



Bharat Bijlee Limited

60th ANNUAL REPORT

Year Ended March 2007

DIRECTORS

Mr. Bansi S. Mehta (Chairman)

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

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

Mr. Jaisingh R. Danani

Mr. Mukul Harkisondass

Mr. Prakash V. Mehta

Mr. Anand J. Danani

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

Mr. Sanjiv N. Shah

Mr. Jairaj C. Thacker

Mr. Meghendra Kumar

REGISTERED OFFICE

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

WORKS

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

AUDITORS

Messrs Dalal & Shah

SOLICITORS

Messrs Malvi Ranchoddas & Co.

BANKERS

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

REGIONAL OFFICES**Northern Regional Office**

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

Western Regional Office

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

Eastern Regional Office

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

Southern Regional Office

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

REGISTRAR & SHARE TRANSFER AGENTS**Intime Spectrum Registry Ltd.**

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



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NOTICE

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

Perquisites and Allowances :

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

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

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

- (iv) Leave with full pay or encashment thereof as per the Rules of the Company.
- (v) Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.
- (vi) Reimbursement of hospitalization expenses for self and family as per Company's Rules.

Other perquisites :

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

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

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

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

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

NOTES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REQUEST TO THE MEMBERS

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

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

By Order of the Board

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

Registered Office:

Electric Mansion, 6th Floor

Appasaheb Marathe Marg,

Prabhadevi, Mumbai 400 025

Dated: 10th May, 2007



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

Item Nos. 3, 4 & 5 of the Notice

Mr. Jairaj C. Thacker

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

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

Mr. Mukul Harkisondass

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

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

Mr. Harkisondass holds 800 equity shares in the Company.

Mr. Meghendra Kumar

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

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

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

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

Item No. 7

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

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

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

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

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

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

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

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

Item No. 8:

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

Salary:

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

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

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

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

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

Item No. 9

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

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

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

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

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

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

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

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

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

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

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

Item No. 10

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

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

REPORT OF THE DIRECTORS TO THE MEMBERS

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

FINANCIAL RESULTS

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

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

DIVIDEND

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

OPERATIONS

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

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

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

FURTHER EXPANSION OF TRANSFORMER PLANT AT KALWE

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

FINANCE

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

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