

Bharat Bijlee Limited

54th ANNUAL REPORT

Year Ended March 2001

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 Malvi Ranchoddas & Co.

BANKERS

Bank of India
The Hongkong & Shanghai Banking Corporation Limited
The United Western Bank Limited
Syndicate Bank
Indian Bank

Report



ReportJunction.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,
Kolkata 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 54th 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 Tuesday, 28th August, 2001 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, 2001 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaisingh R. Danani who retires by rotation and is eligible for re-appointment.
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 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

5. 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, 2002 of the Company's branches at New Delhi, Kolkata, 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 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 Thursday, 16th August, 2001 to Tuesday, 28th August, 2001 (both days inclusive).
- (C) The Explanatory Statement is annexed to this notice as regards item 5 of the business as required under section 173 and other Sections of the Companies Act, 1956.

- (D) It is notified for the information of shareholders concerned that the unclaimed dividends on equity and preference shares 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.

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 as amended with effect from 31st October, 1998 dividend for the financial year ended 31-3-1996 and thereafter, which remain unclaimed for a period of 7 years from the date of transfer of the same under sub-section(1) of the Section will be transferred to the Investor Education and Protection Fund of the Central Government to be established under Section 205C of the Act.

- (E) The Company has admitted its Equity Shares in the Depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and has offered investors the facility to hold shares in demat form and to carry out scripless trading of these shares.

- (F) The Registration and Transfer activity of shares held in physical and demat form continue to be carried out by our Registrars, M/s. Intime Spectrum Registry Pvt. Ltd., 260A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080.

The Register of Members continue to be maintained at the Registered Office of the Company.

- (G) Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders may file nomination in respect of their shareholdings. Any shareholder willing to avail of this facility may submit to the Company the prescribed form 2B, if not already filed.
- (H) The Equity Shares of the Company are listed in the following stock exchanges:

1. The Stock Exchange, Mumbai
Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
2. The Delhi Stock Exchange Association Ltd.
DSE House, 3/1, Asaf Ali Road,
New Delhi 110 002

The listing fee for the period 1-4-2001 to 31-3-2002 to the above Exchanges has been paid.

REQUEST TO THE MEMBERS

1. Members desiring any information on the Accounts 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.
3. Members who hold shares in the dematerialised form are requested to bring their Depository Account Number for identification.

By Order of the Board

D.N. NAGARKAR
Company Secretary &
Legal Manager

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

Dated: 11th June, 2001

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5**

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 Delhi, Kolkata, 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
Company Secretary &
Legal Manager

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

Date: 11th June, 2001



REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors have pleasure in presenting their 54th Annual Report and Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Year ended 31st March, 2001 Rupees in lakhs	Year ended 31st March, 2000 Rupees in lakhs
Sales and Other Income	17265.45	15131.11
Profit before interest & Financial Charges, Depreciation and Tax	738.58	325.64
Less : Interest & Financial Charges	515.17	532.08
Less : Depreciation	150.36	150.38
Profit/Loss(—) Before Tax	73.05	(-)356.82
Less : Tax Provision for the year	10.00	3.67
Profit/Loss(—) for the year	63.05	(-)360.49
Short(—)/Excess Provision of tax for previous years	(-)0.33	5.16
	62.72	(-)355.33
Add : Transfer from General Reserve	—	355.33
Add : Profit brought Forward	24.10	24.10
Net Surplus available for Appropriation	86.82	24.10
Appropriation		
Proposed Equity Dividend	—	—
Tax on proposed Equity Dividend	—	—
General Reserve	—	—
Profit Carried Forward	86.82	24.10

DIVIDENDS

The Directors discussed the issue of payment of Dividend at length and decided against declaring a dividend due to inadequate profits and the prevalent business conditions.

OPERATIONS

The Electrical Equipment Industry, to which your Company belongs passed, for the 3rd successive year, through a phase of depressed market conditions caused by negligible new investment in industrial projects, tardy power sector reforms, and the straitened financial condition of many SEBs. These factors together with intense competition severely affected both price realisation and margins resulting in an operating loss.

Despite the sluggish market conditions, the Company closed the year with a Rs. 21 crores increase in sales and other income over the previous year. This includes an increase in other income of Rs.4.5 crores comprising mainly of tax free capital gains arising from the sale of investments.

MOTOR DIVISION

The Motor industry experienced an upward movement in prices during the second half of the year. This, coupled with strong production and sales volumes, safeguarded aggregate margins. However the outlook for the current year is uncertain on account of an expected contraction in demand from the Engineering sector.

TRANSFORMER DIVISION

The Transformer Industry was severely affected by the environmental factors mentioned above. Despite high production volumes, the erosion of margins could not be mitigated.

Price levels continue to remain low in our range of manufacture, although some demand growth is expected.

Sustained efforts were required to enable realisation of dues from major customers, although delays in several cases adversely affected liquidity.

The potential for export to neighbouring countries is being explored.

LIFT DIVISION

Despite increased construction activity and moderate demand growth in certain product segments for new lifts, market conditions remained highly competitive with consequential adverse effects on unit realisations and margins. However the Division once again registered significant growth in both order inflow and completed installations.

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

PROJECTS DIVISION

Expansions and new projects in the industrial sector were limited due to the prevailing recessionary trends. Market conditions continue to be highly competitive.

The Division successfully completed a substation for a Cogeneration Power Plant during the year and is looking forward to more orders from this sector.

INDUSTRIAL ELECTRONICS AND INSTRUMENTATION DIVISION

The Division's market presence in the Sugar Centrifuge Drives segment continued to be significant. A modern Digital Drive which will be introduced during the current year is expected not only to improve our position in the Sugar industry, but to open up a market for new applications.

FINANCE

As on 31st March, 2001, the Company had Fixed Deposits aggregating to Rs. 707.64 lakhs. Out of the Fixed Deposits which matured for payment prior to 31st March, 2001, 83 deposits aggregating to Rs. 6.55 lakhs were neither renewed nor claimed till 31st March, 2001. Of these 10 deposits aggregating to Rs.1.03 lakhs have since been renewed or refunded on receipt of

requests from the deposit holders. The balance of 73 deposits aggregating to Rs. 5.52 lakhs have been neither claimed nor renewed till date of this Report, inspite of the Company's intimation to the deposit holders. There has been no default or delay in meeting any maturity payment obligations.

The Company was successful in keeping the overall interest cost approximately to the level of the previous year despite the 14% increase in sales turnover by continuously monitoring the operations and financing mix. The proceeds from sale of investments also helped to finance the higher operations.

CORPORATE GOVERNANCE:

The Securities and Exchange Board of India (SEBI) introduced in April, 2000 a comprehensive code on corporate governance, pursuant to which stock exchanges amended their listing agreements by incorporating Clause No. 49 on Corporate Governance.

Although compliance with Clause No. 49 is not mandatory for the Company until March 31, 2002 appropriate measures have already been initiated. Several years ago a Share Transfer Committee and Compensation Committee were established and the Company has also adhered to the requirements regarding constitution of the Board of Directors and Board procedures. The process of implementation of the required provisions has commenced by setting up an Audit Committee, and the Company will ensure that all mandatory provisions specified under Clause No. 49 are fully complied with by the date prescribed by the Stock Exchanges.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, 31st March 2001 and of the profit or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

The relationship with the employees at all locations was healthy and cordial. The three year term of Wage & Productivity Agreement signed with the Union in September, 1998 ended on 31-12-1999 and though no provision has been made for any revision, the same will be made, if required when an agreement

is reached. The Company has introduced a Voluntary Retirement Scheme in May, 2001 in fabrication shop of Transformer Division at Kalwa.

The Directors are confident that all employees will co-operate with the Management in all possible ways to get over the continuing crisis situation.

DIRECTORS

Mr. Jaishigh R. Danani and Mr. Prakash V. Mehta retire by rotation at the 54th Annual General Meeting to be held on 28th August, 2001 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, 2002. This special business is covered by item 5 of the accompanying Notice and Explanatory Statement.

COST AUDITORS

The Central Government has approved the appointment of M/s. PM. Nanabhoy & Co. as Cost Auditors of the Company in respect of electric motors for the financial year ending 31st March, 2001.

The Board has appointed M/s. PM. Nanabhoy & Co. as Cost Auditors of the Company in respect of electric motors for the financial year ending 31st March, 2002 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 not annexed since none of the employees including Managing Directors come under the purview of the above section. 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.

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 employees, customers, shareholders, vendors, bankers, and financial institutions.

For and on behalf of the Board of Directors

Bansi S. Mehta
Chairman

Dated: 11th June, 2001

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 and copper chokes with electronic-choke.
- Periodic maintenance of luminaire 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.
- Development of digital drive for DC motors
- Development of motors for compressors used on Electric Locomotives.
- Development of auxiliary motors and blowers used on the new class of AC Locomotives.

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.
- Improved process for Sugar Centrifuge Drives.

3. Future plan of action :

- Continued emphasis on development of cost-effective components and processes and import substitution.

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 :**

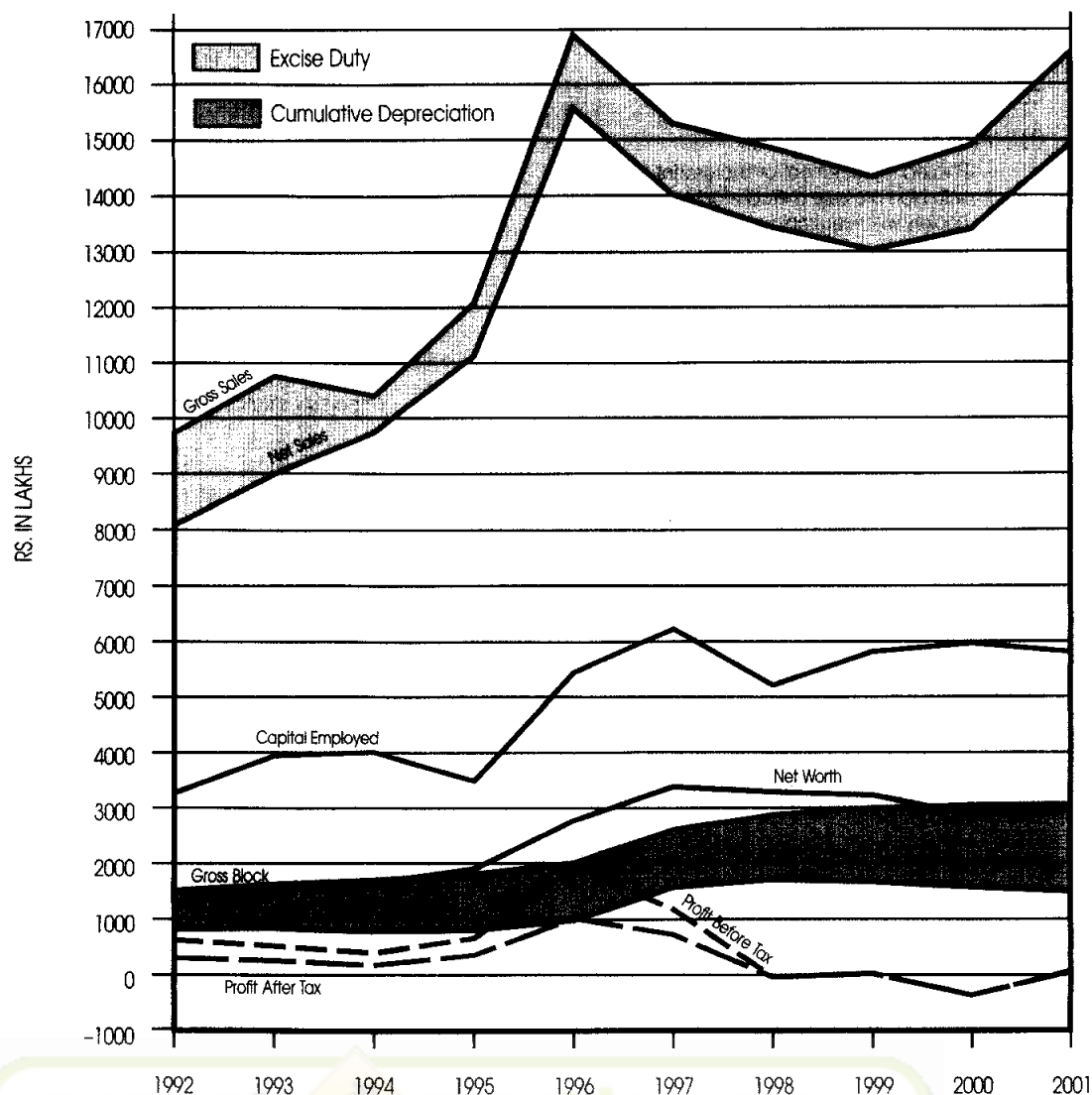
- Transformers have been sold as deemed export to internationally aided projects. These orders were obtained against international competition.

(2) Foreign exchange earned :

- | | | |
|------------------|-----|--------------|
| — Deemed exports | Rs. | 108.51 lakhs |
| — Direct exports | Rs. | 13.16 lakhs |
| — Services | | — |

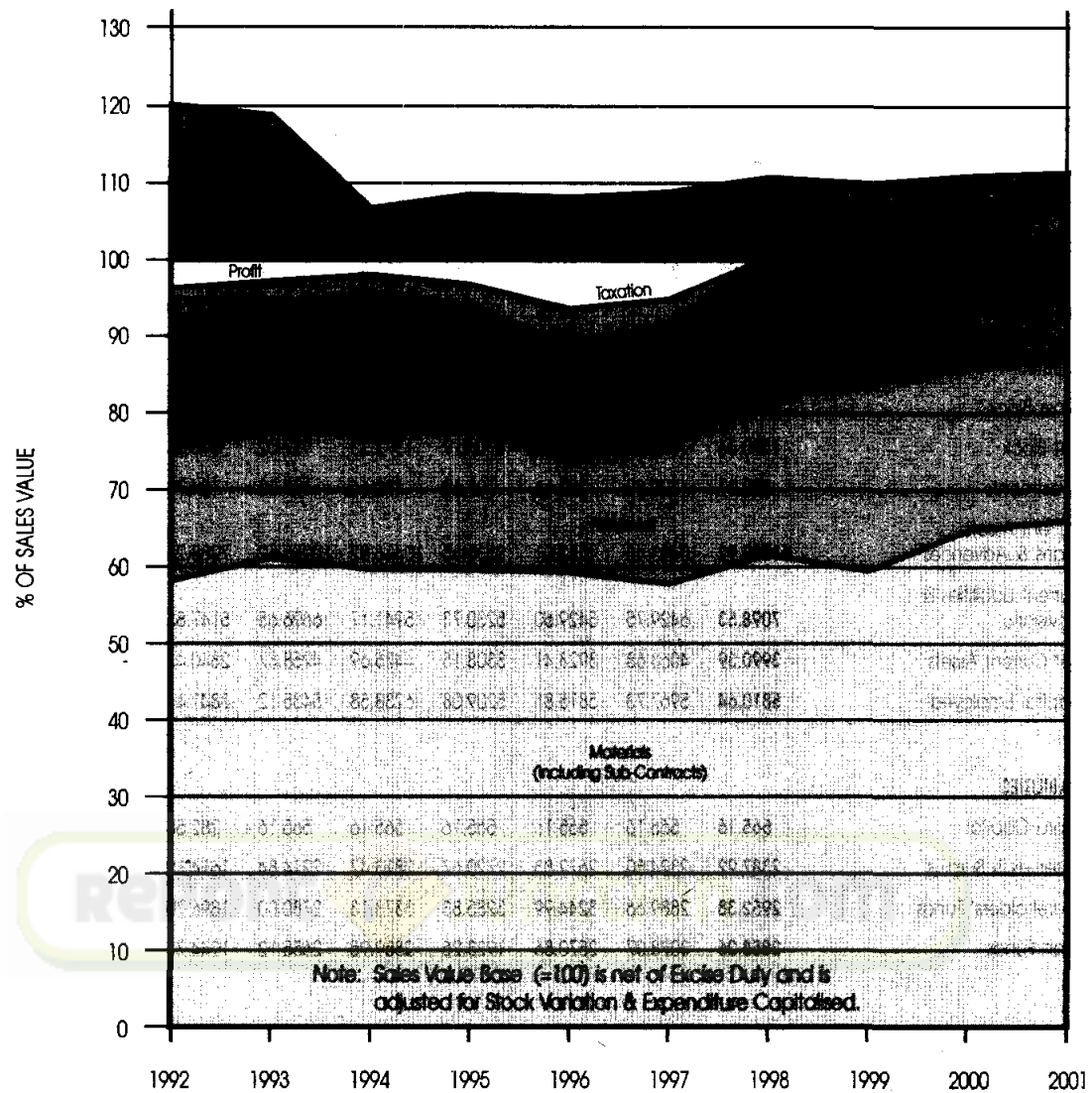
(3) Foreign exchange used: Rs. 144.25 lakhs

BUSINESS TRENDS



Particulars	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Gross Sales	9738	10752	10399	12080	16898	15292	14852	14334	14899	16581
Net Sales	8083	8987	9755	11125	15568	14017	13432	13025	13397	14932
Capital Employed	3263	3937	4003	3841	5435	6239	5209	5816	5968	5811
Net Worth	1328	1531	1650	1897	2780	3379	3286	3225	2878	2925
Gross Block	1526	1632	1693	1805	2001	2614	2871	2993	3047	3053
Net Block	813	849	791	816	989	1572	1704	1670	1572	1490
Profit/(-) Loss Before Tax	625	532	404	671	1928	1188	-35	28	-357	73
Profit/(-) Loss After Tax	305	262	184	361	1028	726	-38	22	-361	63

COST TRENDS



Particulars	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Excise Duty	20.2	18.9	6.8	8.6	8.2	8.9	10.8	10.0	11.0	11.4
Profit/(-) Loss	3.7	2.8	1.9	3.2	6.4	5.1	-0.3	0.2	-2.6	0.4
Taxation	3.9	2.9	2.3	2.8	5.6	3.2	0.0	0.0	0.0	0.1
Depreciation	0.9	0.8	1.3	0.8	0.6	0.8	1.1	1.1	1.1	1.0
Interest	5.0	5.0	4.8	3.2	2.3	3.7	3.6	3.0	3.9	3.6
Other Expenditure	11.2	11.0	12.5	11.9	11.1	11.5	13.4	12.2	11.7	8.0
Personnel	17.1	16.4	17.5	18.5	14.7	17.9	20.6	24.0	21.1	20.8
Materials	58.2	61.1	59.7	59.6	59.3	57.8	61.6	59.5	64.8	66.1