

*Nature's Elements. Our Inspiration.*

Earth

Air

Fire

Report

Light

Water

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63rd Annual Report 2001-02



**bajaj electricals limited**

Dear Shareholder,

Nature and its elements have inspired the human race for generations. These elements have inspired man to conquer newer frontiers of knowledge and technology. We at Bajaj Electricals have harnessed these elements with the latest technology available and brought it into the homes and hearts of millions of our consumers, through our various products. The objective being to improve the quality of their lives. The elements of nature...

Air, is propelled by our Fans and Air Coolers

Light, shines through our Lamps, Tubes, CFLs, Luminaires and Highmasts

Water, flows through our Water Heaters and Water Filters

Fire, radiates through our Heat products such as Room Heaters, Irons, Ovens and Microwave Ovens

Earth, is reflected through our Food related products such as Mixers, Juicers, Toasters and Food Processors.

The cover of this annual report represents this vision of nature as seen through an eye, thereby integrating the elements of nature theme with our corporate symbol of the eye logo. In other words, we really are in the business of serving our consumers by harnessing the various 'Elements of Nature' and bringing happiness and convenience into their lives.

The last year

**The last year has been, a very difficult one for business.** While the economy has been slowing down, costs of inputs have been escalating. Lower import regulation coupled with lowering of duties is gradually resulting in higher imports into the country. Due to increased level of competition and higher input costs, margins have been under pressure.

The year ahead

The key focus area in the current year would be to "Fast Forward towards Profitable Growth". A proactive organization anticipates changing business conditions and responds with appropriate measures on a continuous basis. The business inputs need to be regulated to the changing market conditions and the various organizational resources need to be deployed optimally, for effective results.

At the start of the new financial year, your company embarked on a major organizational restructuring exercise. Each of our five businesses namely, Appliances, Fans, Lighting, Luminaires and Engineering & Projects will now operate as Business Units, and will function like a "virtual company" by being both a "cost center" and a "profit center". A BU therefore, will have a comprehensive set of competencies that facilitate it to view the business more holistically - be it marketing, sales, design, supply chain, or quality.

We are confident that this restructuring exercise would result in greater business focus and will lead to "Profitable Growth" in the years to come.



**Shekhar Bajaj**  
Chairman & Managing Director

## EVENTS OF THE YEAR



Golden Jubilee celebrations at Hind Lamps, Shikohabad.  
The auspicious lamp being jointly lit by Mr. S. Venkataramani, Director, Philips and  
Mr. Shekhar Bajaj, CMD, as Mr. Rahul Bajaj, CMD, Bajaj Auto, looks on.



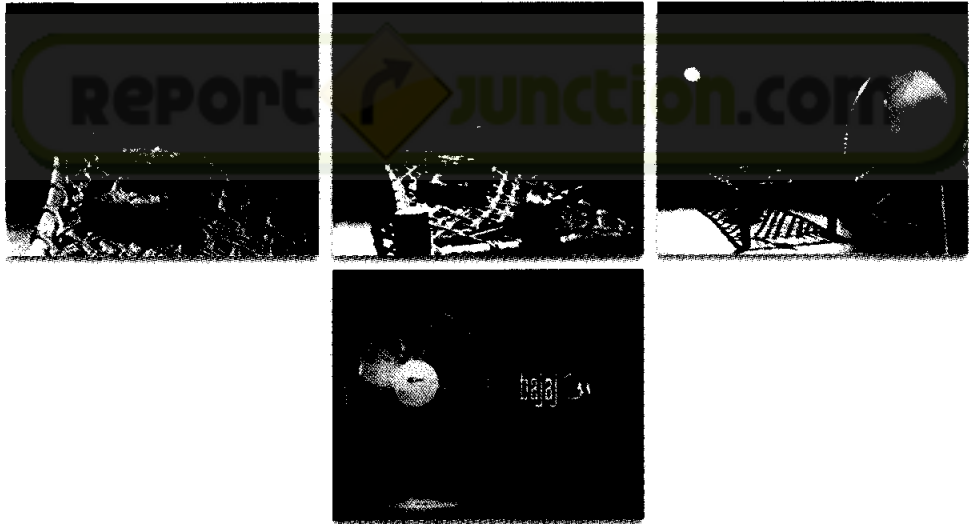
The top echelon of Midea visits India. Seen in the photograph along with  
Mr. R. Ramakrishnan, President & COO, Bajaj Electricals Ltd. are  
Mr. Xiang Jian He, Chairman, G.D. Midea and Mr. Zhang Jianzhou, GM, G.D. Midea.  
Midea is the world's largest producer of Fans with whom our company has  
a joint brand - Bajaj Midea Fans.

## SIGNIFICANT ACHIEVEMENTS



The Bajaj Fans Fishbowl Print Ad was awarded the bronze at the recently concluded ADFEST in Bangkok. Moreover, the "Snake" film for Bajaj Midea Fan was also a finalist. This is indeed a rare honour because ADFEST showcases the best work from across the Asia Pacific region.

At the ABBY Awards for Creative Excellence, recently held in Mumbai, four ads of Bajaj Electricals were finalists. They were the Bajaj Fans Matchstick Ad in Print, the Bajaj Fans Fishbowl Ad in Print, the Bajaj Fans Painter Ad in Film and the Bajaj Fans Snake Ad in Film.



# 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  
Dakshesh B. Dhruv  
S.C. Batra

## Secretary

Bharat Thakkar

## Auditors

Dalal & Shah, Chartered Accountants

## Bankers

State Bank of Bikaner & Jaipur  
Bank of Rajasthan Limited  
Bank of India

## 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.: Patan,  
Dist.: Satara, Maharashtra 415 206.  
Ranjangaon Unit : Village Dhoksanghvi, Taluka Shirur,  
Ranjangaon, Dist.: Pune,  
Maharashtra 412 210.

## Branches

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

## Depots

Daman, Dehradun, Faridabad, Goa, Jabalpur, Jalandhar &  
Ranchi.

## Management

Shekhar Bajaj, Chairman & Managing Director  
R. Ramakrishnan, President & Chief Operating Officer  
L.K. Mehta, Vice President & Head – Engineering & Projects BU  
Harsh Mittal, Vice President & Head – Lighting BU  
P.S. Tandon, Vice President & Head – Appliances BU  
G.P. Satsangi, Vice President & Head – Luminaires BU  
A.S. Radhakrishna, Vice President & Head – Fans BU  
S. Ramprasad, Vice President & Head –  
Corporate Planning & Branch Support  
Pravin Jathar, Vice President & Head – Corporate Finance  
A.V. Bhat, Sr. General Manager & Head – HR  
Dipak Karnik, Sr. General Manager & Head – Customer Care

## Matchwel and Chakan Units

Sudeep P. Naigaonkar, Sr. General Manager

## Ranjangaon Unit

S.C. Bhargava, Sr. General Manager (Projects)

### A request

The practice of distributing 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 Sixty-third 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 Friday, the 23rd day of August, 2002 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, 2002.
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 re-appointment.
4. To appoint a Director in place of Shri Ajit Gulabchand, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri V.B. Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions of the Companies Act, 1956, consent be and is hereby accorded to Shri Anant Bajaj, son of Shri Shekhar Bajaj, Chairman & Managing Director of the Company, to hold and continue to hold an office or place of profit with the Company with effect from 1st July, 2001 with remuneration as follows:-

- (a) Basic Salary: Rs. 7,500/- (Rupees seven thousand five hundred only) per month;
- (b) House Rent Allowance: Rs. 3,500/- (Rupees three thousand five hundred only) per month;
- (c) Additional Allowance: Rs. 1,500/- (Rupees one thousand five hundred only) per month;
- (d) Conveyance Allowance: Rs. 1,500/- (Rupees one thousand five hundred only) per month;
- (e) Provident and Superannuation Fund contributions as applicable to other senior employees in Manager's grade (presently @ 12% and 15% respectively, of the Basic Salary);
- (f) Gratuity as per the rules of the Company;
- (g) Leave and encashment of unavailed leave as per the rules of the Company;

(h) Other perquisites and emoluments as per the rules of the Company;

Provided, however, that the aggregate of the Basic Salary, H.R.A., Additional Allowance, Conveyance Allowance and Others shall be within the limits prescribed under Section 314(1B) of the Companies Act, 1956."

**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. 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th day of August, 2002 to 23rd day of August, 2002, both days inclusive.
4. 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, 25th June, 2002.





## **bajaj electricals limited**

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### **Annexure to the NOTICE**

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

#### **Item No. 7:**

Shri Anant Bajaj completed two and a half years Management Training with the Company without remuneration in October 1999. With effect from 1st November, 1999, he was appointed as "Project Co-Ordinator" for Ranjangaon Project. Since the remuneration payable was not exceeding the limits prescribed under the provisions of Section 314 (1) (a) of the Companies Act, 1956 (the Act), no approval of shareholders and/or Central Government was necessary.

With effect from 1st July, 2001, the salary payable to Shri Anant Bajaj was revised, subject to approval by the shareholders, as set out in the proposed resolution. Since the remuneration proposed is within the limits prescribed (Rs. 20,000/- p.m.) under the provisions of Section 314(1B) of the Act, approval of the Central Government is not necessary.

Shri Anant Bajaj is a graduate in Commerce and a Post Graduate (PGDFMB) from S.P.Jain Institute of Management & Research, Mumbai.

Shri Anant Bajaj being the relative of Shri Shekhar Bajaj, Chairman & Managing Director of the Company, approval of the shareholders under Section 314 of the Act is necessary for him to hold and continue to hold office of profit in the Company on the remuneration as proposed in the resolution.

Except Shri Shekhar Bajaj, no other Director is concerned or interested in this resolution.

By Order of the Board of Directors  
For Bajaj Electricals Limited

Mumbai, 25th June, 2002.

**Bharat Thakkar**  
Secretary

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# bajaj electricals limited

## DIRECTORS' REPORT

The Shareholders,

The Directors hereby present the Sixty-third Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2002.

### Shri R.P. Nevatia

Shri R.P. Nevatia, the Company's former Chairman and Advisor, passed away on 20th March, 2002 at the age of 94 years after a brief illness.

A self made man, Late Shri Nevatiaji was the doyen of the sugar and cement industries in India. He was a dedicated Gandhian and selfless social worker.

His association with the Company started in May, 1966 as a Director. He was elevated as the Chairman in December, 1970. Even after he resigned as Chairman in August, 1991, he continued as an advisor.

In his passing away, not only your Company has lost a matured advisor but the Indian Industry has lost a versatile businessman. We, at the Company, rededicate ourselves to uphold the rich traditions and values inherited from him.

### Sales and Other Income

During the year under review, your Company earned revenue, comprising of sales and other income, of Rs. 417.14 crores which is higher by about 6% over the revenue of Rs. 393.74 crores earned in the previous year. The profit at Rs. 48.51 lacs, after considering the receipt of Rs. 325 lacs towards non-compete fees but before provisions, is lower than the profit before provisions of Rs. 281 lacs in the previous year. The Financial Results are as follows:

## Financial Results

	Rs. in lacs	Previous Year Rs. in lacs
Sales and Other Income*	41,714.24	39,373.71
Gross Profit	307.78	688.03
Depreciation	584.27	406.97
Profit before Taxes & Provisions	(276.49)	281.06
Extra-Ordinary Item of Income	325.00	—
Doubtful Debts & Advances	4.61	1.34
Provision for Taxation:		
Current	11.00	25.00
Deferred	8.92	—
Profit after Tax	23.98	254.72
Prior Period Adjustments	(110.50)	28.71
Brought Forward from Previous Year	209.87	182.73
Balance available for appropriation	123.35	466.16
Proposed Dividend: Equity	—	64.82
Preference	110.00	110.00
Tax on corporate dividend	11.22	31.47
Transfer to Reserve	—	50.00
Balance Carried to Balance Sheet	2.13	209.87

\* Other Income Rs. 1,439.55 Lacs (Previous year Rs. 730.91 Lacs)

### Dividend

In view of the results, the Directors do not recommend any dividend on 43,21,440 equity shares of Rs.10/- each. As per the terms of issue of Preference Shares, the Board has declared and paid, for the year ended 31st March, 2002, interim dividend aggregating to Rs. 110.00 lacs on 1,00,00,000 - 11% Cumulative Non-Participating Preference Shares of Rs. 10/- each from the Reserves. The Directors recommend the same as the final dividend.

### Market Conditions

The market for consumer as well as industrial products has remained sluggish in the past couple of years, including the year under review. However with aggressive marketing, the Company could achieve growth in sales, albeit marginally, and retain market share & in some segments, even increase the same.

The competition in the market was intense. It got aggravated with easy availability of imported products. Consequently, the margins and the profitability remained very low, resulting into lower realisation. In view of this, the increased financial

requirement was met by borrowed funds, which resulted in higher interest costs.

To partly replace the borrowings with own funds, the Company has disposed off certain unproductive assets as reflected in the 'other income'. The Company is also evaluating various other options to reduce the costs and improve profitability.

### **Divisional Performances**

#### **Lighting and Industrial Products**

These products include Lamps, Tubes, Luminaires, Highmasts and Projects. The turnover of these products increased by about 6.60% at Rs. 229.61 crores during the year under review from Rs. 215.37 crores in the previous year. The margins, as stated earlier, remained under pressure.

#### **Consumer Durables**

Consumer Durables include fans and small appliances. The turnover decreased marginally at Rs. 163.28 crores during the year under review from Rs. 166.93 crores in the previous year. The Company has continued to introduce new products; different models in the existing range of products and upgrade the technology wherever possible, to retain its competitive position and market share. The Company will continue to put further efforts in this direction.

#### **Matchwel Unit**

As reported earlier, post-VRS, manufacturing of fans and die-cast components was shifted from this Unit to Chakan Unit. Consequently, the production of fans and die-cast components at this Unit has declined at 5262 nos. and 1486 MT as against 23,678 nos. and 1533 MT respectively in the previous year. Due to lack of orders for fans and die-casting, the Company has temporarily suspended operations from this unit from May, 2002. The company is evaluating various options to utilise the assets of this Unit in a profitable manner.

#### **Chakan Unit**

The production at this Unit further geared up during the year under review. The Unit produced 4,29,647 nos. of fans during the year under review as against 4,00,705 nos. of fans in the previous year. The Unit also produced 1216 MT of die-cast components against 955 MT in the previous year. The

performance of this Unit has not been satisfactory. Efforts are underway to recast the die casting business.

#### **Ranjangaon Unit**

As informed to you earlier, the commercial production of Highmasts, Lattice Towers and related products at this Unit commenced from 1st April, 2001. Several potential customers have evaluated the manufacturing facilities and have accorded pre-qualification. The internal procedures of this unit are accredited with ISO 9001 certification within six months of commencement of production.

This unit has, in the first year itself, successfully catered to the quality needs of electrical and telecommunication industries. These fields and the upcoming highway development projects will afford several profitable opportunities for this unit in near future. Your Directors feel that this Unit will achieve break even in the next two years.

#### **Wind Energy**

The 2.8 MW Wind Farm at Village Vankusawade in Maharashtra generated about 43.37 lacs of electrical units during the year under review (previous year about 33.77 lacs units). The Company has received compensation of Rs.1.96 crores (previous year Rs. 1.98 crores) for transfer of Sales Tax incentives available to this Unit.

#### **Die-Casting Business**

Die-casting has been a loss making business for many years. In the restructuring, the Company has discontinued supplies to Bajaj Auto Limited and earned Rs. 325 lacs as non-compete fees under an Agreement with Anurang Engineering Company Private Limited, a competitor of the Company.

#### **Investment in Bajaj Ventures Ltd. (BVL) & the Report of the Auditors**

With a view to unlock a part of the investments, the Company has disposed off 75,00,000 equity shares of Rs. 10/- each, i.e. 50% shareholding in BVL during the year under review for a consideration of Rs. 26.25 lacs. As a consequence, BVL has ceased to be a subsidiary of the Company.

As regards the qualification in Para 3(g) of the