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60TH ANNUAL REPORT
1998 - 1999

bajaj electricals limited

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

Depots

Sahibabad & Daman

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, Vice President (Fans)
P.S. Tandon, Vice President (Appliances)
S.G. Gunjkar, Vice President (Finance)
S. Ramprasad, Vice President (Human Resources &
Administration)
Purnendu Chaudhuri, Vice President (Operations)
Harsh Mittal, Vice President (Lighting)
T. Pradeep Kumar, Vice President (Corporate Planning)
G.C. Thakur, Sr. General Manager (Human Resources &
Administration)
G.P. Satsangi, Sr. General Manager (Luminaires)
Deepak Karnik, Sr. General Manager (Service)
T.C. Pemmaiah, Sr. General Manager (Lighting)
A.S. Radhakrishna, Sr. General Manager (Appliances)

Matchwel and Chakan Units

R.A.R. Prasad, Sr. General Manager

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 Sixtieth 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 Tuesday, the 20th day of July, 1999 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, 1999.
2. To declare dividend.
3. To appoint a Director in place of Shri Harsh Vardhan Goenka, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S.P.Subhedar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Dakshesh B.Dhruv, 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 reimbursement of out-of-pocket expenses."

SPECIAL BUSINESS

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

"RESOLVED that pursuant to Section 17 of the Companies Act, 1956, the Object Clause i.e. Clause-3 of the Memorandum of Association of the Company be and is hereby altered by inserting the following sub-clauses:

- (aaa) To design, manufacture, test, assemble, erect, commission, repair, buy, sell, import, export, hire, exchange, alter or improve or otherwise deal in all kinds of engineering goods such as high, medium and low tension power transmission line polygonal poles, AAC/ACSR/GI conductors, lighting poles - decorative, conical, octagonal or stepped type, fixed platform type High Mast lighting system with lantern carriage, headframes, lowering and raising winches, base hinged lowering and raising masts, and its manually or electrically operated and hydraulically powered counterbalances, mobile lighting masts with diesel genset, antenna masts, traffic light poles, sign poles, windmill masts, transmission towers, lattice masts, T.V. towers, railway electrification

structures, electric substation structures, cable trays, electrical junction boxes of any type and instruments, equipments, apparatus, machinery and all articles, goods and material required for the purpose of area illumination and for floodlighting or in connection with generation, distribution, supply of electricity or for any other purpose whatsoever.

(dd) To carry on the business of metal surface treatment of every type including hot dip galvanising, anodising, epoxy coating, painting, heat treatment.

(ddd) To carry on the business of manufacture/generate electrical energy, by use of gas, wind, solar, thermal, hydro, atomic or any other resources and/or trading thereof and/or transmit, distribute, convey or supply the same by whatever means to any user, trader or any person whomsoever in any part of India or outside India."

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

"RESOLVED that pursuant to Section 149(2A) of the Companies Act, 1956 and subject to such other approval(s) as may be required, approval be and is hereby accorded to the Company for commencing and carrying on the business of (a) manufacture of towers/masts, etc. (b) metal treatment and (c) generation/distribution of energy in terms of sub-clauses (aaa); (dd) and (ddd) respectively of Clause-3 of the Memorandum of Association of the Company as proposed to be amended by a Special Resolution as per item No. 7 of the Notice for the 60th Annual General Meeting dated 28th May, 1999."

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

"RESOLVED that in supersession of the resolution passed at the Annual General Meeting of the Company held on Tuesday, the 5th day of August, 1997, the consent of the Company under section 293(1)(d) of the Companies Act, 1956 be and is hereby accorded to Board of Directors of the Company to borrow, monies from time to time together with the monies already borrowed by the Company upto a limit of Rs. 100 crores (Rupees one hundred crores only), (exclusive of interest), in excess of aggregate of paid-up capital and free reserves (i.e. reserves not set apart for any specific purpose) at any time for the purposes of the Company (apart from temporary loans obtained from and/or to be obtained from the Company's bankers in the ordinary course of business) from the Company's bankers or from any person or persons, firms, body corporate or financial institutions, by way of deposits, advances or other loans, whether unsecured or secured by mortgage, charge, hypothecation, or pledge of all or any of the Company's assets and properties including the whole or substantially the whole of undertaking or undertakings of the Company on such terms and conditions as the Board of Directors may deem fit, and that the consent be and is hereby given to the Board of Directors for executing if and when necessary such instruments and documents as they may deem fit for mortgage, charge, hypothecation or pledge or otherwise, in connection with the borrowings of the Company."

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 13th day of July, 1999 to 20th day of July, 1999, both days inclusive.

3. Payment of dividend, if sanctioned, will be made on or after the 30th day of July, 1999 to the Shareholders whose names stand on the Register of Members on the 20th day of July, 1999.
4. Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend upto the financial year 1994-95 has 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

Mumbai, May 28, 1999.

Bharat Thakkar
Secretary

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 Object Clause does authorise the Company to carry on the business of manufacturing and dealing in High Masts, metal treatment as well as for generation and sale of electrical energy. However, since the Company is making substantial investment in these areas, it is considered appropriate, by way of an abundant caution, to enlarge the Object Clause to cover the said activities in greater detail as also to enable the Company to commence the business in these areas.

None of the Directors is interested in these Resolutions.

A copy of the Memorandum and Articles of Association of the Company together with proposed amendments/alterations as set out in the Resolution No. 7 will be kept open for the inspection by the shareholders at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day of the Company upto and including the day of Annual General Meeting.

Re: Item No. 9:

The Company at its Annual General Meeting held on Tuesday, 5th day of August, 1997 had empowered the Board of Directors of the Company to borrow and raise monies not exceeding Rs. 50 crores (Rupees Fifty crores only). Since then, the Company's business has increased considerably. The turnover of the Company has improved from Rs. 260.03 crores in 1996-97 to Rs. 335.53 crores in 1998-99. The Company has substantially expanded its manufacturing activities and is now in the process of diversification into manufacturing of highmast and other activity and set up a Wind Farm. To part finance increasing working capital requirements and acquisition of assets, the existing borrowing limit is proposed to be increased from Rs. 50 crores to Rs. 100 crores in excess of the aggregate of the paid-up capital and the free reserves.

The consent of the Company is required under the provisions of Section 293(1)(d) of the Companies Act, 1956 to authorise the Board of Directors to borrow monies in excess of the paid-up capital of the Company and its free reserves and to specify the total amount upto which the monies may be borrowed by the Board of Directors.

The aggregate of the paid-up capital (equity & preference) and the free reserves of the Company as on 31st March, 1999 is Rs. 63.09 crores.

None of the Directors is interested in this Resolution.

By Order of the Board of Directors
For Bajaj Electricals Limited

Bharat Thakkar
Secretary

Mumbai, May 28, 1999.

DIRECTORS' REPORT

The Shareholders,

The Directors have pleasure in presenting the Sixtieth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1999.

Sales and Other Income

Your Company has achieved an income, comprising of sales turnover and other income of Rs. 338.17 crores during the year under review as compared to Rs. 314.53 crores in the previous year – a marginal increase of about 8%. The gross profit before an extraordinary item has however decreased to Rs. 11.74 crores from Rs. 12.17 crores in the previous year. The general recession in the economy has affected the performance of the Company during the year under review.

Financial Results

	Rs.in lacs	Previous Year Rs.in lacs
Gross Profit before provisions / extraordinary item	1174.35	1217.18
Compensation paid under Voluntary Retirement Scheme	56.97	—
Depreciation	249.67	166.34
Profit before Taxes & Provisions	867.71	1050.84
Provision for Doubtful Debts & Advances	32.98	2.74
Provision for Taxation	300.00	340.00
Profit after Tax	534.73	708.10
Profit available for appropriation	684.73	858.07
Proposed Dividend: Equity	151.25	129.64
Preference	24.05	—
Tax on corporate dividend	19.04	12.96
Transfer to Reserve	220.39	565.47
Balance Carried to Balance Sheet	270.00	150.00

Dividend

The Directors are pleased to recommend for the year ended 31st March, 1999 dividend of 30% as in the previous year plus 5% more to commemorate the Diamond Jubilee year making a total of 35% (i.e. Rs. 3.50 per share) aggregating to Rs. 151.25 lacs as against 129.64 lacs in the previous year on 43,21,440 equity shares of Rs. 10/- each. The Board of Directors has declared and paid, for the year ended 31st March, 1999, a pro-rata interim dividend aggregating to Rs. 24.05 lacs on

1,00,00,000 – 11% Cumulative Non-Participating Preference Shares of Rs. 10/- each issued during the year. The Board recommended the same as the final dividend.

Lighting

The turnover include sales of Lamps, Tubes, Luminaires, High Masts and Lighting Projects. The turnover of Lighting products has increased to Rs. 194.34 crores as compared to Rs. 176.48 crores in the previous year, registering an increase of about 10%. The Lighting Project Division has contributed substantially to the profits of the Company for the year under review.

Consumer Durables

Consumer Durables include fans and small appliances (both Bajaj and Black & Decker Bajaj Ltd.). The turnover has increased to Rs. 123.54 crores during the year under review from Rs. 112.16 crores in the previous year, registering an increase of about 10%. The division has performed better even while the market for these products remained almost stagnant. Several new fans and appliances were introduced during the year and are well received in the market. The Company has plans to introduce several new products like microwave ovens, room coolers and gas appliances and to upgrade the existing range with new technology. It is expected that with the introduction of new products and improved models in existing range of appliances and fans, the turnover of this division will improve in the coming years.

Matchwel Unit

The production of die cast components increased to 3184 MT as against 3025 MT in the previous year, registering a marginal improvement. The production of magneto assemblies, however, decreased marginally from 2,88,855 nos. in the previous year to 2,67,467 nos. during the year under review. The production of fans also decreased to 4,39,205 nos. as compared to 5,39,339 nos. in the previous year. A Voluntary Retirement Scheme (VRS) was introduced for workmen of this Unit. In all 46 employees availed of the benefits of the said VRS. The overall performance of this Unit needs substantial improvement.

Chakan Unit

The production in this Unit geared up during the

year under review. The Unit commenced production of fans and magneto assemblies. The Unit produced 5,020 nos. of fans and 58,521 nos. of magneto assemblies during the year under review. The Unit produced 562 MT of die cast components against 37 MT (in two months) in the previous year. It is expected that the activities of this Unit will stabilise in the current year.

Black & Decker Bajaj Ltd. (BDB)

Your Company has entered into an agreement with Black & Decker Corporation of USA (BDC), the Company's equal partner in BDB, the Joint Venture Company, to purchase their 50% shareholding in BDB for a nominal price. After transfer of shares, BDB will become 100% subsidiary of your Company. The move followed the BDC's proposal to the Company as a result of their global restructuring and strategy to concentrate only on the business of power tools and withdraw from smaller markets. As per the arrangement, the existing Joint Venture Agreement will be terminated. However, Technical Collaboration Agreement for power tools and household appliances will continue for 2 and 5 years respectively. During the said period, BDB will also be allowed to use Trade Mark "Black & Decker" alongwith the Trade Mark "Bajaj" in Indian market for these products. Pursuant to the arrangement, BDC has entirely cleared the BDB's external borrowing and partly the local bank borrowing. With the reduced debts, BDB should be able to turn around much faster.

Hind Lamps Limited

The performance of Hind Lamps Ltd. for the year ended 31st March, 1999 has resulted in a gross profit of Rs. 566.42 lacs as against the gross profit of Rs. 563.70 lacs during the previous year. The synopsis of the Balance Sheet of Hind Lamps Ltd. as at 31st March, 1999 is attached.

New Projects

Highmast

Your Company is an established leader in the business of highmast having more than 70% of share in the growing market. To cater to the growing demand and to become cost effective, your Company is setting up, at Ranjangaon in Maharashtra, a galvanising plant with latest technology for manufacture of highmasts/

laticemasts and related products at an estimated cost of Rs. 39.75 crores. It is expected that the Project will become operational by June-2000.

Wind Energy

Your Company is also in an advanced stage of setting up a Wind Farm with installed capacity of approx. 3MW, at Village Vankusavade, Taluka Patan, District Satara in Maharashtra to manufacture/generate electricity by using wind energy for captive use. The estimated cost of setting up the Wind Farm is Rs. 12.50 crores including the cost of land.

Information Technology & the Year 2000 (Y2K)

The Company's manufacturing and trading activities do not heavily depend upon computer software/hardware. The Computer Systems are mainly used for financial accounting, inventory control, investor services, MIS and Communication. However, your Company does recognise the need to address the problems associated with the Y2K.

Under the long-term Information Technology plan, the Company has taken steps to develop new software for all critical areas. This will take care of Y2K problem associated with software. Simultaneously, the existing software is also being made compliant to meet any contingency. The non-Y2K compliant hardware systems are being replaced. It is expected that the areas which may have material impact on the Company's performance will be attended to latest by 31st August, 1999. The cost of addressing the problem is estimated at Rs. 85.00 lacs approximately.

In view of the steps taken by the Company, the likelihood of disruption of business continuity is considered negligible.

Listing Agreement with the Stock Exchanges

43,21,440 Equity Shares of Rs. 10/- each issued by the Company are listed with the Mumbai and Delhi Stock Exchanges. The listing fees payable to both the Stock Exchanges for the year 1999-2000 are paid.

Directors

Shri Harsh Vardhan Goenka, Shri S.P.Subhedar and Shri Dakshesh B. Dhruv 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.

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-II 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 28, 1999.

Bharat Thakkar
Secretary

S.P. Subhedar
Director

Shekhar Bajaj
Chairman & Managing Director

Annexure-I to the Directors' Report

Information as per 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 and forming part of the Directors' Report for the year ended 31st March, 1999.

I. Conservation of Energy

(a) Energy conservation measures taken:

To conserve the energy by reducing load on the main motors of die casting machines, timer equipment costing about Rs. 0.16 lacs are installed on the motors during the year.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

In the year 1999-2000, an amount of Rs. 0.18 lacs is proposed to be spent for altering certain circuits of the electric holding furnaces, etc.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Recurring savings in energy cost of about Rs. 1.80 lacs p.a. because of (a) and estimated recurring savings in energy cost of about Rs. 5.0 lacs p.a. because of (b) hereinabove.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the rules in respect of industries specified in the schedule thereto:

Not Applicable.

II. Technology Absorption

Research and Development (R&D):

1. Specific areas in which R & D carried out by the Company:

- (a) Product Design
- (b) Material Specifications
- (c) Manufacturing Processes

2. Benefits derived as a result of the above R & D:

- (a) Re-designing of fan components during 1998-99 resulting in saving of approximately Rs. 11.58 lacs.
- (b) Energy saving magnetic ballast/CFLs/Luminaires are introduced during the year 1998-99.

3. Future Plan of Action:

- (a) It is proposed to introduce various new models of Ceiling Fan.
- (b) To re-engineer fan components to reduce costs.

4. Expenditure on R & D:

- (a) Capital : Rs. 4.35 lacs
- (b) Recurring : Rs. 55.73 lacs
- (c) Total : Rs. 60.08 lacs
- (d) Total R & D expenditure as a percentage of total turnover : 0.18%