

5TH
ANNUAL
REPORT
1997-98

bajaj electricals limited



MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

And there is life on Earth.

Life that is hanging on from the edge
of a steep mountain.

Life that is trickling down as a stream,
refusing to dry up even in the hottest of weathers.

Life that shows its dominance
everytime it sprouts out as a little green leaf.

From the burnt womb of the soil.
It refuses to go away.

Report



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Look around.

There is life on Earth.

At Bajaj Electricals, we are proud to be supporting the cause of the Earth. Even if it means something as small as making sure that the treatment from our factories doesn't flow into the rivers. Even if it means making sure that the air around us is not full of oxygen. At Bajaj Electricals we've always looked around and said, careful, there is life on Earth.

Here a few measures we have worked out as a tribute to the cause of environment protection at our two units:

MATCHWEL UNIT :

1. We have constructed a large-capacity effluent treatment plant for treatment of domestic and industrial effluent water. The treatment water will then be used for gardening and agricultural purposes and for cooling water system in die casting.
2. A Green Zone has been created adjacent to the factory. 190 mango trees, 225 custard apple trees, 300 eucalyptus trees, 200 pomegranate plants, 80 guava trees, 70 chiku plants occupy an area of approximately of 12 acres. There is also about an acre of vegetable patch, apart from seasonal cultivation of rice and groundnuts.
3. Gardening activities thrive on the lawn within and on the forecourt of the factory.
4. In the new colony of our staff, site development is underway in preparation for the plantation of saplings and gardening.
5. A systematic collection of garbage from designated areas in staff colony is arranged with a help of PMC.
6. Actions are underway to prepare manure out of wet garbage, which will then be used in our fields.
7. We have also taken some corrective measures. Industrial processes which generate strong chemical effluents containing Cyanide etc., were identified and discontinued a few years ago.

CHAKAN UNIT :

1. Effluent treatment plant for the treatment of industrial waste water is under construction. Treated water will be used for gardening and for cooling tower.
2. Soakpits are being constructed to deal with domestic effluent water.
3. There will be no manufacturing processes which are likely to generate harmful chemical waste.
4. Fume extraction systems are planned for taking away smoke and fumes right at the die casting machines. The fumes so extracted will be filtered to remove water particles and solid particles before discharge.
5. Site development is underway and these plantation work has commenced.

bajaj electricals limited

Board of Directors

Shekhar Bajaj, Chairman & Managing Director
Harsh Vardhan Goenka
A.K. Jalan
Ajit Gulabchand
M.R. Pai
V.B. Haribhakti
Madhur Bajaj
S.P. Subhedar
Dakshesh B. Dhruv

Adviser

R.P. Nevatia

Secretary

Bharat Thakkar

Auditors

Dalal & Shah, Chartered Accountants

Bankers

State Bank of Bikaner & Jaipur
The Bank of Rajasthan Limited
Times Bank Limited

Registered Office

45-47, Veer Nariman Road, Mumbai 400 023.

Factories

Matchwel Unit: Off Nagar Road, Pune 411 014.
Chakan Unit : Mahalunge, Chakan Talegaon Road,
Khed, Pune 410 501.

Branches

Ahmedabad, Bangalore, Bhubaneshwar, Calcutta, Chandigarh,
Chennai, Cochin, Coimbatore, Delhi, Guwahati, Hyderabad,
Indore, Jaipur, Lucknow, Mumbai, Patna, Pune, Raipur &
Wardha.

Depot

Sahibabad

Management

Shekhar Bajaj, Chairman & Managing Director
T. N. Sharma, Sr. Vice President (Marketing)
N. Kishore, Vice President (Luminaires)
L.K. Mehta, Vice President (Engineering Projects Division)
R.J. Shah, Sr. General Manager (Fans)
P.S. Tandon, Sr. General Manager (Appliances)
S.G. Gunjkar, Sr. General Manager (Finance)
S. Ramprasad, Sr. General Manager (Human Resources &
Administration)
G.C. Thakur, Sr. General Manager (West)
Purnendu Chaudhuri, Sr. General Manager (Operations)
Harsh Mittal, Sr. General Manager (Lighting)
C.R. Ravindranath, Sr. General Manager (Development)
Sunil Sikka, Sr. General Manager (Irons/Toasters)
P.K. Mukherjee, Sr. General Manager (East)
G.P. Satsangi, Sr. General Manager (North)
Deepak Karnik, Sr. General Manager (Service)
S.G. Kapasi, General Manager (EDP)
Gautam Basu, General Manager (Luminaires)
K.H. Jagtiani, General Manager (Corporate Planning)
S.M. Koradia, General Manager (Fans)
P.P. Vyas, General Manager (Co-ordination)
G.K. Kamat, General Manager (Publicity & Promotions)
C.P. Rege, General Manager (Ovens/Mixers)
Nagendra Singh, General Manager (Pune)
H.V. Dalvi, General Manager (International)
D.J. Parikh, General Manager (Water Heaters/Room Heaters)
T.C. Pemmaiah, General Manager (South)

Matchwel and Chakan Units

R.A.R. Prasad, Sr. General Manager
A.N. Bhide, General Manager (Works)

A request

The practice of distributing of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. You are, therefore, requested to bring your copy of the Annual Report to the Meeting.

bajaj electricals limited

Registered Office : 45-47, Veer Nariman Road, Mumbai 400 023.

NOTICE

NOTICE is hereby given that Fifty-ninth Annual General Meeting of the Shareholders of Bajaj Electricals Limited will be held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on Wednesday, the 5th day of August, 1998 at 4.30 P.M. (I.S.T.) to transact the following business:

1. To consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1998.
2. To declare dividend.
3. To appoint a Director in place of Shri Ajit Gulabchand, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri M.R. Pai, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri Madhur Bajaj, who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and fix their remuneration and in that connection to consider and, if thought fit, to pass with or without modifications, the following resolution which will be proposed as a Special Resolution:

"RESOLVED that the retiring Auditors, Messrs Dalal & Shah be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 5,00,000/- plus out-of-pocket expenses"

SPECIAL BUSINESS

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

"RESOLVED that the Clause No. 5 of the Memorandum of Association of the Company be substituted by the following Clause:

5. The Authorised Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each and 1,00,00,000 (One Crore) Preference Shares of Rs. 10/- each."

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

“RESOLVED that the existing Article No. 8(i) of the Articles of Association of the Company be substituted by the following Article:

8(i). The Authorised Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each and 1,00,00,000 (One Crore) Preference Shares of Rs. 10/- each.”

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 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval, wherever required, of any other authority, the Board of Directors of the Company (hereinafter referred to as “the Board”) (which term shall be deemed to include any duly authorised Committee or any duly authorised individual Director/Manager/Officer of the Company thereof for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorised, on behalf of the Company, to issue Cumulative Redeemable Preference Shares, at par or at premium, and in such numbers as the Board may decide, for a sum not exceeding Rs. 10,00,00,000/- (Rupees Ten Crores only) and to issue, offer for subscription or allot them, from time to time, in tranches and/or in different series, on a Private Placement basis to such investors/ companies/bodies corporate/individuals/other persons, whether they are holders of Equity Shares of the Company or not (hereinafter referred to as “the Subscribers”) in the manner and on the terms and conditions set out below and/or on such other terms and conditions as may be prescribed in granting the approvals by the Appropriate Authorities wherever so required, or which the Board may, in its absolute discretion, consider proper or expedient:

- (i) The Preference Shares to be issued and allotted by the Company in the manner aforesaid shall be non-participating and be subject to the provisions of the Companies Act, 1956 and Memorandum and Articles of Association of the Company;
- (ii) The Preference Shares shall carry such rate of dividend not exceeding 15% as the Board may decide in its absolute discretion;
- (iii) Subject to the aforesaid, the rate of dividend may vary for each series of Preference Shares to be issued, as may be considered expedient by the Board;
- (iv) The Preference Shares may be redeemed after such period and in such instalments as may be agreed by and between the Board and the Subscribers but such period shall not exceed 10 (ten) years from the date of issue thereof.

“FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to make such modifications and/or alterations from time to time, in terms & conditions of the issue of Preference Shares, as it deems fit and to take all such steps as it may deem necessary, desirable or expedient and to resolve all questions and matters incidental thereto as the Board, in its absolute discretion may deem fit, without being required to seek any fresh approval of the Members of the Company and the decision of the Board in that behalf shall be final and conclusive.”

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

“RESOLVED that subject to the provisions of Sections 198, 269 read with Schedule XIII to the Companies Act, 1956 (the Act), 309, 311 and other applicable provisions, if any, of the Act, the approval of the Company is hereby accorded to revise with effect from 1.4.1998, the salary payable, in terms of shareholders’ resolution dated 9.8.1994, to Shri Shekhar Bajaj, Managing Director of the Company from Rs. 50,000/- (Rupees Fifty thousand only) per month (all inclusive) in the scale of Rs. 35,000 - 5,000 - 50,000 to Rs. 75,000 (Rupees Seventy five thousand only) in the scale of Rs. 75,000 - 5,000 - 1,00,000.”

“FURTHER RESOLVED that all other terms & conditions for appointment of Shri Shekhar Bajaj as the Managing Director in terms of aforesaid Resolution shall remain unaltered.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th day of July, 1998 to 5th day of August, 1998 both days inclusive.
3. Payment of dividend, if sanctioned, will be made on or after the 14th day of August, 1998 to the shareholders whose names stand on the Register of Members on the 5th day of August, 1998.
4. Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends upto the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed the dividend warrants upto the said year, are requested to claim the same from the Registrar of Companies, Maharashtra, Mumbai.
5. An Explanatory Statement pursuant to section 173 of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.

By Order of the Board of Directors
For Bajaj Electricals Limited

Bharat Thakkar
Secretary

Mumbai, May 29, 1998.

bajaj electricals limited

Registered Office : 45-47, Veer Nariman Road, Mumbai 400 023.

Annexure to the NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956:

Re: Items Nos. 7 & 8:

The present Authorised Share Capital of the Company is Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs. 10/- each. In order to take care of additional requirement of own funds, it is proposed to increase the same to Rs. 20,00,00,000/- by addition of Rs. 10,00,00,000/- comprising of 1,00,00,000 Preference Shares of Rs. 10/- each.

In view of this, consequential amendments in the Memorandum and Articles of Association of the Company are proposed.

None of the Directors is interested in this Resolution.

A copy of the Memorandum and Articles of Association of the Company together with proposed amendments/alterations as set out in the Resolutions Nos. 7 & 8 will be kept open for inspection by the shareholders at the Registered Office of the Company between 11.00 A.M. & 1.00 P.M. on any working day of the Company upto and including the day of Annual General Meeting.

Re: Item No. 9:

To avail of new mode of financing, it may be considered necessary by the Company to issue Redeemable Preference Shares to such investors, who may not be the shareholders of the Company.

The proposed resolution is to authorise the Board of Directors of the Company to issue the said Preference Shares, on a private placement basis, without offering the same to the existing shareholders of the Company pursuant to Section 81(1A) of the Companies Act, 1956, upon such terms and conditions including the tenure and the rate of dividend, as may be expedient and necessary in the circumstances to be decided by the Board of Directors.

None of the Directors is interested in this Resolution.

Re: Item No. 10:

Shri Shekhar Bajaj was reappointed as the Managing Director of the Company for a period of 5 (five) years from 1.11.1994 vide shareholders' Resolution dated 9.8.1994. The remuneration payable was fixed by the said Resolution.

During the tenure of Shri Shekhar Bajaj, the Company has made significant progress. The turnover and profits of the Company have been increasing consistently. During the year 1997-98, the Company has achieved income of Rs. 314.53 Crores and profit after tax of Rs. 7.08 Crores.

In view of this, it is proposed that the salary payable to Shri Shekhar Bajaj be revised to provide for a higher scale as proposed in the resolution with effect from 1.4.1998. The other terms & conditions of the re-appointment shall remain unaltered. The revised salary payable is in consonance with Section 269 read with Schedule XIII to the Companies Act, 1956 and hence, no approval of the Central Government will be required for the said increase in the remuneration.

None of the Directors except Shri Shekhar Bajaj and Shri Madhur Bajaj is interested in this Resolution.

The revised salary payable to Shri Shekhar Bajaj as set out in this Resolution may be regarded as an abstract of the terms of the contract and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.



By Order of the Board of Directors
For Bajaj Electricals Limited

Mumbai, May 29, 1998.

Bharat Thakkar
Secretary

DIRECTORS' REPORT

The Shareholders:

The Directors have pleasure in presenting the Fifty-ninth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1998.

Sales and Other Income

Your Company has achieved a sales and other income of Rs. 314.53 Crores during the current year as compared to Rs. 261.93 Crores during the previous year, registering an increase of over 20%. The gross profit during the corresponding period has increased to Rs. 12.17 Crores from Rs. 10.28 Crores, registering an increase of over 18%. The profits have increased as a result of higher sales.

Financial Results

Year	Rs.in lacs	Previous Rs.in lacs
Gross Profit	1217.18	1028.00
Depreciation	166.34	144.13
Profit before Taxes & Provisions	1050.84	883.87
Provision for Doubtful Debts & Advances	2.74	14.24
Provision for Taxation	340.00	360.00
Profit after Tax	708.10	509.63
Profit available for appropriation	858.07	607.01
Proposed Dividend	129.64	86.43
Tax on distributed profits	12.96	8.64
Transfer to Reserve	565.47	361.94
Balance Carried to Balance Sheet	150.00	150.00

Dividend

The Directors are pleased to recommend a dividend of Rs. 3.00 per share for the year ended 31st March, 1998 amounting to Rs. 129.64 lacs on 43,21,440 shares as against the dividend of Rs. 3.00 per share on 28,80,960 shares amounting to Rs. 86.43 lacs for the previous year ended 31st March, 1997. The Bonus Shares allotted in the ratio of 1:2 on 6.12.1997 in terms of Shareholders' Resolution dated 5.8.1997 are entitled to dividend for full year.

Under the amended Income Tax Act, 1961, the dividend distributed is free of tax in the hands of the shareholders and the Company is required to pay

tax @ 10% of the distributed profits (dividend), amounting to Rs.12.96 lacs.

Lighting

The turnover includes sales of Lamps, Tubes, Luminaires, High Masts and Lighting Projects. The sales of Lighting products has increased from Rs. 138.08 Crores in the previous year to Rs. 176.48 Crores during the year under review, registering an increase of about 28%. The turnover includes a single big order for 110 High Masts for flood lighting at Reliance Petroleum Ltd.'s Jamnagar Refinery.

Consumer Durables

Consumer Durables include Fans, appliances including "Black & Decker Bajaj" (BDB) Appliances. The turnover has increased from Rs. 96.15 Crores in the previous year to Rs. 112.16 Crores during the year under review, registering an increase of over 16.50%. The Bajaj UV Water Filter introduced in the last year in Mumbai will be, in next few months, introduced in a few more branches. The BDB Mixer Grinder and other upgraded and new models in existing range of Appliances introduced during the year were well received in the market. The new "Bajaj 2001" fan introduced in October '97 has in no time acquired a status of a premium product in the fan trade. It is expected that with the introduction of newer & improved models in existing range of appliances & fans, the turnover of these products will grow further in the coming years.

Power Tools

The turnover of power tools at Rs. 9.08 Crores is about 46% less than the turnover of Rs. 16.90 Crores achieved in the previous year. The turnover has fallen, as from December '97 the sales, distribution and servicing of power tools are being handled directly by Black & Decker Bajaj Ltd.

Matchwel Unit

The production of fans increased from 4,62,195 nos. in the previous year to 5,39,339 nos. during the year under review achieving an improvement of over 16.50% over last year. The production of die-cast components decreased by about 21% to 3,062 MT from 3,876 MT in the previous year. The production of magneto assemblies at 2,88,855 nos. is almost at last year's level of 2,88,022 nos. The performance of Matchwel Unit has been affected due to additional costs by way of octroi on raw

material purchases and the lower off-take of die-cast components during the year under review.

Chakan Unit

We are pleased to inform you that the Chakan Unit has become operational from 30th January, 1998 with the starting of new Die-Casting Machines. It is expected that the production will gear up and contribute to the profitability of the Company from the current year.

High Mast Project

The market of High Mast is growing rapidly. To meet the growing needs, the Board is examining the possibility of setting up of a new manufacturing unit within the Company for manufacture of High Mast and associated products. The details of the project are being worked out.

Hind Lamps Limited

The performance of Hind Lamps Ltd. for the year ended 31.3.98 has resulted in a gross profit of Rs. 563.70 lacs as against a loss of Rs. 406.83 lacs during 1996-97 which was mainly due to six months lockout in response to the illegal strike by the workmen. The synopsis of the Balance Sheet of Hind Lamps Ltd. as at 31st March, 1998 is attached.

Directors

Shri Ajit Gulabchand, Shri M.R. Pai and Shri Madhur Bajaj retire by rotation and being eligible offer themselves for reappointment.

Auditors

You are requested to appoint Auditors for the

current year and fix their remuneration. The reappointment of M/s.Dalal & Shah, the existing Auditors will have to be by a Special Resolution pursuant to section 224A of the Companies Act, 1956.

Particulars under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

The particulars prescribed under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 to the extent applicable are set out in the Annexure-I hereto.

Particulars as required under Standard Listing Agreement with the Stock Exchanges

The particulars related to utilisation of funds and profitability projected in the Letter of Offer dated 5th April, 1995 for issue of Rights Shares and actual utilisation of funds and profitability achieved as required under clause 43 of the Standard Listing Agreement with the Stock Exchanges are set out in the Annexure-II hereto.

Employees

Particulars with regard to employees as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming an integral part of Directors' Report are given in the Annexure-III hereto.

The relations with the employees of the Company have continued to remain cordial.

By Order of the Board of Directors
For Bajaj Electricals Limited

Mumbai, May 29, 1998.

Bharat Thakkar
Secretary

M.R. Pai
Director

Shekhar Bajaj
Chairman & Managing Director