under Item Nos. 2, 3, 5 and 6 forming part of the Notice dated 27th June, 2002 circulated along with the Annual Report 2002.

AUDITORS

M/s. Dalal & Shah and M/s. Rashmi Zaveri & Co. have been joint Auditors of the Company for several years. However,

considering the size of the operations of the Company and since Company also has its branches audited by Branch Auditors for consolidation, the Directors are of the opinion that the accounts of the Company be henceforth audited by a sole Auditor. After careful evaluation the Directors recommend to the members that M/s. Dalal & Shah, Chartered Accountants, who have confirmed their eligibility and willingness to be re-appointed pursuant to Section 224(1) of the Companies Act, 1956 be re-appointed as the Statutory Auditors of the Company for the Financial Year 2002-2003.

The Directors would like to place on record their appreciation for the services rendered by M/s. Rashmi Zaveri & Co.

Members will be requested to appoint the Statutory Auditors and also to authorise the Board and/or its Audit Committee to appoint Branch Auditors and to fix the remuneration of the Auditors and Branch Auditors for the year ending 31st March, 2003. These items of business are covered under items 4 and 7 of the accompanying Notice and Explanatory Statement.

COST AUDITORS

The Central Government has approved the appointment of M/s. P.M. Nanabhoy & Co. as Cost Auditors of the Company in respect of electric motors for the financial year ending 31st March, 2002.

The Board has appointed M/s. P.M. Nanabhoy & Co. as Cost Auditors of the Company in respect of electric motors and other products of the company for the financial year ending 31st March, 2003 and approval of the Central Government is being sought.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, and forming part of this Report are not annexed since none of the employees including Managing Directors come under the purview of the above section. 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.

Additional information as required by the Department of Company Affairs is presented on page No. 9 of this Annual Report.

ACKNOWLEDGEMENT

Your Directors would like to place on record their appreciation to the Company's employees, customers, shareholders, vendors, bankers, and financial institutions.

For and on behalf of the Board of Directors

Nikhil J. Danani
Vice Chairman & Managing Director

Dated: 27th June, 2002

ADDITIONAL INFORMATION

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

A. Conservation of energy:**(1) Measures:**

- Phased replacement of fluorescent tube lamps with high pressure mercury lamps and copper chokes with electronic chokes.
- Periodic maintenance of luminaire reflectors and air pipelines for leakages.
- Maintenance of chilled water pipelines, condensers and ovens.
- Improved utilisation of drying oven.
- Elimination of baking of varnished Einleiter winding in oven by use of air drying varnish.
- Drying of transformer core by natural air circulation instead of oven for curing of air drying varnish.

(2) Impact of the measures:

- Saving in energy consumption.

B. Technology absorption:**Research and Development:****1. Specific areas in which R&D is carried out:**

- Ongoing development of lift components, assemblies and systems to meet specific market requirements.
- Development of on-line testing facility/simulator in temperature controlled environment for a complete sugar centrifuge drive.
- Development of digital drive for DC motors.
- Development of motors for compressors used on Electric Locomotives.
- Development of auxiliary motors and blowers used on the new class of AC Locomotives.

2. Benefits derived:

- Improved productivity and quality control.
- Conservation of power, energy and reduction in power factor, high starting current and pollution of power supply.
- Improved process for Sugar Centrifuge Drives.

3. Future plan of action:

- Continued emphasis on development of cost-effective components and processes and import substitution.

Technology absorption, adaptation and innovation:**(1) Efforts made:**

- Systematic reliability and accelerated life testing of lift machinery.
- Change of motor bodies to pressure diecast aluminium, presently upto 1 HP, and progressively adapt this technology upto 5 HP.
- Import substitution of lift machinery components.

(2) Benefits derived:

- Product improvements.
- Reduction in labour cost as well as better aesthetics and better cooling.
- Substantial savings in cost and foreign exchange outgo.
- Controlled winding heights.

(3) Technology imported during the last five years:

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

C. Foreign exchange earning and outgo:**(1) Export activities:**

- Our transformers continue to be exported directly and also through other registered exporters. Transformers have also been sold as deemed export to internationally aided projects. These orders were obtained against international competition.

(2) Foreign exchange earned:

- | | | |
|------------------|-----|-------------|
| — Deemed exports | Rs. | 19.79 lakhs |
| — Direct exports | Rs. | 9.54 lakhs |
| — Others | Rs. | 5.03 lakhs |

(3) Foreign exchange used: Rs. 236.98 lakhs