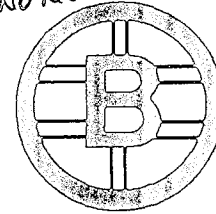


MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

No Notice



**Bharat Bijlee Limited**

**51st ANNUAL REPORT**

**Year Ended March 1998**



**DIRECTORS**

Mr. Bansi S. Mehta (Chairman)  
Mr. Nikhil J. Danani  
(Vice Chairman & Managing Director)  
Mr. Nakul P. Mehta  
(Vice Chairman & Managing Director)  
Mr. Jaisingh R. Danani  
Mr. Mukul Harkisondass  
Mr. Prakash V. Mehta  
Mr. Anand J. Danani  
Mr. Deepak S. Parekh  
(Alternate to Mr. Anand J. Danani)  
Mr. N. Balakrishnan

**REGISTERED OFFICE**

Electric Mansion, 6th Floor,  
Appasaheb Marathe Marg, Prabhadevi,  
Mumbai 400 025.

**WORKS**

Plot No. 2, MIDC Industrial Estate,  
Belapur Road, Kalwa,  
Thane 400 601.  
Maharashtra.

**AUDITORS**

Messrs Dalal & Shah  
Messrs Rashmi Zaveri & Co.

**SOLICITORS**

Messrs Daphtary, Ferreira & Divan  
Messrs Malvi Ranchoddas & Co.

**BANKERS**

Bank of India  
The Hongkong & Shanghai Banking  
Corporation Limited  
Syndicate Bank  
ANZ Grindlays Bank Ltd.  
Indian Bank

Report



Junction

---

**REGIONAL OFFICES****Western Regional Offices**

Electric Mansion, 6th Floor,  
Appasaheb Marathe Marg, Prabhadevi,  
Mumbai 400 025.

Swastik Chambers, 5th Floor,  
Junction of Sion Trombay Road and C.S.T. Road,  
Chembur, Mumbai 400 071.

**Northern Regional Office**

Milap Niketan, 4th Floor,  
8-A, Bahadur Shah Zafar Marg,  
New Delhi 110 002.

**Eastern Regional Office**

Mansarowar, 2nd Floor,  
3B, Camac Street,  
Calcutta 700 016.

**Southern Regional Offices**

Marriam Centre, 1st Floor,  
751, Anna Salai,  
Madras 600 002.

Ramanashree Chambers,  
37, Lady Curzon Road,  
Bangalore 560 001.

## REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors present their 51st Annual Report together with Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1998.

## FINANCIAL RESULTS

	Year ended 31st March, 1998 Rupees in lakhs	Year ended 31st March, 1997 Rupees in lakhs
Sales and Other Income	15066.86	15516.22
Profit before Interest & Financial Charges, Depreciation and Tax	576.16	1834.19
Less: Interest & Financial Charges	470.37	526.10
Less: Depreciation	140.60	120.56
Loss (—)/Profit Before Tax	—34.81	1187.53
Less: Tax Provision for the year	3.00	462.00
Loss (—)/Profit for the year	—37.81	725.53
Less: Excess/Short (—) Provision of tax for earlier years	7.18	—2.57
	—30.63	722.96
Add: Transfer from General Reserve	30.63	—
Profit Brought Forward	127.11	98.48
Net Surplus available for Appropriation	127.11	821.44
<b>Appropriation</b>		
Proposed Equity Dividend	56.52	113.03
Tax on proposed Equity Dividend	5.65	11.30
General Reserve	—	570.00
Profit Carried Forward	64.94	127.11

## DIVIDENDS

Considering the results of the year under review and the current business situation, Directors recommend that a dividend of Rs. 10 per share on 5,65,156 Equity Shares of Rs.100 each for the year ended 31st March, 1998 be paid out of the balance of profit brought forward from previous years.

## TURNOVER

The year under review went through a phase of unprecedented demand compression, fierce competitive conditions and hence lowest price realisation in recent years for all our business

operations. Against this backdrop of adverse economic and industrial situation, we could secure and execute reasonably good volume of business and limit the drop in sales and other income to only Rs. 5 crores from Rs.155 crores in previous year to Rs.150 crores. Poor price realisation is a main reason for the substantial drop in profit margins.

## OPERATIONS

## Motor Division

For the second consecutive year sales of motors were less than in the previous year on account of reduced volume as well as lower price realisation. Rampant discount warfare during the second half of the year has considerably eroded profit margins. The current year does not offer greater promise. Although we expect higher sales in physical terms, the poor price realisation coupled with inflationary factors in the budget will create a two-way squeeze on our margins. A vigorous cost reduction campaign has been launched in order to improve margins.

## Transformer Division

Due to delays in plans for Power Generation, Transmission and Distribution in government as well as private sector, the demand for transformers has gone down resulting in very competitive market conditions.

However, during the year, a sizeable order was received and executed from industry, improving the production for the year. Efforts to procure more orders for the current year are on.

## Lift Division

Although sales turnover grew by 27%, continuing adverse conditions in the real estate market and increasing competition unfavourably affected both margins on completed installations and order inflow. The emphasis on responsive service continues.

## Project Division

Negative growth in capital goods industry, general economic slowdown and unstable political situation at centre affected the finalisation and execution of big projects and consequently receipt and execution of orders. Thus the sales turnover and profit margin were substantially lower compared to previous year. Considering the orders in hand there will be improved performance in the ensuing year.

## Industrial Electronics &amp; Instrumentation Division

This division manufactures and sells industrial electronic drives to the sugar industry. In spite of recessionary trends and unavailability of funds in the sugar industry, our sales have not reduced. The following year should be significantly better in terms of volume as well as profitability on account of the development of DC drives which have been well received by our customers.

**FINANCE**

The Directors certify that the proceeds of the 14% Non-Convertible Secured Debentures have been utilised only for the purpose of working capital and the same have not been diverted for any other purpose. The 14% Non-Convertible Secured Debentures (I Series) have been fully redeemed. The last instalment of Rs. 40.74 lakhs has been paid on 30th April, 1998.

The second instalment of Rs. 87.50 lakhs has been paid on 6th November, 1997 towards partial redemption of the Company's 14% Non-Convertible Secured Debentures (III Series).

As on 31st March, 1998 the Company had Fixed Deposits, aggregating to Rs. 563.55 lakhs. Out of the Fixed Deposits which matured for payment prior to 31st March, 1998, 164 deposits aggregating to Rs. 12.29 lakhs were neither renewed nor claimed till 31st March, 1998. Of these, 57 deposits aggregating to Rs. 4.81 lakhs have since been renewed or refunded on receipt of requests from the deposit holders. The balance of 107 deposits, aggregating to Rs. 7.48 lakhs, have neither been claimed nor renewed till the date of this Report, in spite of the Company's intimation to the deposit holders.

Reduction in rate of interest and close monitoring of working capital has enabled the Company to bring down the interest burden by more than Rs. 50 lakhs.

**HUMAN RESOURCES**

The wage agreement with Employees' Union covering service conditions expired on 31st December, 1996 and is under negotiation with Union. Employee relations continue to be peaceful at all locations. Training and development of employees at all levels constitutes a key focus area for the management.

The Directors take this opportunity to express their appreciation of the dedicated service of employees at all levels.

**DIRECTORS**

The Directors express their deep sense of sorrow on the sad demise of Dr. Boman S. Chothia on 9th November, 1997. Dr. Chothia joined the Board of Directors of the Company in 1974 and in that capacity had contributed significantly to the deliberations of the Board. The Board has placed on record its appreciation of the long association of Dr. Boman S. Chothia with the Company.

Mr. Werner Kummer resigned from the Board of Directors on 2nd December, 1997.

Mr. Keshav V. Natoo resigned from the Board of Directors with effect from 18th March, 1998. The Board of Directors places on record their appreciation for the advice given by Mr. Keshav V. Natoo during his

tenure as Director. Mr. N. Balakrishnan has been appointed a Director in the casual vacancy caused by the resignation of Mr. Keshav V. Natoo.

Mr. Jaishigh R. Danani, Mr. Bansi S. Mehta, and Mr. Anand J. Danani, Directors of the Company retire by rotation, but are eligible for re-appointment.

**AUDITORS**

M/s. Dalal & Shah and M/s. Rashmi Zaveri & Co. Auditors retire at the ensuing Annual General Meeting. Both have confirmed their eligibility and willingness to be re-appointed pursuant to Section 224(1) of the Companies Act, 1956. Members will be requested to appoint the Auditors and to authorise the Board to appoint Branch Auditors and to fix the remuneration of the Auditors and Branch Auditors for the year ending 31st March, 1999. This special business is covered by item 7 of the accompanying Notice and Explanatory Statement.

**COST AUDITORS**

The Central Government has approved the appointment of M/s. P. M. Nanabhoy & Co. as Cost Auditors of the Company in respect of electric motors for the financial year ending 31st March, 1998.

The Board has appointed M/s. P.M. Nanabhoy & Co., as Cost Auditors of the company in respect of electric motors for the financial year ending 31st March, 1999 and approval of the Central Government is being sought.

**PARTICULARS OF EMPLOYEES**

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of this Report are annexed to this Report. However, as per the provisions of Section 219(1)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the Statement of Particulars of Employees. Any shareholder interested in the Particulars of Employees may write to the Company Secretary at the Registered Office of the Company for a copy of the statement.

Additional information as required by the Department of Company Affairs is presented on page 5 of this Annual Report.

**ACKNOWLEDGEMENTS**

Your Directors would like to place on record their appreciation to the Company's customers, shareholders, vendors, bankers, and financial institutions.

For and on behalf of the Board of Directors,

Bansi S. Mehta  
Chairman

Mumbai, 15th June, 1998.

## ADDITIONAL INFORMATION

(In terms of Notification No. 1029 of 31.12.1988 issued by the Department of Company Affairs)

### A. Conservation of energy

#### (1) Measures :

- Phased replacement of fluorescent tube lamps with high pressure mercury lamps.
- Periodic maintenance of luminair reflectors and air pipelines for leakages.
- Improved utilisation of drying oven.
- Elimination of baking of varnished Einleiter winding in oven by use of air drying varnish.
- Reduction of compressed air pressure from 7 kg/cm<sup>2</sup> to 5.5 kg./cm<sup>2</sup>.
- Drying of transformer core by natural air circulation instead of oven for curing of air drying varnish.

#### (2) Impact of the measures :

- Saving in energy consumption.

### B. Technology absorption

#### Research and Development :

#### (1) Specific areas in which R & D is carried out:

- Ongoing development of lift components, assemblies and systems to meet specific market requirements.
- Development of on-line testing facility/simulator in temperature controlled environment for a complete sugar centrifuge drive.

#### (2) Benefits derived :

- Improved productivity and quality control.
- Conservation of power, energy and reduction in power factor, high starting current and pollution of power supply.

#### (3) Future plan of action :

- Continued emphasis on development of cost effective components and processes and import substitution.
- A research project on evaluation of various insulation systems was carried out jointly with ERDA. This research will lead to rationalisation and cost reductions in insulating materials. The implementation including fields will be done in the following year.
- Development of motors for compressors used on Electric Locomotives.
- Development of auxiliary motors and blowers used on the new class of AC Locomotives.

### Technology absorption, adaptation and innovation:

#### (1) Efforts made :

- Systematic reliability and accelerated life testing of lift machinery.
- Change of packing box material from wood to corrugated paper for motors upto 10 HP.
- Change of motor bodies to pressure diecast aluminium, presently upto 1 HP, and progressively adapt this technology upto 5 HP.
- Technical personnel of Company deputed to large EHV transformer manufacturing Company in U.S.A. to study the manufacturing and processing methods.

#### (2) Benefits derived :

- Product improvement.
- Reduction in cost of packing materials, labour and transport. Also change to more ecofriendly materials.
- Reduction in labour cost as well as better aesthetics and better cooling.
- Manufacture of cost effective low voltage winding (48 conductor wendel winding).
- Crimped joints in H.V. connection.
- Controlled winding heights.

#### (3) Technology imported during the last five years:

- The Company had a collaboration with Inventio AG of Switzerland for lifts which expired on 25th December, 1996. The technology transferred has been fully absorbed.

### C. Foreign exchange earning and outgo

#### (1) Export activities :

- Our transformers continue to be exported directly and also through other registered exporters. Transformers have also been sold as deemed export to internationally aided projects. These orders were obtained against international competition.

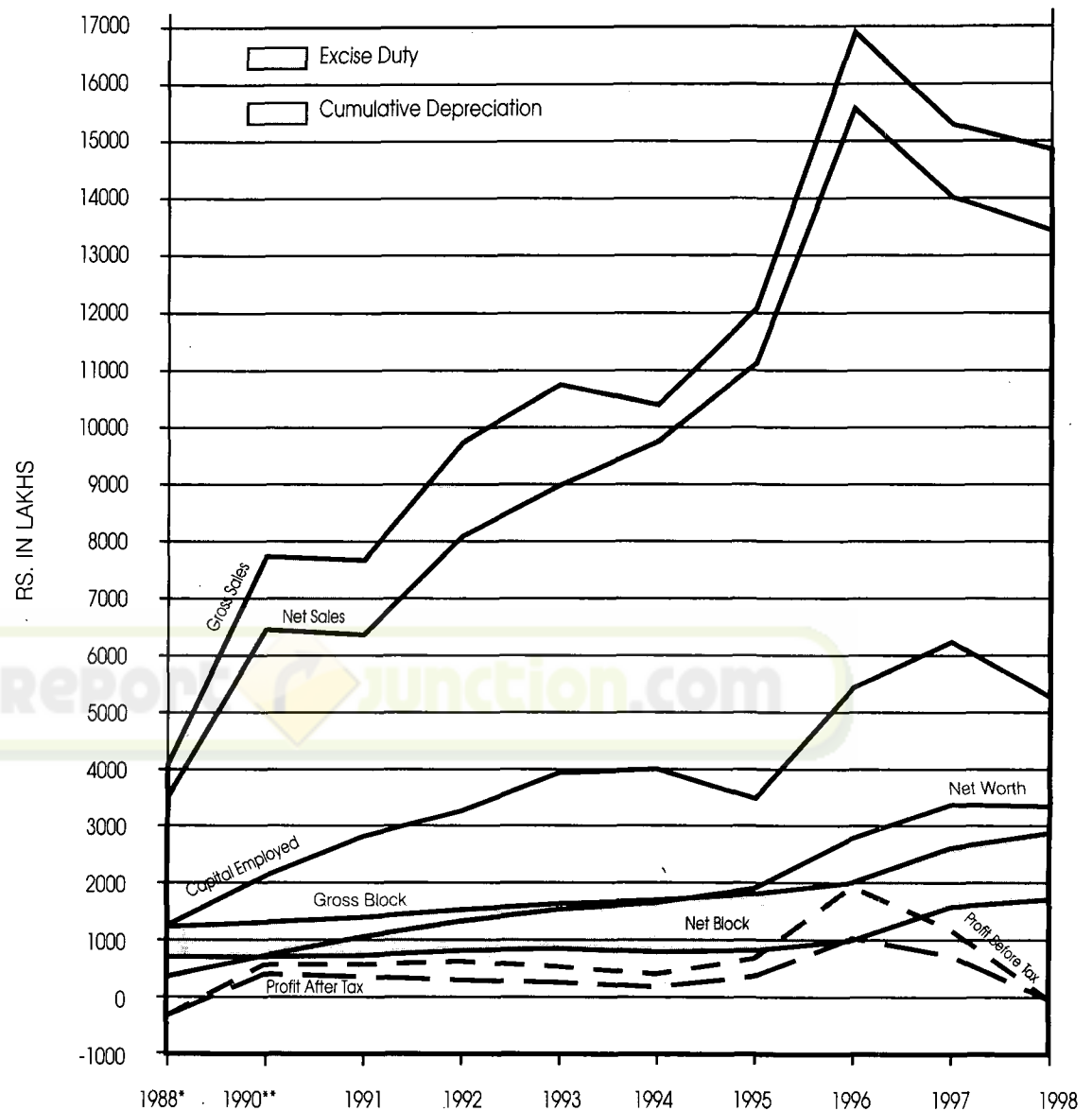
#### (2) Foreign exchange earned :

- |                  |                   |
|------------------|-------------------|
| — Deemed exports | Rs. 1908.47 Lakhs |
| — Direct exports | Rs. 135.17 Lakhs  |
| — Others         | Rs. 3.79 Lakhs    |

#### (3) Foreign exchange used :

- (including for capital assets) Rs. 1301.32 Lakhs

## BUSINESS TRENDS



## Particulars

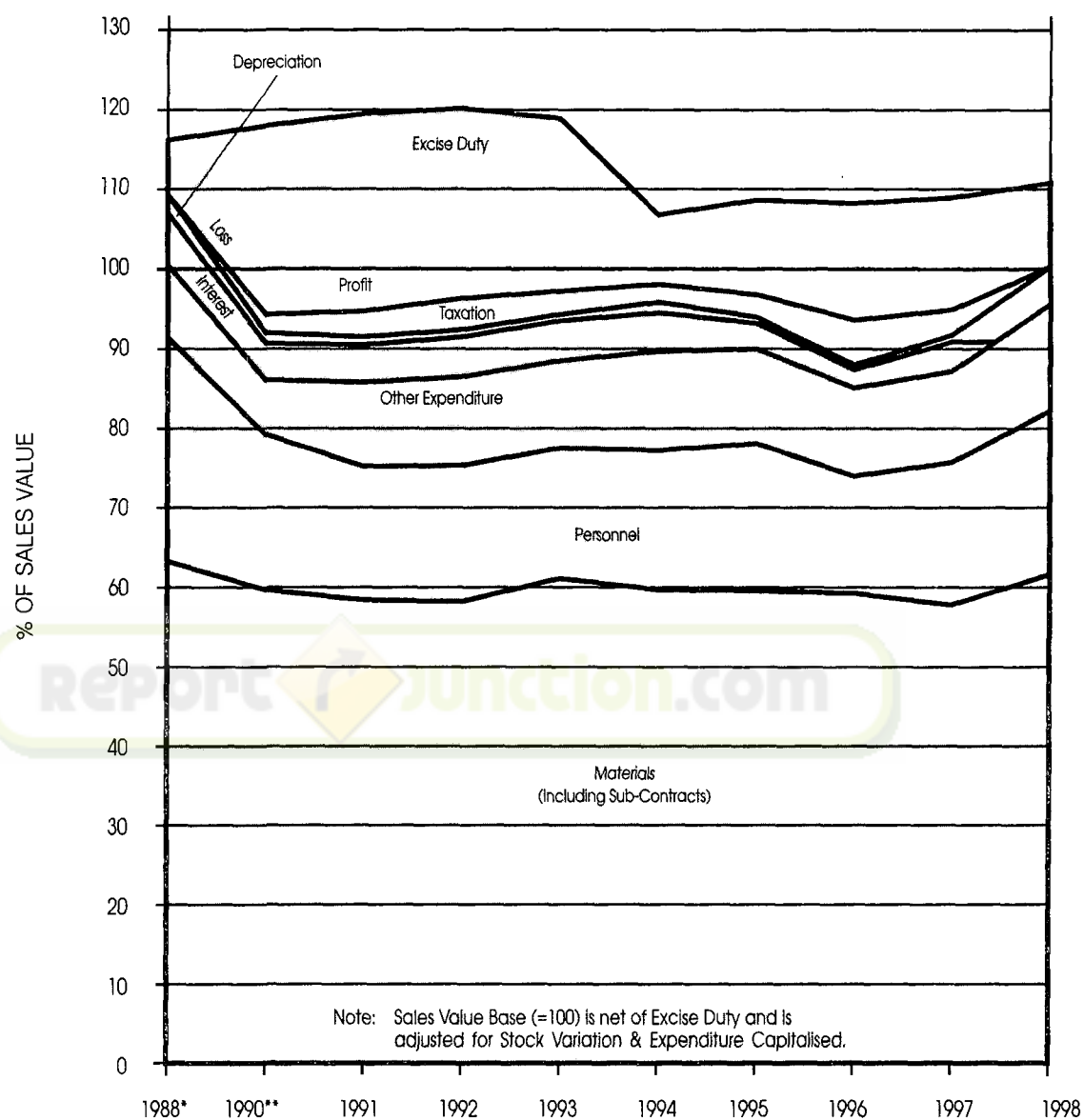
Gross Sales	4078	7734	7667	9738	10752	10399	12080	16898	15292	14852
Net Sales	3501	6455	6365	8083	8987	9755	11125	15568	14017	13432
Cptl. Empld.	1253	2114	2807	3263	3937	4003	3841	5435	6239	5271
Net Worth	358	724	1054	1328	1531	1650	1897	2780	3379	3348
Gross Block	1232	1310	1396	1526	1632	1693	1805	2001	2614	2871
Net Block	703	703	727	813	849	791	816	989	1572	1704
Profit/(-) Loss Before Tax	-330	566	566	625	532	404	671	1928	1188	-35
Profit/(-) Loss After Tax	-330	406	356	305	262	184	361	1028	726	-38

\* 18 months ended December, 1988, though effective working was about 10 months.

\*\* 15 months ended March, 1990.



## COST TRENDS



## Particulars

Particulars	1988*	1990**	1991	1992	1993	1994	1995	1996	1997	1998
Excise Duty	16.2	18.0	19.5	20.2	18.9	6.8	8.6	8.2	8.9	10.8
Profit/(-) Loss	-9.3	5.7	5.3	3.7	2.8	1.9	3.2	6.4	5.1	-0.3
Taxation	0.0	2.3	3.2	3.9	2.9	2.3	2.8	5.6	3.2	0.0
Depreciation	2.3	1.3	1.0	0.9	0.8	1.3	0.8	0.6	0.8	1.1
Interest	6.5	4.6	4.7	5.0	5.0	4.8	3.2	2.3	3.7	3.6
Other Exp.	9.1	6.9	10.6	11.2	11.0	12.5	11.9	11.1	11.5	13.4
Personnel	28.1	19.5	16.8	17.1	16.4	17.5	18.5	14.7	17.9	20.6
Materials	63.3	59.7	58.4	58.2	61.1	59.7	59.6	59.3	57.8	61.6

\* 18 months ended December, 1988, though effective working was about 10 months.

\*\* 15 months ended March, 1990.

## TEN YEARS FINANCIAL DATA

(Rs. in Lakhs)

Period ended	March 1998	March 1997	March 1996	March 1995	March 1994	March 1993	March 1992	March 1991	March 1990 (15 months)	December 1988 (18 months)
<b>SALES AND EARNINGS</b>										
Sales	14852.41	15292.42	16898.04	12079.50	10399.17	10752.01	9738.19	7667.13	7733.61	4077.68
Loss (-)/Profit Before Taxes	-34.81	1187.53	1928.06	670.61	403.72	532.43	624.75	566.20	566.30	-330.40
Loss (-)/Profit After Taxes										
Net of adjustments	-30.63	722.96	1024.59	347.41	185.25	270.40	313.99	369.70	406.30	-330.40
Dividends	56.52	113.03	141.29	70.69	66.67	66.67	39.82	39.82	40.95	20.88
<b>ASSETS</b>										
Gross Block	2871.44	2613.78	2001.00	1802.01	1693.37	1631.56	1526.31	1396.48	1310.21	1232.35
Net Block	1704.27	1572.23	989.02	816.31	790.70	848.57	813.33	727.32	703.25	703.29
Investments	196.66	190.66	187.23	184.73	181.05	95.40	52.81	50.62	42.64	54.70
Current Assets, Loans & Advances	10219.66	10416.82	10955.52	7988.26	6745.52	6797.50	5735.00	5286.03	3783.73	2101.77
Current Liabilities & Provisions	6911.51	5941.17	6696.65	5147.83	3714.77	3805.37	3341.92	3276.74	2451.32	1661.59
Net Current Assets	3308.15	4475.69	4258.87	2840.43	3030.75	2992.13	2393.08	2009.29	1332.41	440.18
Capital Employed	5209.08	6238.58	5435.12	3841.47	4002.50	3936.10	3263.14	2806.88	2113.67	1253.19
<b>LIABILITIES</b>										
Share Capital	565.16	565.16	565.16+	282.58§	312.58	312.58+	171.29	171.29	171.29	171.29
Reserves & Surplus	2720.67	2813.47	2214.84	1614.12	1337.40	1218.82	1156.38	882.21	552.33	186.84
Shareholders' Funds	3285.83	3378.13	2780.00	1896.70	1649.98	1531.40	1327.67	1053.50	723.62	358.13
Loan Funds	1923.25	2859.95	2655.12	1944.77	2352.52	2404.70	1935.48	1753.38	1390.05	895.06
Earnings Per Share* (Rs.)	-5.42	127.92	181.29	122.93	63.96	94.10	219.05	258.48	283.58	-238.62
Equity Dividend Rate Rs. Per Share	10	20	25	25	22	22	25	25	25	10
Net Worth Per Share* (Rs.)	592.40	597.73	491.90	671.21	573.29	531.32	918.45	724.40	490.92	232.24
Debt Equity Ratio†	0.34:1	0.34:1	0.35:1	0.48:1	0.71:1	0.67:1	0.79:1	0.82:1	0.56:1	1.38:1

§ 30,000 15% Redeemable Cumulative Preference Shares of Rs. 100/- each redeemed on 4-4-1994.

+ After bonus of 1:1

\*Excluding preference share capital.

† Debt = Loan Funds less cash credit from Banks; Equity = Shareholders' Funds.