



Bharat Bijlee Limited

61st ANNUAL REPORT

Year Ended March 2008

DIRECTORS

Mr. Bansi S. Mehta (Chairman)

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

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

Mr. Jaisingh R. Danani

Mr. Mukul Harkisondass

Mr. Prakash V. Mehta

Mr. Anand J. Danani

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

Mr. Sanjiv N. Shah

Mr. Jairaj C. Thacker

Mr. Meghendra Kumar

REGISTERED OFFICE

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

WORKS

Plot No. 2, MIDC Industrial Estate,
Belapur Road, Opp. Airoli Railway Station,
Navi Mumbai 400 708.
Maharashtra.
Tel. No. : 022-27637200
Fax No. : 022-27637443

AUDITORS

Messrs Dalal & Shah

SOLICITORS

Messrs Malvi Ranchoddas & Co.

BANKERS

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

REGIONAL OFFICES**Northern Regional Office**

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

Western Regional Office

Plot No. 2, MIDC Industrial Estate,
Belapur Road, Opp. Airoli Railway Station,
Navi Mumbai 400 708.

Eastern Regional Office

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

Southern Regional Office

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

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

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



NOTICE

Notice is hereby given that the 61st Annual General Meeting of Bharat Bijlee Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020 on Thursday, 26th June, 2008 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Anand J. Danani, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bansilal S. Mehta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jaishankar R. Danani, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Dalal & Shah, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors and or its Audit Committee to fix their remuneration.

SPECIAL BUSINESS:

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

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

Salary : upto Rs.10 Lakhs (Rupees 10,00,000) per month as may be determined by the Board of Directors (which includes any Committee thereof) with such increments from time to time after taking into account the performance of the Company.

Perquisites and Allowances:

- (i) In addition to the salary and commission, Mr. Nikhil J. Danani is also entitled to perquisites and allowances, including furnished accommodation or house rent in lieu thereof, house maintenance allowances, together with utilities thereof such as gas, electricity, water and furnishings, repairs, servants salaries, society charges and property tax etc., medical reimbursement, medical and personal accident insurance, leave travel concessions for self and family, club fees, hospitalization expenses for self and family and such other allowances and perquisites as the Board or its Committee may in its absolute discretion determine from time to time.
- (ii) Company's contribution to Provident Fund and Superannuation Fund or any Annuity Fund to the extent these are either singly or together, not taxable under the Income-Tax Act, Gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling for remuneration specified above.
- (iii) Cars for use on Company's business and telephones (Fixed and Mobile) and other communication facilities at residence will not be considered as perquisites.
- (iv) Leave with full pay or encashment thereof as per the Rules of the Company.
- (v) Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.
- (vi) **Other perquisites:**

Subject to overall ceiling on remuneration mentioned hereinbelow, the Managing Director may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide.

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

Commission:

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

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

Minimum Remuneration:

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

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

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

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

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

Salary : upto Rs. 10 lakhs (Rupees 10,00,000) per month as may be determined by the Board of Directors (which includes any Committee thereof) with such increments from time to time after taking into account the performance of the Company.

Perquisites and Allowances:

- (i) In addition to the salary and commission, Mr. Nakul P. Mehta is also entitled to perquisites and allowances, including furnished accommodation or house rent in lieu thereof, house maintenance allowances, together with utilities thereof such as gas, electricity, water and furnishings, repairs, servants salaries, society charges and property tax etc., medical reimbursement, medical and personal accident insurance, leave travel concessions for self and family, club fees, hospitalization expenses for self and family and such other allowances and perquisites as the Board or its Committee may in its absolute discretion determine from time to time.

- (ii) Company's contribution to Provident Fund and Superannuation Fund or any Annuity Fund to the extent these are either singly or together, not taxable under the Income-Tax Act, Gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling for remuneration specified above.
- (iii) Cars for use on Company's business and telephones (Fixed and Mobile) and other communication facilities at residence will not be considered as perquisites.
- (iv) Leave with full pay or encashment thereof as per the Rules of the Company.
- (v) Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

Other perquisites:

Subject to overall ceiling on remuneration mentioned herein below, the Managing Director may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide.

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

Commission:

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

Minimum Remuneration:

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

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

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

NOTES:

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

(B) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 16th June, 2008 to Thursday, 26th June, 2008 (both days inclusive).

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

(ii) The Explanatory statement is annexed to the Notice with regard to item Nos. 7 and 8 in terms of Section 173(2) of the Companies Act, 1956.

(D) As per the provision of Section 205A read with Section 205C of the Companies Act, 1956 a Company is required to transfer its dividends, debentures, bonds, redeemed preference shares, fixed deposits, interest on fixed deposits, interest on debentures etc. upto the financial year March 31, 1996 and onwards which remain unpaid or unclaimed for a period of 7 years to the Investor Education and Protection Fund set up by the Central Government. The Company has in compliance transferred all such unclaimed amounts upto the financial year 31st March, 2001 to the said fund. It may be noted that no claims will lie against the Company in respect of the said unclaimed amount(s) transferred to the said fund. Members who have not claimed the dividends declared for the Financial Year 31-3-2003 and onwards are requested to lodge their claim immediately with the Company's Registrar and Transfer Agents at the address mentioned in the Annual Report.

(E) The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid after Thursday, 26th June, 2008 to those members whose names stand registered on the Company's Register of Members:

(a) as Beneficial owners as at the end of business on Saturday, 14th June, 2008

as per the list to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in demat form.

(b) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company on or before, Monday, 16th June, 2008.

(F) The Registrar and Transfer activity of shares held in physical and demat form continue to be carried out by our Registrars, M/s Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, Phone No. 022-25963838.

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

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

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

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

The listing fee for the period 1-4-2008 to 31-3-2009 to the above Exchanges has been paid.

REQUEST TO THE MEMBERS

1. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring the copy of the Annual Report to the Meeting.

3. Members who hold shares in the dematerialised form are requested to bring their Depository Account Number for identification.

By Order of the Board

D.N. NAGARKAR

Company Secretary &
Sr. General Manager : Legal

Registered Office:

Electric Mansion, 6th Floor

Appasaheb Marathe Marg,

Prabhadevi, Mumbai 400 025

Dated: 9th May, 2008

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

Item Nos. 3, 4 & 5 of the Notice

Mr. Anand J. Danani:

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

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

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

Mr. Banshi S. Mehta:

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

He is on the Board of the following prominent companies:

1. Atul Ltd.
2. Century Enka Ltd.

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

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

He is also an Alternate Director in

1. Uhde India Ltd.

Mr. Mehta is on the following Committees:

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

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

Mr. Jaisingh R. Danani:

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

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

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

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

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

Item Nos. 7 & 8

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board

D.N. NAGARKAR

Company Secretary &
Sr. General Manager: Legal

Registered Office:

Electric Mansion, 6th Floor

Appasaheb Marathe Marg,

Prabhadevi, Mumbai 400 025

Date: 9th May, 2008

REPORT OF THE DIRECTORS TO THE MEMBERS

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

FINANCIAL RESULTS

	Year ended 31st March, 2008	Year ended 31st March, 2007
	Rupees in lakhs	Rupees in lakhs
Sales & Service	63789.81	53600.79
Less: Excise Duty	7550.49	6614.78
	56239.32	46986.01
Other Income	336.26	453.51
	56575.58	47439.52
Profit before Interest & Financial Charges, Depreciation, Exceptional Items and Tax	11822.51	9287.47
Less: Interest & Financial Charges	261.11	529.45
Less: Depreciation	392.68	293.34
Profit before Exceptional Items & Tax	11168.72	8464.68
Add: Exceptional Items	0.0	(144.48)
Profit before Tax	11168.72	8320.20
Less: Provision for Taxes	3840.12	2812.65
Profit after Tax	7328.60	5507.55
Short(-)/Excess Provision of Tax for earlier years	(79.42)	0.50
Profit after Taxation	7249.18	5508.05
Add: Profit Brought Forward from previous year	1597.71	1742.67
Profit available for Appropriation	8846.89	7250.72
APPROPRIATION:		
Proposed Equity Dividend	1695.47	1412.89
Tax on proposed Equity Dividend	288.14	240.12
General Reserve	5500.00	4000.00
Profit Carried Forward	1363.28	1597.71

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

DIVIDEND

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

OPERATIONS

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

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

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

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

EXPANSION IN TRANSFORMER AND MOTOR PLANTS AT KALWE

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

NEW PRODUCT LINES

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

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

AWARDS AND RECOGNITION

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

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

SIGNIFICANT INITIATIVES

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

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

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

FINANCE

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

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

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

HUMAN RESOURCES

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

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

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

Productivity levels continue to be subject to continuous monitoring.

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

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditor's Certificate on its compliance, is set out in Annexure "A".

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2008, and the profit for that period.
- (iii) Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding of assets of the Company and for preventing and detecting frauds and other irregularities.
- (iv) The Directors have prepared Annual Accounts on going concern basis.

DIRECTORS

Mr. Anand J. Danani, Mr. Bansi S. Mehta, and Mr. Jaisingh R. Danani retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Information on the Directors eligible for reappointment as required under Clause 49 of the Listing Agreement with Stock Exchanges is disclosed in the profiles of the Directors under Item Nos. 3, 4 and 5 forming part of the Notice dated 9th May, 2008 circulated along with the Annual Report 2008.

AUDITORS

M/s. Dalal & Shah, Auditors of the Company, retire at the ensuing Annual General Meeting, and being eligible offer themselves for reappointment. This item of business is covered under Item 6 of the accompanying notice.