

# **Bharat Bijlee Limited**

**52nd ANNUAL REPORT**

**Year Ended March 1999**

**DIRECTORS**

Mr. Bansi S. Mehta (Chairman)  
Mr. Nikhil J. Danani  
(Vice Chairman & Managing Director)  
Mr. Nakul P. Mehta  
(Vice Chairman & Managing Director)  
Mr. Jaishigh 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  
Indian Bank

Report  junction.com

---

**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,  
Chennai 600 002.

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

Report  Junction.com

**NOTICE**

Notice is hereby given that the 52nd Annual General Meeting of Bharat Bijlee Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020 on Thursday, the 29th July, 1999 at 4.00 p.m. to transact the following business:

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Prakash V. Mehta who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Mukul Harkisondass who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. Pursuant to Section 224A(1) of the Companies Act, 1956 special resolutions will be proposed for their re-appointment.

**SPECIAL BUSINESS**

6. To appoint a Director in place of Mr. N. Balakrishnan who was appointed on 15th June, 1998 by the Board to fill the casual vacancy caused by the resignation of Mr. Keshav V. Nattoo and who holds office in the normal course upto the date of the 52nd Annual General Meeting.
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as a Special Resolution:  
 "RESOLVED that the accounts for the year ending 31st March, 2000 of the Company's branches at New Delhi, Calcutta, Chennai and Bangalore be audited otherwise than by the Company's Auditors and that for the audit of the accounts of these branches the Company hereby authorises the Board of Directors to appoint as Branch Auditor or Branch Auditors in consultation with the Company's Auditors, a person or firm of persons for appointment as auditors of the Company under Section 226 of the Companies Act, 1956 and to fix the terms and conditions of appointment and remuneration of such Branch Auditors."

**NOTES:**

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. INSTRUMENTS APPOINTING PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (B) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 16th July, 1999 to Thursday, 29th July, 1999 (both days inclusive).
- (C) The Dividend on Equity Shares, if declared, will be payable on or before 7th September, 1999, to those shareholders whose names stand on the Company's Register of Members as holders of Equity Shares on 29th July, 1999.
- (D) The Explanatory Statement is annexed to this notice as regards items 6 & 7 of the business as required under section 173 and other Sections of the Companies Act, 1956.
- (E) It is notified for the information of shareholders concerned that the unclaimed dividends on equity for the year ended 31-3-1995 has been transferred by the Company to the General Revenue Account of the Central Government and the same can be claimed by such shareholders from the Registrar of Companies, Maharashtra, Everest, 100, Marine Drive, Mumbai 400 002 by submitting an application in the prescribed form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
- (F) If the shareholders wish to incorporate the names and address of their Bank and Account No. on the Dividend Warrants to prevent fraudulent encashment, they are requested to intimate the Company of the same.

**REQUEST TO THE MEMBERS**

1. Members desiring any information on the Accounts of the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring the copy of the Annual Report to the Meeting.

By Order of the Board  
 D.N. NAGARKAR  
 Asst. Company Secretary &  
 Manager: Secretarial & Legal

Registered Office:  
 Electric Mansion, 6th Floor  
 Appasaheb Marathe Marg,  
 Prabhadevi,  
 Mumbai 400 025

Dated: 28th May, 1999

---

**EXPLANATORY STATEMENT****Item No. 6 :**

Mr. N. Balakrishnan was appointed as a Director of the Company by the Board of Directors with effect from 15th June, 1998 pursuant to Article 162 of the Articles of Association of the Company to fill the casual vacancy caused by the resignation of Mr. Keshav V. Nattoo. Consequently, Mr. Balakrishnan holds office only upto the date on which Mr. Nattoo in whose place he was appointed would have held office in the normal course upto the date of the forthcoming Annual General Meeting. Notice in writing and a deposit of Rs. 500/- along with the notice has been received from members under Section 257 of the Companies Act, 1956 signifying the intention to propose Mr. N. Balakrishnan as a candidate for the office of Director.

Mr. N. Balakrishnan is Executive Director (Vigilance) & Chief Vigilance Officer (Retd.) of Life Insurance Corporation of India. The Directors consider his services will be useful to the Company and that it is in the interest of the Company and desirable that he be appointed as a Director of the Company.

None of the Directors are concerned or interested in the Resolution.

**Item No. 7 :**

It is obligatory on the part of the Company to have all its branches audited by the statutory auditors of the Company unless the Company in general meeting decides to have any branches audited by persons qualified to be appointed as auditors of the Company under Section 226 of the Companies Act, 1956. The Company has branches at New Delhi, Calcutta, Chennai and Bangalore. The necessary authorisation of the members is sought, in accordance with the provision of Section 226 of the Companies Act, 1956, to enable the Board of Directors to appoint branch auditors in consultation with the Company's auditors, to audit the accounts of the aforesaid branches and to fix terms, conditions and remuneration, as the Board may deem fit.

None of the Directors are concerned or interested in the Resolution.

By Order of the Board  
D.N. NAGARKAR  
Asst. Company Secretary &  
Manager: Secretarial & Legal

Registered Office:  
Electric Mansion, 6th Floor  
Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai 400 025

## REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors present their 52nd Annual Report together with Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1999.

## FINANCIAL RESULTS

	Year ended 31st March, 1999 Rupees in lakhs	Year ended 31st March, 1998 Rupees in lakhs
Sales and Other Income	14544.78	15066.86
Profit before interest & Financial Charges, Depreciation and Tax	562.30	576.16
Less: Interest & Financial Charges	388.14	470.37
Less: Depreciation	145.77	140.60
Profit/Loss(—) Before Tax	28.39	—34.81
Less: Tax Provision for the year	6.50	3.00
Profit/Loss(—) for the year	21.89	—37.81
Add: Excess Provision of tax for earlier years	—	7.18
	21.89	—30.63
Add: Transfer from General Reserve	—	30.63
Profit Brought Forward	64.94	127.11
Net Surplus available for Appropriation	86.83	127.11
<b>Appropriation</b>		
Proposed Equity Dividend	56.52	56.52
Tax on proposed Equity Dividend	6.21	5.65
Balance Carried Forward	24.10	64.94

## DIVIDENDS

Considering the results of the year under review and the current business situation, the 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, 1999 be paid out of the profit of the current year and out of balance of profit brought forward from previous years.

## OPERATIONS

The engineering industry continued to reel under demand recession for the third successive year with few signs of imminent revival. The electrical equipment industry, to which your Company belongs, faces an uncertain outlook due to the demand compression principally attributable to very poor additions to power generation and transmission capacity and delayed implementation of industrial projects. The power sector is paralysed by the absence of clear policy enunciation and the decline in power sector investment.

In spite of these adverse market conditions, your Company has been able to prevent further deterioration and to achieve sales and other income of Rs. 145 crores, about Rs. 5 crores lower than the previous year.

Duty free imports for Transformer Division, a significant increase in the sales of Lift Division, strict austerity measures and a reduction in interest costs have helped the Company to post a nominal profit after tax of Rs. 22 lakhs after bearing the burden of wage arrears for the 15 months period, from 1st January, 1997 to 31st March, 1998 which amounted to about Rs.151 lakhs.

## MOTOR DIVISION

The year under review has been disastrous for the electric motor industry. Trading conditions were so severe that despite an increase in physical volumes, the year ended in poor performance. But for a vigorous cost reduction campaign in all areas, the position would have been worse. ISO 9001 recertification was obtained during the year.

## TRANSFORMER DIVISION

Fiercely competitive market conditions due to low demand for transformers continued unabated. This eroded margins significantly. However a reasonably large order from an Electricity Board enabled higher production and recovery of costs. The coming year holds no better prospects. ISO 9001 certification was obtained during the year.

## LIFT DIVISION

Despite competitive market conditions and the demand stagnation caused by continued uncertainties in the real-estate industry, the Division registered significant growth in completed installations, sales turnover and order inflow, although margins remained under pressure. The order book is satisfactory.

The emphasis on systematic initiatives towards ongoing improvement in the quality and effectiveness of customer service – for both new installations and the maintenance portfolio – continues.

## PROJECTS DIVISION

The general economic slow down continued to affect finalisation and execution of new projects. However a marginal increase in sales was registered, and an improved performance in the current year is expected due to the position of orders on hand.

## INDUSTRIAL ELECTRONICS AND INSTRUMENTATION DIVISION

The new series of DC drives developed by the Division was well accepted by Sugar Centrifugal manufacturers. The Company is the market leader in drives for sugar centrifugals, a position it hopes to strengthen in the coming years through development of new products, and the outlook for the current year looks bright.

**FINANCE**

The 1,50,000 14% Non Convertible Secured Debentures (I Series) of Rs. 100 each have been fully redeemed. The last installment of Rs. 40.74 lakhs has been paid on 30th April, 1998.

The 2,50,000 14% Non Convertible Secured Debentures (III Series) of Rs. 100 each have also been fully redeemed. The last installment of Rs. 87.50 lakhs has been paid on 6th November, 1998.

As on 31st March, 1999 the Company had Fixed Deposits aggregating to Rs. 628.30 lakhs. Out of the Fixed Deposits which matured for payment prior to 31st March, 1999, 109 deposits aggregating to Rs. 9.57 lakhs were neither renewed nor claimed till 31st March, 1999. Of these 14 deposits aggregating to Rs. 2.08 lakhs have since been renewed or refunded on receipt of requests from the deposit holders. The balance of 95 deposits aggregating to Rs. 7.49 lakhs, neither been claimed nor renewed till the date of this Report, in spite of the Company's intimation to the deposit holders. There has been no default or delay in meeting any maturity payment obligations.

Close monitoring of deployment of funds has enabled the Company to bring down the interest burden by Rs. 82 lakhs compared to previous year.

**HUMAN RESOURCES**

The three year term Wage & Productivity settlement was signed with the Union in September, 1998. While negotiating the settlement, the understanding displayed by the Union and Employees to the difficult phase the Company is passing through was commendable. A healthy climate of employee relations at all locations continues to prevail. The Company believes human resource development to be a focus area.

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

**DIRECTORS**

Mr. N. Balakrishnan, Executive Director (Vigilance) & Chief Vigilance Officer (Retd.), Life Insurance Corporation of India was appointed to the Board on 15th June, 1998 in the casual vacancy caused by the resignation of Mr. Keshav V. Nataro. He holds office upto the date of the 52nd Annual General Meeting i.e. the date on which Mr. Nataro would have retired, had he been in office.

Notice under Section 257 of the Companies Act, 1956 has been received from members of their intention to propose Mr. N. Balakrishnan as candidate for the office of Director. As the continuance of Mr. N. Balakrishnan on the Board is in the interest of the Company, the Directors recommend the proposed appointment.

Mr. Prakash V. Mehta and Mukul Harkisondass 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, 2000. 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, 1999.

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, 2000 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 Asst. 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 7 of this Annual Report.

**ACKNOWLEDGEMENT**

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

PLACE: Mumbai  
Dated: 28th May, 1999



**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.
- Maintenance of chilled water pipelines, condensers and ovens.
- Improved utilisation of drying oven.
- Elimination of baking of varnished Einleiter winding in oven by use of air drying varnish.
- 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.
- 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 motor bodies to pressure diecast aluminium, presently upto 1 HP, and progressively adapt this technology upto 5 HP.
- Import substitution of lift machinery components.

**(2) Benefits derived :**

- Product improvements.
- Reduction in labour cost as well as better aesthetics and better cooling.
- Substantial savings in cost and foreign exchange outgo.
- 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 :**

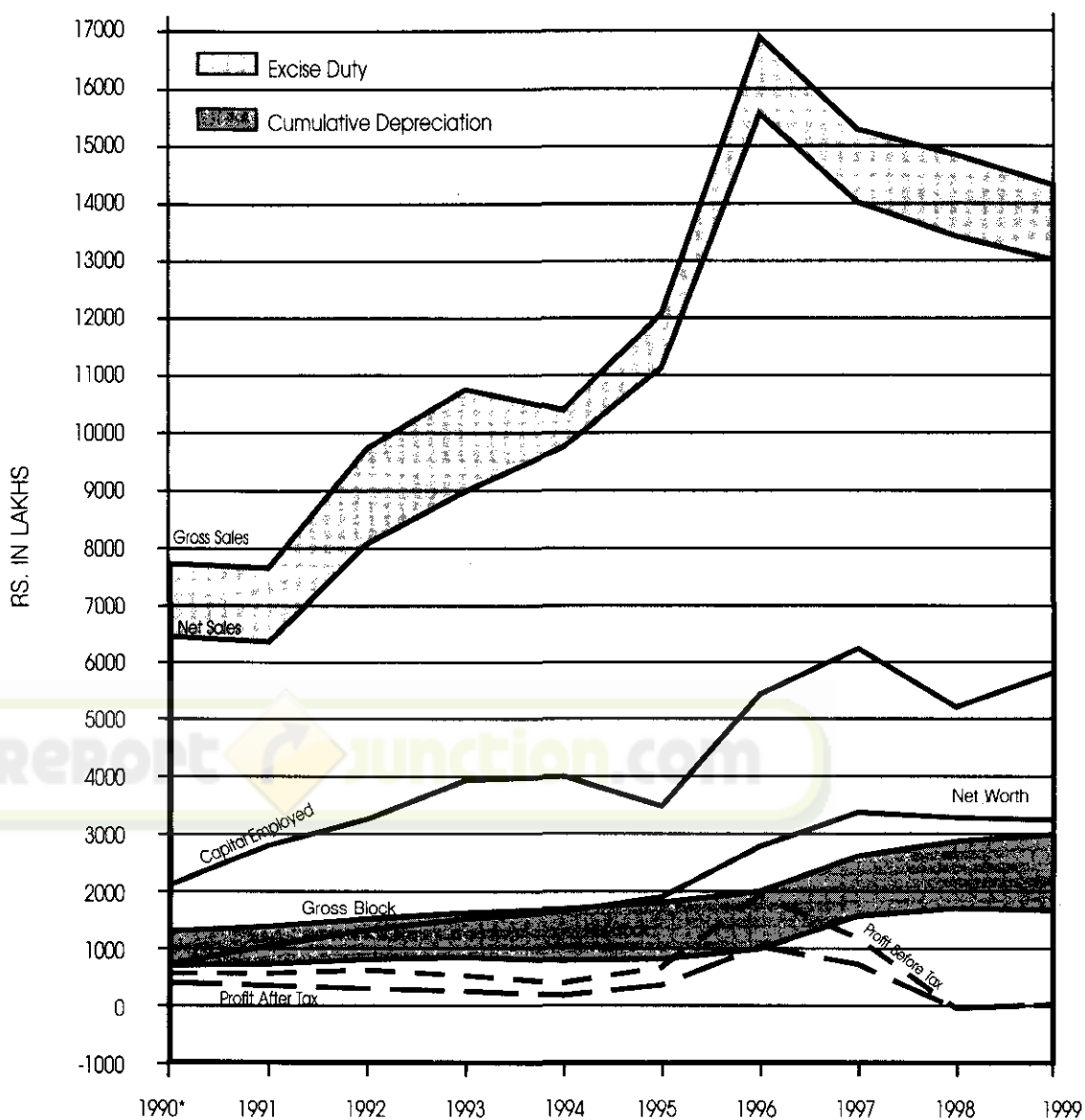
- |                  |     |              |
|------------------|-----|--------------|
| — Deemed exports | Rs. | 457.13 lakhs |
| — Direct exports | Rs. | 31.05 lakhs  |

**(3) Foreign exchange used :**

- |                                  |     |              |
|----------------------------------|-----|--------------|
| — (including for capital assets) | Rs. | 934.99 lakhs |
|----------------------------------|-----|--------------|



## BUSINESS TRENDS

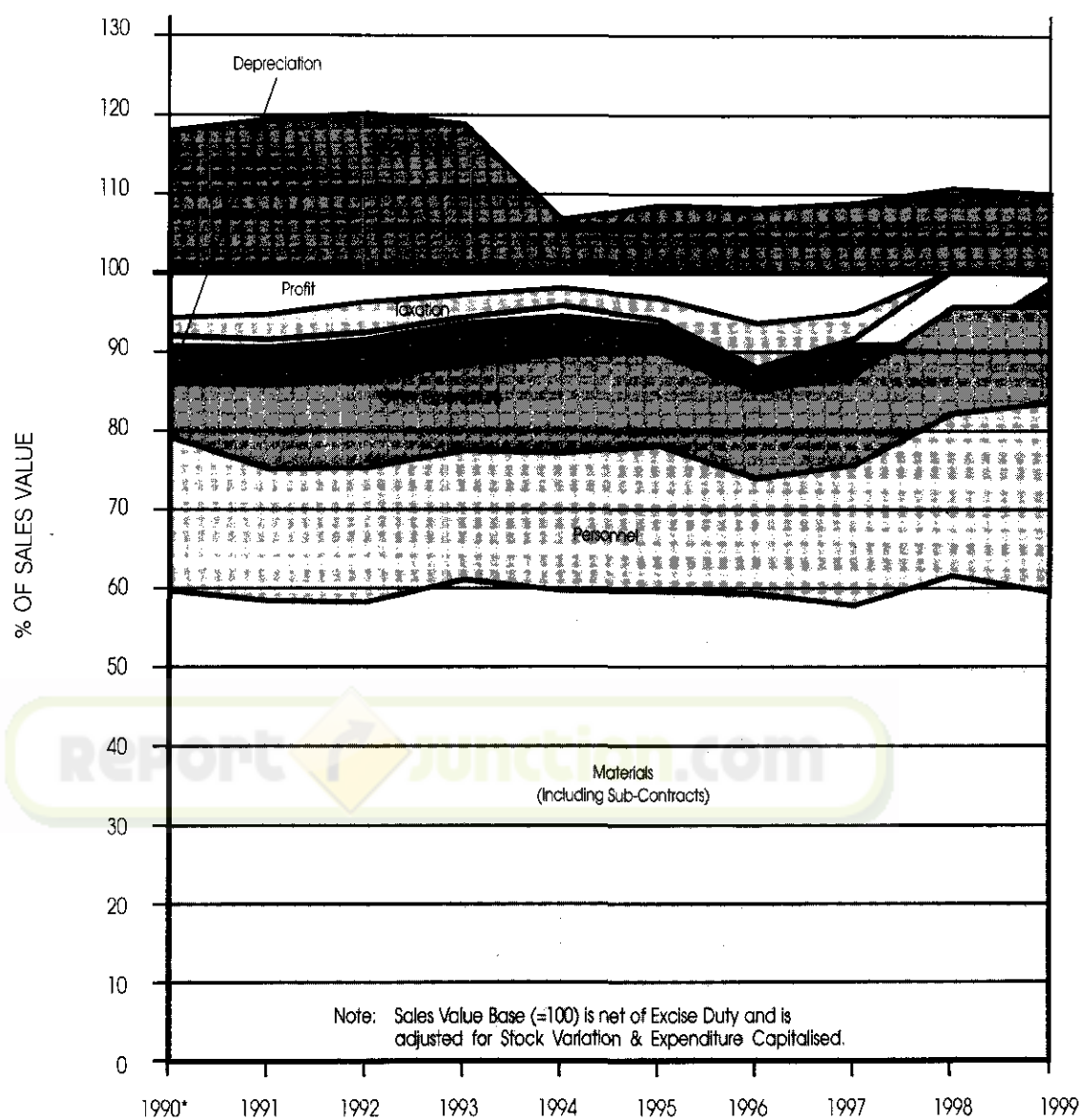


## Particulars

Gross Sales	7734	7667	9738	10752	10399	12080	16898	15292	14852	14323
Net Sales	6455	6365	8083	8987	9755	11125	15568	14017	13432	13015
Cptl. Empld.	2114	2807	3263	3937	4003	3841	5435	6239	5209	5816
Net Worth	724	1054	1328	1531	1650	1897	2780	3379	3286	3245
Gross Block	1310	1396	1526	1632	1693	1805	2001	2614	2871	2993
Net Block	703	727	813	849	791	816	989	1572	1704	1670
Profit/(-) Loss Before Tax	566	566	625	532	404	671	1928	1188	-35	28
Profit/(-) Loss After Tax	406	356	305	262	184	361	1028	726	-38	22

\* 15 months ended March, 1990.

## COST TRENDS



Particulars	1990*	1991	1992	1993	1994	1995	1996	1997	1998	1999
Excise Duty	18.0	19.5	20.2	18.9	6.8	8.6	8.2	8.9	10.8	10.0
Profit/(-) Loss	5.7	5.3	3.7	2.8	1.9	3.2	6.4	5.1	-0.3	0.2
Taxation	2.3	3.2	3.9	2.9	2.3	2.8	5.6	3.2	0.0	0.0
Depreciation	1.3	1.0	0.9	0.8	1.3	0.8	0.6	0.8	1.1	1.1
Interest	4.6	4.7	5.0	5.0	4.8	3.2	2.3	3.7	3.6	3.0
Other Exp.	6.9	10.6	11.2	11.0	12.5	11.9	11.1	11.5	13.4	12.2
Personnel	19.5	16.8	17.1	16.4	17.5	18.5	14.7	17.9	20.6	24.0
Materials	59.7	58.4	58.2	61.1	59.7	59.6	59.3	57.8	61.6	59.5

\* 15 months ended March, 1990.