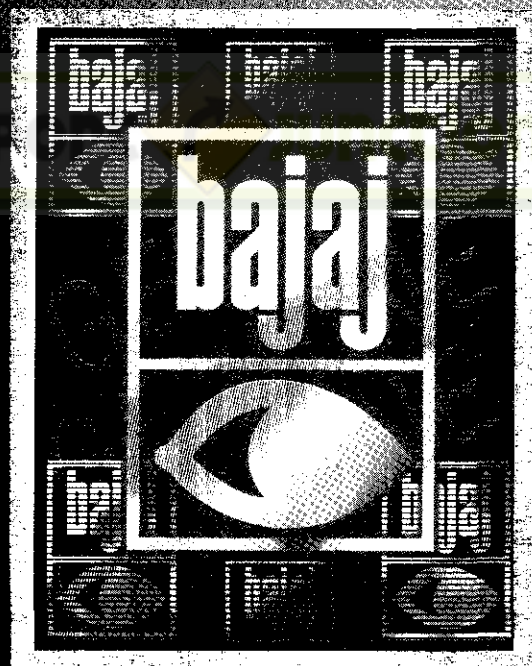


61st
Annual Report
1999-2000

bajaj electricals limited





The cover depicts the colourful rendition of the amplified hologram of Bajaj Electricals Ltd.

This is a uniquely blended composite of the company's logo with an underlying message of "genuineness" of every Bajaj product offered to the market. Simply put, the hologram is a further extension of the "tradition of trust".

'Imitation is a sincere form of flattery...'

... or so goes the saying! However, when the flattery culminates in the duplication of a branded product, it becomes a concern for the company. In order to protect the esteemed clientele from the onslaught of spurious (look alike) products, Bajaj Electricals introduced multicoloured 3D holograms to endorse the genuineness of all its products - be it fans, appliances or even some light fittings. What's more..... even the guarantee cards carry a tamper-proof hologram that does not lend itself for duplication.

The eye logo is a continuing saga of trust reposed by millions of households on products marketed by Bajaj Electricals. It represents the goodwill accumulated over the years and is the guardian of the customer's faith. The hologram is yet another innovative step by your company in continuously preserving the fine sentiments of its innumerable customers, nurtured over the last six decades.

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 (Upto 22nd September, 1999)
Dakshesh B. Dhruv
S.C. Batra (From 22nd September, 1999)

Adviser

R.P. Nevatia

Secretary

Bharat Thakkar

Auditors

Dalal & Shah, Chartered Accountants

Bankers

State Bank of Bikaner & Jaipur
Bank of Rajasthan Limited
HDFC 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.
Wind Farm : Village Vankusawade, Tal.: Satara,
Dist.: Patan, Maharashtra, 415206

Branches

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

Depots

Daman, Faridabad, Jabalpur & Jalandhar.

Management

Shekhar Bajaj, Chairman & Managing Director
R. Ramakrishnan, President
T. N. Sharma, Sr. Vice President (Marketing)
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 (South)
Purnendu Chaudhuri, Vice President (Operations)
Harsh Mittal, Vice President (Lighting)
T. Pradeep Kumar, Vice President (Corporate Planning)
G.P. Satsangi, Vice President (North)
G.C. Thakur, Sr. General Manager (Human Resources &
Administration)
Deepak Karnik, Sr. General Manager (Service)
T.C. Pemmaiah, Sr. General Manager (East)
A.S. Radhakrishna, Sr. General Manager (West)
H.V. Dalvi, Sr. General Manager (Luminaires)

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 Sixtyfirst 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 16th day of August, 2000 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, 2000.
2. To declare dividend.
3. To appoint a Director in place of Shri Ashok Kumar Jalan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri V.B.Haribhakti, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Ajit Gulabchand, 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. 7,50,000/- plus reimbursement of service tax and out-of-pocket expenses, if any."

SPECIAL BUSINESS

7. To appoint Shri S.C. Batra as a Director who was appointed as an Additional Director on 22nd September, 1999 and who holds office as such upto the date of Sixtyfirst Annual General Meeting and in respect of whom, notice under Section 257 of the Companies Act, 1956 has been received along with a deposit of Rs. 500/- from some members signifying their intention to propose Shri S.C. Batra as a candidate for the office of Director of the Company and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that Shri S.C. Batra be and is hereby appointed as a Director of the Company".

8. 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, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby accords its

approval to the re-appointment of Shri Shekhar Bajaj as Managing Director of the Company for a further period of five years with effect from 1st November, 1999 on the following terms and conditions:

Remuneration:

- (a) Salary : Rs. 1,00,000/- (Rupees One lac only) per month (all inclusive) in the Scale of Rs. 1,00,000/- – 10,000/- – 1,50,000/-.

Accelerated increments may be given by the Board of Directors at their absolute discretion.

- (b) Commission : In addition to the Salary, Commission equal to 100% of the Salary drawn by the Managing Director.

- (c) Perquisites : Perquisites be allowed in addition to Salary and Commission. The perquisites are classified into following three Categories:

Category 'A'

(i) Housing I:

The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling:-

60% of the salary, over and above 10% payable by the Managing Director.

Housing II:

In case the accommodation is owned by the Company, then, ten percent of the Salary of the Managing Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This, however, shall be subject to a ceiling of 10% of the Salary of the Managing Director.

(ii) Medical Reimbursement:

Reimbursement of expenses actually incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave Travel Concession:

Leave travel concession for self and family once in a year incurred in accordance with the rules specified by the Company.

(iv) Personal Accident Insurance:

Premium not to exceed Rs. 4,000/- per annum.

Category 'B'**(v) Provident Fund and Superannuation Fund:**

The contribution towards Provident Fund and Pension/Superannuation Fund as per the rules of the Company, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (At present, this is limited to twenty seven per cent of the salary under the Income-tax Act).

(vi) Gratuity:

Gratuity as per the rules of the Company.

Category 'C'**(vii) Car and Telephone:**

Provision of car for use for Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Other Terms:**(viii) Entertainment Expenses:**

The Managing Director will be entitled to reimbursement of entertainment expenses incurred in the course of business of the Company.

(ix) Leave:

The Managing Director shall also be entitled to leave on full pay and allowances as per the rules of the Company."

"FURTHER RESOLVED that the total remuneration payable to the Managing Director as aforesaid shall not exceed the overall limits laid down under Sections 198 and 309 of the Companies Act, 1956."

"FURTHER RESOLVED that in the event of loss or inadequacy of profits during the aforesaid tenure, the Managing Director shall be paid aforesaid remuneration as the minimum remuneration, subject to the approval of the Central Government, as may be required under the provisions of the Companies Act, 1956."

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

"RESOLVED that subject to the approval of Central Government, if required, and in accordance with the provisions of Section 309/310 of the Companies Act, 1956, the Company do, in addition to the sitting fees payable to Non-executive Directors of the Company for attending Meetings of the Board or a Committee thereof, remunerate them (Directors other than the Managing Director of the Company) in the form of commission on net profits not exceeding Rs. 5.0 lacs per financial year, subject to a ceiling of one per cent of net profits as permitted under the provisions of Section 309(4) of the Companies Act, 1956."

"FURTHER RESOLVED that the remuneration to the Non-executive Directors be paid only after the payment of the remuneration to the Managing Director of the Company."

"FURTHER RESOLVED that such payment of commission be and is hereby authorised for a five year term commencing from the financial year 2000-2001."

"FURTHER RESOLVED that the quantum of remuneration, its time and manner be based on the individual Directors' participation at Board and/or Committee or Sub-Committee meetings during any financial year and/or in accordance with any other criterion that the Board of Directors may decide for the said purpose."

"FURTHER RESOLVED that the Board of Directors be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this Resolution."

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 8th day of August, 2000 to 16th day of August, 2000, both days inclusive.
3. Payment of dividend, if sanctioned, will be made on or after the 26th day of August, 2000 to the Shareholders whose names stand on the Register of Members on the 16th day of August, 2000.
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

Bharat Thakkar
Secretary

Mumbai, June 20, 2000.

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: Item No. 7:

Shri S.C. Batra is a Retired Executive Director (Corporate Planning) of Life Insurance Corporation of India. He was appointed by the Board of Directors as an Additional Director under Section 260 of the Companies Act, 1956 on 22nd September, 1999 and he holds office as a Director upto the date of Sixtyfirst Annual General Meeting. Notice as required under Section 257 of the Companies Act, 1956 along with the deposit of Rs. 500/- has been received from some of the members signifying their intention to propose Shri S.C. Batra as a candidate for the office of Director of the Company.

Shri S.C. Batra is interested in this Resolution as it concerns his appointment.

Re: Item No. 8:

Shri Shekhar Bajaj was appointed as Managing Director of the Company on 1st November, 1984. He was reappointed in 1989 and again in 1994 for a term of five years each. The last term expired on 31st October, 1999. Subject to the shareholders' approval, the Board of Directors of the Company has reappointed Shri Shekhar Bajaj as the Managing Director for a period of five years from 1st November, 1999. The abstract of the terms of the contract and memorandum of concern or interest under Section 302 of the Companies Act, 1956 in respect of reappointment of Shri Shekhar Bajaj as the Managing Director has been circulated to all the members.

During the tenure of Shri Shekhar Bajaj, the Company has made significant progress. The turnover has been increasing in the last few years. The overall performance of the Company has been satisfactory. Under the stewardship of Shri Shekhar Bajaj, the Company has taken several steps to expand and diversify the business.

The shareholders' consent is required to reappoint Shri Shekhar Bajaj for a further period of five years with effect from 1st November, 1999. The terms and conditions of the reappointment of Shri Shekhar Bajaj, which are set out in the Resolution, are in consonance with Section 269 read with Schedule XIII to the Companies Act, 1956. Hence, no approval of the Central Government is required for the said reappointment.

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

Re: Item No. 9:

The Non-executive Directors of the Company have been giving able guidance for the management of the Company and have been devoting substantial time for the said purpose. To be in line with the industry trend of remunerating the Non-executive Directors of the Company by paying commission based on the net profits of the Company, as permitted under the provisions of the Companies Act, 1956, the resolution at item No. 9 is proposed for your approval. If authorised, the Company, after payment to Managing Director his

remuneration, will pay to the Non-executive Directors, commission based on net profits not exceeding Rs. 5.0 lacs per financial year, subject to a ceiling of one per cent of net profits. Such commission shall be in addition to the sitting fees payable to such Directors for attending the meetings of the Board of Directors or Committee thereof.

All Directors, except Shri Shekhar Bajaj, are interested in this Resolution.

By Order of the Board of Directors
For Bajaj Electricals Limited

Mumbai, June 20, 2000.

Bharat Thakkar
Secretary



DIRECTORS' REPORT

The Shareholders,

The Directors have pleasure in presenting the Sixtyfirst Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2000.

Sales and Other Income

Your Company has achieved an income, comprising of sales turnover and other income of Rs. 348.69 crores during the year under review which is marginally higher than income of Rs. 338.17 crores earned in the previous year. The gross profit from operations in the year under review has however decreased to Rs. 7.33 crores from Rs. 11.74 crores in the previous year. The weak demand for electrical goods, resulting in under-utilisation of manufacturing facilities and high interest costs have affected the performance of the Company during the year under review.

Financial Results

	Rs. in lacs	Previous Year Rs. in lacs
Sales and Other Income	34869.41	33817.32
Gross Profit from operations	732.69	1174.35
Amortisation of compensation under Voluntary Retirement Scheme	232.68	56.97
Depreciation	344.66	249.67
Profit before Taxes & Provisions	155.35	867.71
Provision for Doubtful Debts & Advances	14.30	32.98
Provision for Taxation	15.00	300.00
Profit after Tax	126.05	534.73
Profit available for appropriation	408.91	684.73
Proposed Dividend: Equity	64.82	151.25
Preference	110.00	24.05
Tax on corporate dividend	26.36	19.04
Transfer to Reserve	25.00	220.39
Balance Carried to Balance Sheet	182.73	270.00

Dividend

In view of the performance, the Directors recommend for the year ended 31st March, 2000 a dividend of 15% aggregating to Rs. 64.82 lacs as against 30% (plus 5% more to commemorate the Diamond Jubilee) aggregating to Rs. 151.25 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, 2000,

interim dividend aggregating to Rs. 110.00 lacs on 1,00,00,000 – 11% Cumulative Redeemable Preference Shares of Rs. 10/- each. The Board recommends the same as the final dividend.

Lighting

The turnover includes sales of Lamps, Tubes, Luminares, High Masts and Lighting Projects. The turnover of Lighting products has marginally increased to Rs. 195.95 crores from Rs. 194.34 crores in the previous year. Both the demand and margins have been affected adversely.

Consumer Durables

Consumer Durables include fans and small appliances. The turnover has increased to Rs. 136.29 crores during the year under review from Rs. 123.54 crores in the previous year, registering an increase of about 10%. Several models of fans including Midea range of table, pedestal & wall mounting fans and new appliances including microwave ovens and air coolers in several models were introduced during the year which were well received in the market. The Company continues its efforts to upgrade the existing range of appliances with new technology. It is expected that with the introduction of new products and improved models in existing range of appliances & fans, the turnover of this division will improve further in the coming years.

Matchwel Unit

The performance of this Unit has not been satisfactory for the year under review. As a part of long term strategy, manufacturing of fans, magneto assemblies and die cast components is being shifted to Chakan Unit. A Voluntary Retirement Scheme was introduced in 1998-99 as also in the year under review. As a consequence, the worker and staff strength has been reduced. The manufacturing activities have also been considerably reduced. The manufacture of die cast components was lower at 2613 MT as against 3184 MT in the previous year. The production of fans was also lower at 1,34,691 nos. as against 4,39,205 nos. in the previous year. The production of Magneto and Gear Box Assembly & Valve Bodies was discontinued during the year under review. Plans are under consideration to utilise the assets of this Unit in a more profitable manner.

Chakan Unit

The production in this Unit geared up during the