



ODYSSEY 1001

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67th Annual Report  
2005 - 06



Dear Shareholders,

You will be happy to note that, in 2005-06, your company delivered an excellent performance across most operating and financial indicators. The net turnover of the Company has increased to Rs.848.21 crore as against Rs.651.26 crore last year, registering a growth of over 30%. The operating profit for the year at Rs.46.99 crore is higher by 115% over the previous year. We are sure that we have further broadened the smile on the face of our shareholders. The share price of your company had scaled a peak of Rs.639 with a peak market capitalization of Rs.552 crore. The Directors of your company are delighted to recommend payment of dividend for the year at 60% as against the dividend of 30% in the previous year and 10% in the year before that.

From the "War for Profit" initiative in 2003-04, the Company moved onto the theme of "Faster, Higher, and Stronger" in 2004-05. It had taken up the theme of "Odyssey 1001" in 2005-06 for embarking on a journey to achieve a sales turnover of over Rs.1001 crore in 2006-07. The company continued its focus on enhancing revenue growth through introduction of new products, expansion of the dealer and retailer network along with good brand building efforts. The various actions that the Company had taken for effective cost reduction, value engineering, competitive sourcing and improving credit discipline including introduction of channel financing continues to give good results. All our Business Units – Engineering & Projects, Luminaires, Appliances, Fans and Lighting – have put in place appropriate strategies in the direction of achieving a turnover of over Rs.1001 crore in 2006-07 along with a focus on enhancing our profits.

We are happy to inform you that we have started the year well with sales in April-May 2006 at Rs.115.46 crore against Rs.78.22 crore for the same period last year, registering a growth of 48%.

We look to the future with optimism because of the strength created internally and our success externally. The world is increasingly focusing on the economic progress of the two most populous nations – India and China. India's economy is poised to continue to grow at 8%. We believe that this growth rate is sustainable and your company with the appropriate strategies, will be able to reap the benefits of the same in both consumer and infrastructure oriented businesses.

We, in conjunction with "Paryavaran Mitra" - Friends of Environment - a non-government organization (NGO), have been taking various activities like tree plantation, cleanliness drive, tobacco-free environment and creation of social awareness aimed at environment protection at the Company's Head Office, factories and branches.

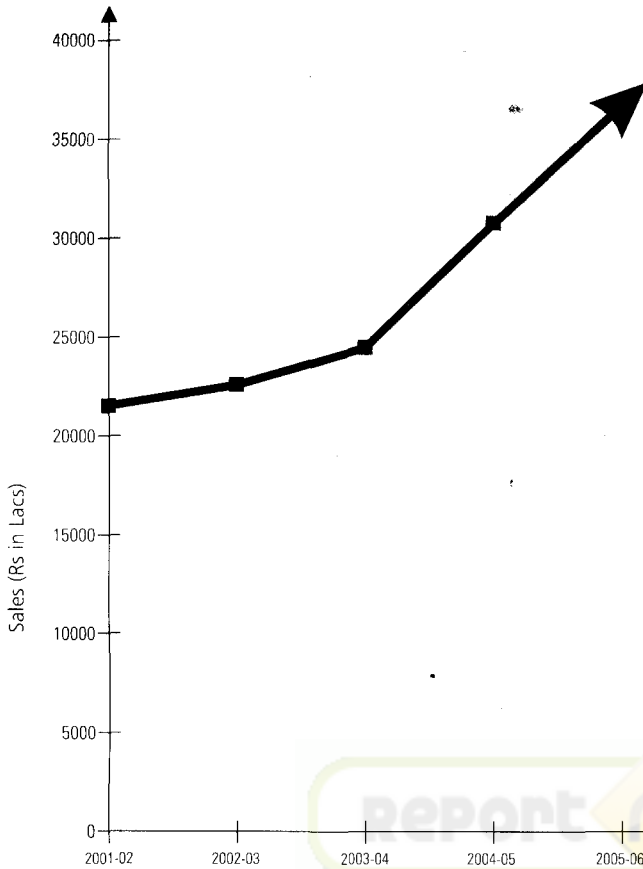
I would like to take this opportunity to express my sincere gratitude to the Board of Directors for their consistent support and guidance, our employees for their commitment and dedication and all our stakeholders for their confidence in the company and look forward to their continued support in the future also in taking the Company towards "Operation Triumph 1001".

Shekhar Bajaj  
Chairman & Managing Director

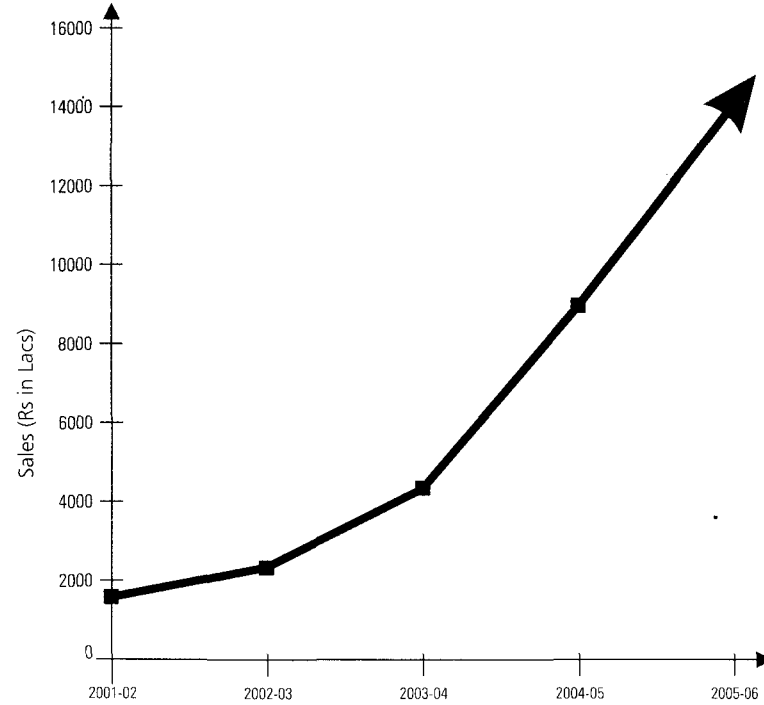
## STATISTICS



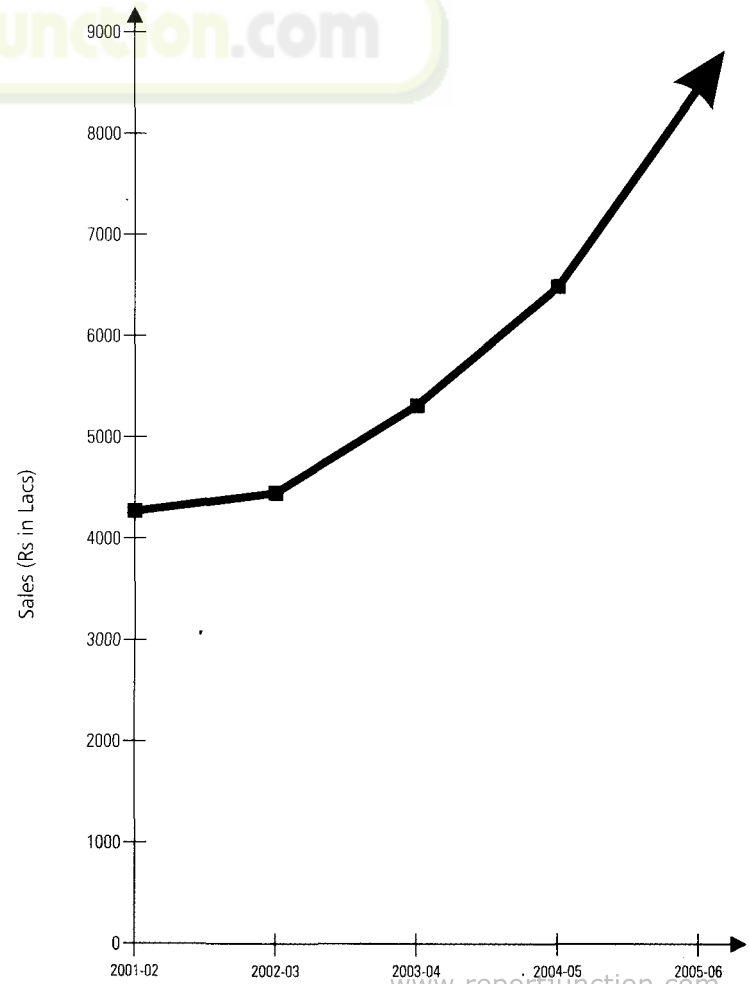
Lighting



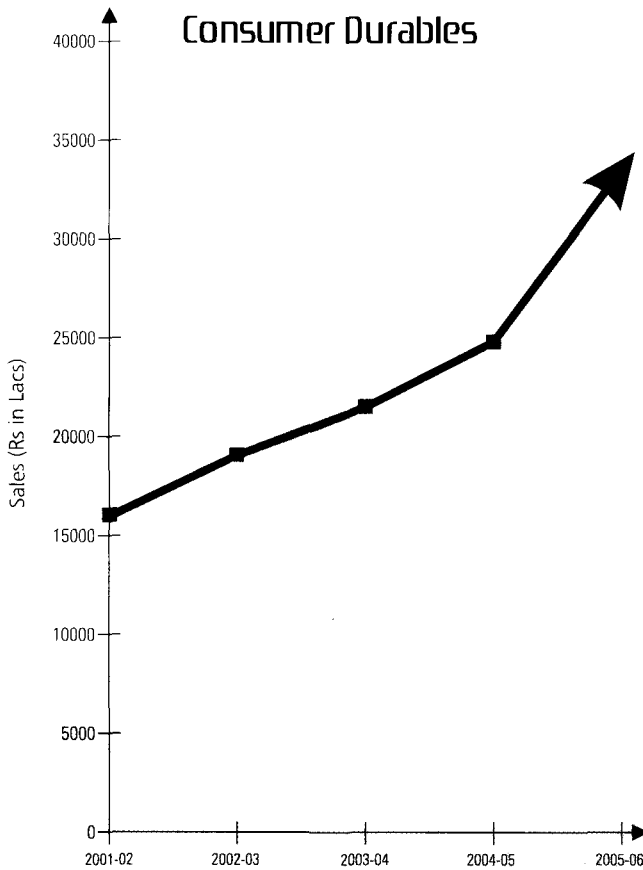
Galvanised Structure



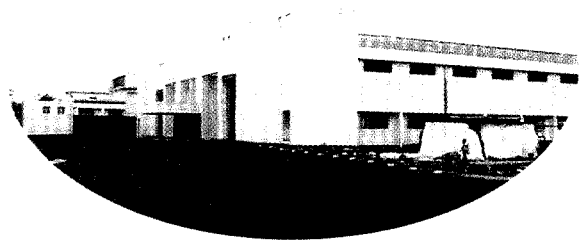
Total Sale (All Products)



Consumer Durables



# Significant Achievements



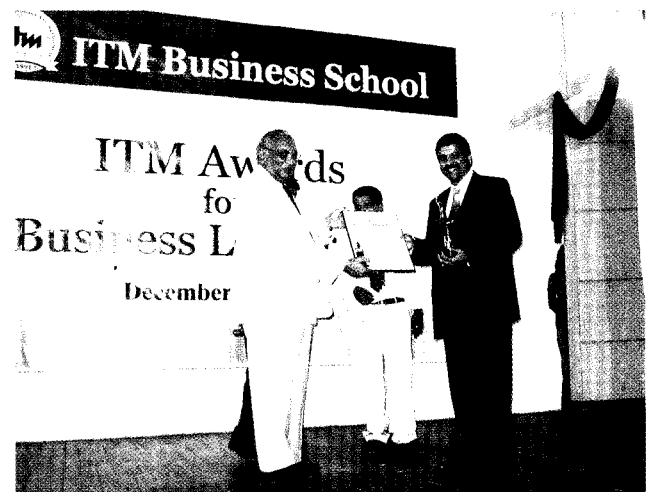
Chairman & Managing Director, Shri Shekhar Bajaj inaugurating Ranjangaon Unit II, the expansion plant for manufacturing Highmasts & Street Furniture, with Executive Director, Shri Anant Bajaj (*left*) and Smt. Kiran Bajaj (*extreme right*).



Chairman & Managing Director, Shri Shekhar Bajaj receiving, from the Chief Guest Shri Rahul Bajaj, Chairman, Bajaj Auto Ltd., Long Service Award on his completing 25 years with the company



"Bajaj Water Heaters" have received prestigious AMGF Consumer World Award as "Mera Brand-2006" at Delhi. President & COO Shri. R. Ramakrishnan receiving the award from Smt. Sonal Mansingh. Shri. P. S. Tandon, VP (Appliances) is on extreme left.



President & COO Shri R. Ramakrishnan receiving ITM Business Leadership Award - December 2005.



# bajaj electricals limited

## Board of Directors

Shekhar Bajaj, Chairman & Managing Director  
 Harsh Vardhan Goenka  
 A.K. Jalan  
 Ajit Gulabchand  
 V.B. Haribhakti  
 Madhur Bajaj  
 Dakshesh B.Dhruv (upto 30.1.2006)  
 H.R. Srivastava (Nominee of SBBJ-upto 30.1.2006)  
 Anant Bajaj, Executive Director (wef. 1.2.2006)  
 Dr. Indu Shahani (wef. 31.3.2006)

## Company Secretary

Mangesh Patil

## Auditors

Dalal & Shah, Chartered Accountants

## Bankers

State Bank of Bikaner and Jaipur  
 Bank of India  
 Union Bank of India  
 State Bank of India  
 Yes Bank Ltd.

## Registered Office

45-47, Veer Nariman Road, Mumbai 400 023

## Factories

Chakan Unit : Mahalunge, Chakan Talegaon Road,  
 Khed, Pune 410 501.  
 Wind Farm : Village Vankusawade, Tal.:Satara,  
 Dist.: Patan, Maharashtra.  
 Ranjangaon Unit : Village Dhoksanghvi, Taluka Shirur,  
 Ranjangaon, Dist. : Pune,  
 Maharashtra 412 210.

## Branches

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

## Depots

Daman, Dehradun, Faridabad, Goa, Parwanoo, Ranchi &  
 Zirakhpur.

## Management

Shekhar Bajaj, Chairman & Managing Director  
 Anant Bajaj, Executive Director  
 R. Ramakrishnan, President & Chief Operating Officer  
 L.K. Mehta, Sr.Vice President & Head – Engineering & Projects BU  
 P.S. Tandon, Vice President & Head – Appliances BU  
 A.S. Radhakrishna, Vice President & Head – Fans BU  
 Pravin Jathar, Vice President & Head – Corporate Finance  
 Vijay Deshpande, Vice President & Head – Human Resources  
 C.G.S. Mani, Vice President & Head – Lighting BU  
 G.P. Satsangi, Vice President & Head – Luminaires BU (upto 4.7.2006)  
 Vijay R. Mujumdar, Vice President & Head – Luminaires BU (wef. 25.5.2006)

## Chakan Unit

Sudeep P.Naigaonkar,Vice President & Head – (Works)

## Ranjangaon Unit

Abhay P. Vaidya, General Manager (Operations)

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## 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. Shareholders are therefore requested to bring their copies 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-seventh 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 Thursday, the 27<sup>th</sup> day of July, 2006 at 11.30 A.M. (I.S.T.) to transact the following business:

1. To consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006 together with the Directors' Report and Auditors' Report thereon.
2. To declare a dividend on Preference Shares.
3. To declare a dividend on Equity Shares.
4. To appoint a Director in place of Shri Harsh Vardhan Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Madhur Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Messrs. Dalal & Shah, Chartered Accountants, Mumbai, 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 on a remuneration to be decided by the Board of Directors or Committee thereof in addition to reimbursement of service tax, as applicable, actual travelling and out-of-pocket expenses incurred by them."

## SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to Section 257 and other provisions, if any, of the Companies Act, 1956, Dr. Indu Shahani, 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 pursuant to Section 257 and other provisions, if any, of the Companies Act, 1956, Shri Anant Bajaj, be and is hereby appointed as a Director of the Company".
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 provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Shri Anant Bajaj, as an Executive Director in the whole-time employment of the Company with effect from 1<sup>st</sup> February, 2006 for a period of five years on the following terms and conditions:

**REMUNERATION:**

a)	Salary :	Rs.60,000/- (Rupees Sixty thousand only) per month in the scale of Rs. 60,000/- - 10,000/- - 1,00,000/-. Accelerated increments / increases may be given by the Board of Directors from time to time at their absolute discretion.	
b)	Commission :	In addition to the Salary, Commission equal to 50% of the Salary drawn by the Executive Director, subject to such ceiling as may be set out in the Companies Act, 1956. The amount of commission shall be payable after the annual accounts are approved by the Board of Directors and adopted by the shareholders.	
c)	Perquisites & other benefits :	Perquisites and other benefits be allowed in addition to Salary and Commission which are as follows :	
		1	Accommodation / House Rent Allowance (HRA):
		(i)	Housing I: The expenditure by the Company on hiring furnished accommodation for the Executive Director will be subject to the following ceiling:-  60% of the salary, over and above 10% payable by the Executive Director.
		(ii)	Housing II: In case the accommodation is owned by the Company, then, 10% of the Salary of the Executive Director shall be deducted by the Company.
		(iii)	Housing III: In case no accommodation is provided by the Company, the Executive Director shall be entitled to HRA as per the Company policy, subject to the ceiling laid down in Housing I. At present, the HRA applicable is Rs.15,000/- per month.  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 Executive Director.
		2	Additional Allowance: Rs.42,000/- per month.
		3	Leave Travel Assistance: Rs.30,000/- per annum.
		4	Medical Expenses: For self and family upto a limit of Rs.50,000/- per annum.
		5	Telephone: Expenses towards usage of telephones installed at residence will be reimbursed by the Company at actuals.
		6	Mobile Phone: Reimbursement at actuals.
		7	Car: Provision of Company's car for use of Company's business with reimbursement of maintenance and driver salary as per the rules of the Company.
		8	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 either singly or put together are not taxable under the Income Tax Act, 1961 (at present, this is limited to 12% and 15% respectively, of the Basic Salary).
		9	Gratuity: As per the rules of the Company.
		10	Leave and encashment of unavailed leave: As per the rules of the Company.

		11	Entertainment Expenses: The Executive Director will be entitled to reimbursement of entertainment expenses incurred in the course of business of the Company.
		12	Other perquisites and emoluments: As per the rules of the Company.
d)	Valuation of Perquisites:	Perquisites / allowances shall be valued as per Income-tax Rules, wherever applicable, and in the absence of any such Rules, shall be valued at actual cost.	
e)	Minimum Remuneration:	<p>The total remuneration payable to the Executive Director as aforesaid shall not exceed the overall limits laid down under Sections 198 and 309 of the Companies Act, 1956.</p> <p>In the event of loss or inadequacy of profits in any year during the aforesaid tenure, the Executive Director shall be paid the remuneration as above as the minimum remuneration, subject to the approval of the Central Government as may be required under the provisions of the Companies Act, 1956 and subject to the restrictions, if any, set out in Schedule XIII to the Companies Act, 1956, from time to time.</p>	
f)	Other Terms:	The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the minimum remuneration payable to the Executive Director in accordance with the provisions of the said Act or any amendments made hereinafter in this regard or with the approval of the Central Government, wherever required.	

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

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

"RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, provisions of the Listing Agreement with the Stock Exchanges and subject to such approvals as may be necessary, a sum not exceeding 1% of the net profits of the Company per annum, computed in the manner prescribed in Section 309(5) of the Companies Act, 1956, for each of the five financial years commencing from 1<sup>st</sup> April, 2006, be paid and distributed amongst the Non-Executive Directors of the Company or some or any of them, in such amounts or proportions and in such manner as may be decided by the Board of Directors."

#### 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. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos.7 to 10 above is given below and forms part of the Notice. The relevant details of Directors seeking re-appointment / appointment under Item Nos.4, 5, 7, 8 and 9 above, pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges are also annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20<sup>th</sup> day of July, 2006 to 27<sup>th</sup> day of July, 2006, both days inclusive.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said



period are requested to forward their claims in the prescribed Form No.II under The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to -

Office of the Registrar of Companies,  
C/o. Fancy Corporation Limited,  
Hakoba Mills Compound, 2nd floor,  
Dattaram Lad Marg, Kala Chowki,  
Mumbai 400 012.

Shareholders are hereby informed that after the amendment of the Companies Act, 1956, w.e.f. 31<sup>st</sup> October, 1998, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. Accordingly, the company has transferred the unpaid/unclaimed dividends for the financial years 1995-96, 1996-97 and 1997-98 to the fund. In accordance with Section 205C of the Companies Act, 1956, no claim shall lie against the Company or Fund in respect of the amounts transferred to the Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 1999 and subsequent years are requested to make their claims to the Company, without any delay. The unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follows:

Particulars	Financial Year	Date of Declaration	Due date for transfer to IEP Fund
Dividend	1998-99	20.07.1999	05.09.2006
Dividend	1999-00	16.08.2000	02.10.2007
Dividend	2000-01	30.07.2001	03.09.2008
Dividend	2003-04	29.07.2004	02.09.2009
Dividend	2004-05	28.07.2005	01.09.2010

5. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

6. Re-appointment of Directors:

At the ensuing Annual General Meeting, Shri Harsh Vardhan Goenka and Shri Madhur Bajaj, retire by rotation and being eligible offer themselves for re-appointment. The information pertaining to the Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement annexed.

By Order of the Board of Directors  
For Bajaj Electricals Limited

Mumbai, May 31, 2006

**Mangesh Patil**  
Company Secretary

# bajaj electricals limited

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

## **Annexure to the NOTICE**

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

Pursuant to Section 173 of the Companies Act, 1956 ("the Act"), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 7 to 10 of the accompanying Notice dated 31<sup>st</sup> May, 2006.

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

Dr. Indu Shahani was appointed as an Additional Director by the Board at its meeting held on 31<sup>st</sup> March, 2006, to assume responsibilities as Director effective the same date, in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association to hold office till the conclusion of the Annual General Meeting of the Company scheduled to be held on July 27, 2006. The Company has received a Notice pursuant to Section 257 of the Companies Act, 1956, along with the prescribed deposit, from a member signifying his intention to propose the candidature of Dr. Indu Shahani, for the office of Director of the Company, at the forthcoming Annual General Meeting of the Company.

Dr. Shahani is the Principal of H.R.College of Commerce & Economics, Mumbai since 2000. She has over 31 years of teaching experience at University and Degree College at the undergraduate and postgraduate level. She is currently the member of the Academic Council of the University of Mumbai.

Dr. Shahani is the Member of committee on vocationalisation, UGC, Core committee member of University Vocationalisation of first degree level committee, University of Mumbai and Steering committee member IQAC (Internal Quality Assurance & Control), University of Mumbai. She is also the Convenor of the Academics Committee of Hyderabad (Sind) National Collegiate Board (HSNCB) which manages 23 educational institutions in Mumbai.

Dr. Shahani is the Member of Audit & Corporate Governance Committee of HSBC since 2003. She has been invited as the first Asian woman to be the member of the Council of Foundation, International Baccalaureate Organisation since 2004. She is also Director of the Rotary Club of Bombay and Member Junior/Youth Red Cross of the Indian Red Cross Society.

Dr. Shahani is visiting faculty at the UC Berkeley, and School of Management NJIT, USA. She has also developed many linkages for student and faculty exchanges with leading universities in USA, UK, Australia and New Zealand.

Dr. Shahani has pioneering linkages with various bodies such as CII, Bombay Chamber of Commerce, Indian Merchant Chambers and other leading corporate organizations.

Dr. Shahani holds a Ph.D in Commerce from University of Mumbai on enhancing Academia Institutional linkages.

Dr. Shahani has been awarded by Sahyog Foundation for Excellence in Education Field, 2002, the Achievement Award 2001 by Women Graduates Union for Contribution to the Society in Education and The Leo Club Award for 'Outstanding Service in the field of Commerce Education' 1983.

The Board considers it desirable that the Company should continue to avail of the services of Dr.Shahani and accordingly commends the Resolution at Item No.7 of the accompanying Notice for acceptance by the Members.