

**BAJAJ**

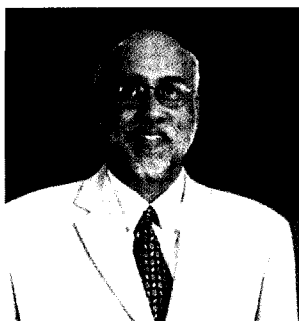
**Bajaj Electricals Limited**

*Inspiring Trust*

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68th Annual Report 2006-07

**Sales  
crossed  
Rs.1113 crore**  
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Dear Shareholders,

The year 2006-07 has been an year of an excellent performance for the Company. We have been successful in achieving a turnover of Rs. 1113 Crores in the year 2006-07 as against Rs. 878 Crores in 2005-06 which represents a growth of 27% over the previous year. The operating profit for the year at Rs. 60.29 Crores as against Rs. 46.98 Crores last year, is higher by 28%. The Net Profit has improved to Rs. 38.53 Crores from Rs. 28.20 crores in the corresponding period last year showing a growth of 37%. We are glad that we have achieved success in our goal of "Operation Triumph 1001". Our team of employees, vendors and channel partners that we so proudly call "Team Bajaj" have all put in an excellent team effort in converting this dream into a reality. I acknowledge their tremendous contribution and thank them for the same.

The Directors of your Company are delighted to recommend an issue of Bonus Shares in the ratio of 1:1 as a token of our appreciation to our shareholders for their confidence in the Company. The dividend for the year is at 80% as against 60%, 30% and 10% in the previous 3 years.

If we look at our performance on various parameters between 2003-04 and 2006-07, we see a substantial improvement as shown in the table below :

	Rs.Crores		
	2003-04	2006-07	4-Year CAGR (%)
Gross Sales Turnover	521.46	1113.01	28.75
Net Sales Turnover	500.10	1077.30	29.15
PAT	11.36	38.61	50.35
EPS (Rs.)	17.17	44.41	37.27
Net Worth	75.31	116.84	15.77
Capital Employed	221.09	361.26	17.78
Market Capitalisation	29.52	336.60	125.09
Total Shareholder Returns (%)			100.00
ROCE (%)		25%	

\* Market Capitalisation as at March 31

The Indian economy is poised to grow at around 8% over the next few years and both our consumer facing businesses and the industry / infrastructure facing businesses are likely to do well, to take advantage of this great opportunity.

We intend to grow faster than our competition, improve our brand position, bring down our operating costs, enhance our profitability and our team is poised to "Zoom Ahead" into the future. We aim to be Rs. 2001 crore Company by the year 2009-10 and have identified various new product segments, markets and strategies to achieve this goal.

I am also happy to inform you that we have changed our corporate identity to give it a more energetic and contemporary look. The new identity is reflected in the cover page of this Annual Report. The new logo represents our eye on the future and our readiness to accept challenges and be at the forefront of change. It symbolizes our journey towards a radiant future, while preserving the heritage of our past as a trusted and admired Indian brand. The colours chosen continue to draw inspiration from the elements of nature. The Vermillion Orange symbolizes the elements of Fire, Earth and the Sun and represents their combined energy and strength. The vibrant Blue colour symbolizes the elements of Water and Air and represents their dynamism and openness. Our vision is to bring happiness into our customer's life through excellent products and services, while enhancing stakeholder value.

Our initiative in the area of preserving the environment through the NGO "Paryavaran Mitra" Friends of the Environment is gaining momentum and should start making an impact. We would be very happy if some of our environmentally conscious shareholders would like to involve themselves in this initiative.

We have started the year 2007-08 well with Sales in April-May 2007 of Rs.158.39 Crores against Rs.118.88 Crores in April-May 2006 showing a growth of over 33%.

I would like to take this opportunity to express my sincere gratitude to the Board of Directors for their consistent encouragement and guidance, our employees for their commitment, loyalty and result orientation and all our stakeholders for their confidence in the Company and look forward to their continued support in the future also to enable the Company to "Zoom Ahead".

Yours sincerely,



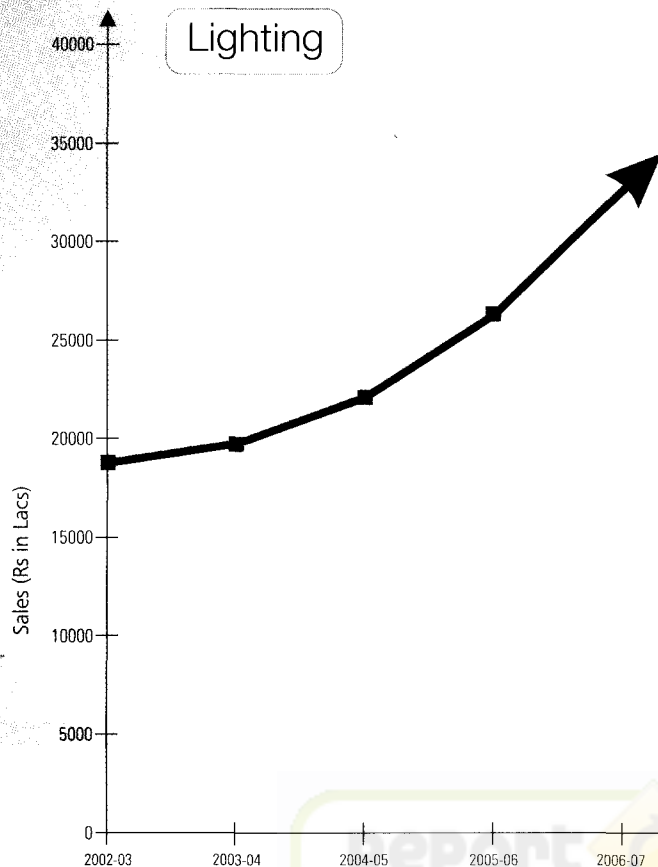
SHEKHAR BAJAJ

Chairman & Managing Director

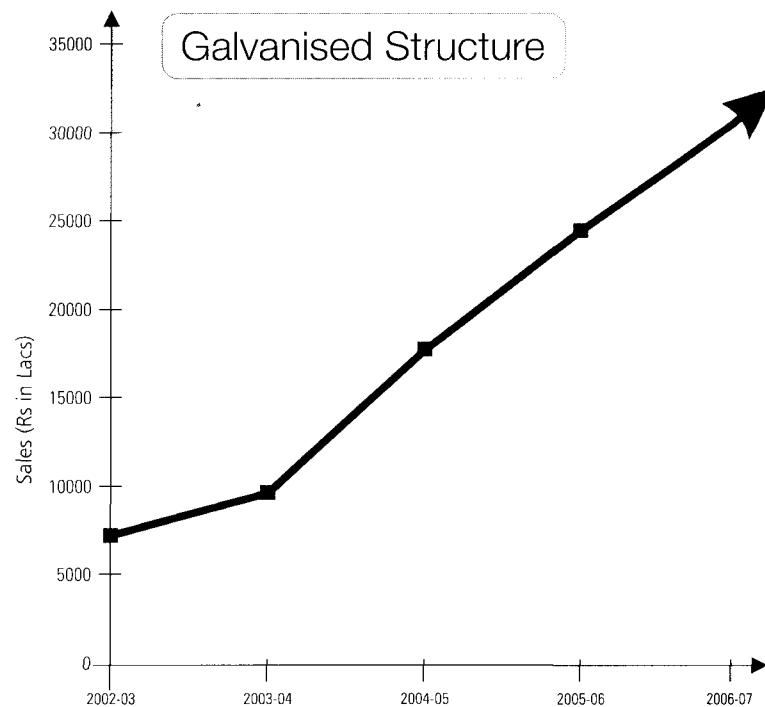
## STATISTICS



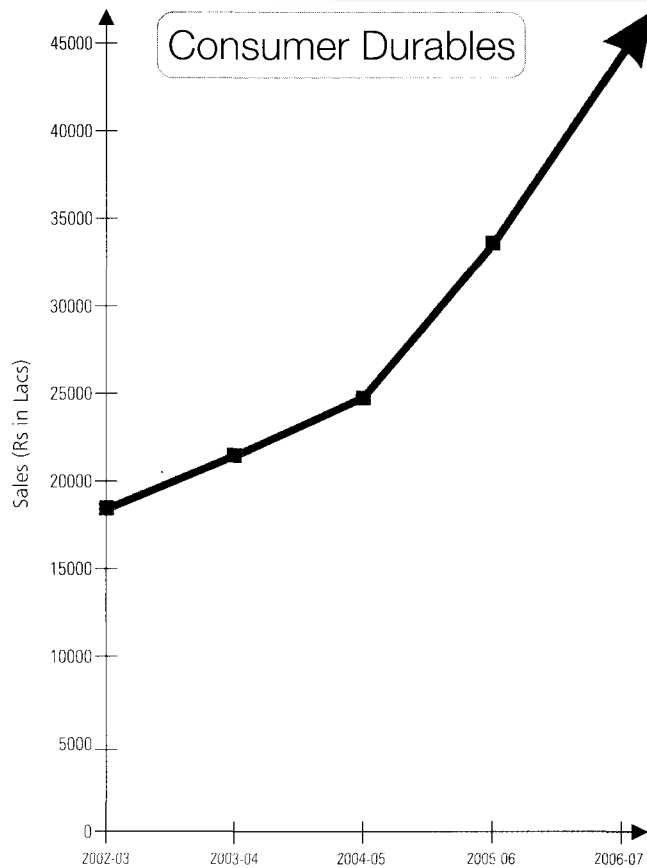
Lighting



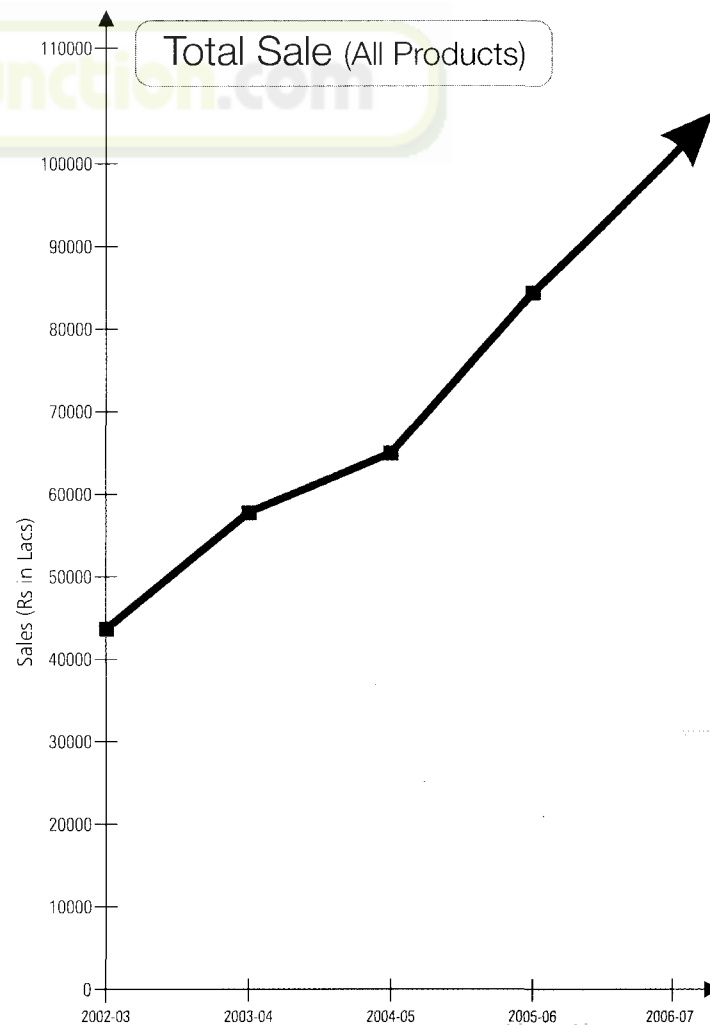
Galvanised Structure



Consumer Durables



Total Sale (All Products)



**Board of Directors :**

Shekhar Bajaj, Chairman & Managing Director  
Harsh Vardhan Goenka  
A.K.Jalan  
Ajit Gulabchand  
V.B.Haribhakti  
Madhur Bajaj  
Anant Bajaj, Executive Director  
Dr.Indu Shahani  
R.Ramakrishnan, Executive Director (wef 26.10.06)

**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 400 001

**Factories :**

Chakan Unit : Mahalunge, Chakan Talegaon Road,  
Khed, Pune 410 501.  
Wind Farm : Village Vankusawade, Taluka 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, Executive Director  
L.K.Mehta, President - Engineering & Projects BU  
P.S.Tandon, President – Appliances BU  
A.S.Radhakrishna, Executive Vice President & Head – Fans BU  
Pravin Jathar, Executive Vice President & CFO  
C.G.S.Mani, Executive Vice President & Head -Lighting BU  
Vijay R.Mujumdar, Executive Vice President & Head – Luminaires BU  
Vivek Sharma, Vice President & Business Head (Morphy Richards)

**Chakan Unit :**

Sudeep P.Naigaonkar, Executive Vice President (Works)

**Ranjangaon Unit :**

Abhay P. Vaidya, Chief 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.



**Registered Office:** 45-47, Veer Nariman Road, Mumbai 400 001.

## NOTICE

NOTICE is hereby given that Sixty-eighth Annual General Meeting of Bajaj Electricals Limited will be held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on Thursday, the 26<sup>th</sup> day of July, 2007 at 11.30 A.M. to transact the following business:

1. To consider and adopt the Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2007 and the Balance Sheet as at that date and the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri A. K. Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Ajit Gulabchand, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Dalal & Shah, retiring Auditors, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

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

"RESOLVED that pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Clause 5 of the Memorandum of Association of the Company be substituted by the following :

*'5. The Authorised Capital of the Company is Rs.20,00,00,000 (Rupees Twenty Crores) divided into 2,00,00,000 (Two Crore) equity shares of Rs.10 (Rupees Ten) each.'*

*'The Company shall have power to increase or reduce the capital, to divide the shares of the capital for the time being into several classes and to attach thereto respectively such ordinary, preferential, qualified or deferred rights and privileges or conditions in such manner as may for the time being be provided by the regulations of the Company'."*

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

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 8(i) of the Articles of Association of the Company be substituted by the following :

*'8(i) The Authorised Capital of the Company is Rs.20,00,00,000 (Rupees Twenty Crores) divided into 2,00,00,000 (Two Crore) equity shares of Rs.10 (Rupees Ten) each'."*

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

"RESOLVED that pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri R.Ramakrishnan, be and is hereby appointed as a Director of the Company."

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary 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 R. Ramakrishnan, as an Executive Director in the whole-time employment of the Company with effect from 26<sup>th</sup> October, 2006 for a period of five years on the following terms and conditions:

**REMUNERATION:**

a)	Salary	Rs.1,50,000/- (Rupees One lakh fifty thousand only) per month in the scale of Rs.1,50,000/- - 15,000/- - 3,00,000/-. The annual increments shall be given effective July, every year. Accelerated increments / increases may be given by the Board of Directors from time to time at their absolute discretion.	
b)	Performance Incentive	Based on the evaluation of performance on an annual basis, the Executive Director will be paid incentive, which shall not exceed Rs.24,00,000/- in the first year ending on 30 <sup>th</sup> June, 2007. This shall increase by Rs.2,00,000/- every year, subject to a ceiling of Rs.40,00,000/-. Accelerated increments / increases may be given by the Board of Directors from time to time at their absolute discretion.	
c)	Commission	In addition to the Salary and Annual Performance Incentive as per the rating awarded, Commission equal to 25% 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.	
d)	Perquisites & other benefits	Perquisites and other benefits be allowed in addition to Salary, Performance Incentive 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.20,000/- 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.1,50,000/- per month.
		3	Leave Travel Assistance: Rs.2,60,000/- per annum.
		4	Medical Expenses: For self and family upto a limit of Rs.1,00,000/- 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, if any, as per the rules of the Company.
e)	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.	
f)	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>	
g)	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.”

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

**Revision in Terms of Remuneration of Shri R. Ramakrishnan, Executive Director**

“RESOLVED that in partial modification of Resolution No.10 hereinabove and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) read with Schedule XIII of the Act, the Company hereby approves the revision in the commission payable to Shri R. Ramakrishnan, Executive Director effective 1<sup>st</sup> April, 2007 for the remainder of the tenure of his contract as set out hereinbelow:

‘Commission : Such remuneration by way of commission in addition to the salary, performance incentive, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act. The specific amount payable to him will be based on certain performance criteria to be laid down by the Board and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the shareholders.’”



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

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

**Revision in Terms of Remuneration of Shri Shekhar Bajaj, Chairman & Managing Director**

"RESOLVED that in partial modification of Resolution No.8 passed at the Annual General Meeting held on 28<sup>th</sup> July, 2005, and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves the revision in the commission payable to Shri Shekhar Bajaj, Chairman & Managing Director effective 1<sup>st</sup> April, 2007 for the remainder of the tenure of his contract as set out hereinbelow:

'Commission : Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act. The specific amount payable to him will be based on certain performance criteria to be laid down by the Board and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the shareholders'."

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

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

**Revision in Terms of Remuneration of Shri Anant Bajaj, Executive Director**

"RESOLVED that in partial modification of Resolution No.9 passed at the Annual General Meeting held on 27<sup>th</sup> July, 2006, and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves the revision in the commission payable to Shri Anant Bajaj, Executive Director effective 1<sup>st</sup> April, 2007 for the remainder of the tenure of his contract as set out hereinbelow:

'Commission : Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act. The specific amount payable to him will be based on certain performance criteria to be laid down by the Board and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the shareholders'."

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

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

"RESOLVED

- (a) that in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or re-enactment thereof and Article 186 of the Articles of Association of the Company and subject to the guidelines issued by the Securities and Exchange Board of India (SEBI) in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate

authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board", which term shall be deemed to include any Committee thereof) for capitalization of a sum not exceeding Rs.8,64,28,800/- (Rupees Eight crore sixty four lakhs twenty eight thousand eight hundred only) from the Securities Premium Account of the Company for the purpose of issue of 86,42,880 Equity Bonus Shares of Rs.10/- each credited as fully paid-up to the holders of Equity Shares of the Company whose names shall appear on the Register of Members on the 'Record Date' determined by the Board or a Committee thereof for the purpose, in the proportion of 1 (One) Equity Bonus Share of Rs.10/- each for every 1 (One) fully paid-up Equity Share of Rs.10/- each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid-up capital of the Company held by each such Member, and not as income;

- (b) that the Bonus Shares so allotted shall rank *pari passu* in all respects with the fully paid-up Equity Shares of the Company as existing on the Record Date and that they shall be entitled to the full dividend for the financial year during which the said Bonus Shares are allotted and thereafter;
- (c) that the Bonus Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company;
- (d) that in the case of Members who hold Equity Shares in certificate form, the share certificates in respect of the Bonus Shares shall be dispatched and in the case of Members who hold shares or opt to receive the Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members with their respective Depository Participants, within such time as prescribed by law and the relevant authorities;
- (e) that the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs) & other foreign investors, shall be subject to the approval of the Reserve Bank of India, as may be necessary;
- (f) that the Board be and is hereby authorized to take necessary steps for listing of such shares on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations;
- (g) that for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient, and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

15. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") and subject to such other approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Remuneration & Compensation Committee constituted by the Board to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director of the Company, whether whole time or otherwise, options exercisable into not more than 5% of the paid up capital of the Company i.e. 4,32,144