

BAJAJ ELECTRICALS LIMITED

Minutes of the 73rd Annual General Meeting of Bajaj Electricals Limited held at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020, on Thursday, the 26th day of July, 2012, at 12.30 P.M.

PRESENT :

Shri Shekhar Bajaj	-	Chairman & Managing Director
Shri H.V. Goenka	-	Director
Shri Ashok Jalan	-	Director
Shri V.B. Haribhakti	-	Director
Shri Madhur Bajaj	-	Director
Shri Anant Bajaj	-	Joint Managing Director
Dr.(Smt) Indu Shahani	-	Director
Shri B.H. Antia	-	Solicitor - Mulla & Mulla
Shri Mangesh Patil	-	Company Secretary

MEMBERS PRESENT :

In Person	: 146 Members
In Proxy	: 48 Proxies representing 5,55,83,463 (55.77%) Equity Shares
In Representation	: 2

Shri Shekhar Bajaj, Chairman & Managing Director of the Company occupied the Chair and upon requisite quorum being present, called the meeting to order.

Chairman welcomed all the members to the 73rd Annual General Meeting of the Company and thereafter introduced the Directors, Solicitor, Company Secretary and the Business Unit Heads to the members present.

Chairman declared that the Register of Directors' Shareholding, Register of Proxies and original copy of Annual Accounts are laid on the table for inspection of the Shareholders.

At the request of the Shareholders, Notice convening the Meeting was taken as read.

Shri Mangesh Patil, Company Secretary read the Auditors' Report.

Thereafter, the Chairman delivered his preliminary remarks as under:

"To leverage the business synergies and aligning our business further, we made a strategic change in our organization structure at the end of last financial year. You will be pleased to know that we have restructured our organization in two core business verticals namely Business to Business (B2B) which included E&P and Luminaires while Business to Consumer (B2C) which included Appliances, Fans, Lighting and MR. It is indeed a matter of pride that our home grown talents were leveraged to lead this evolved organization structure. Anant Bajaj our erstwhile Executive Director since 2006, has been promoted as Joint Managing



Director and has been given the responsibility to lead both these business verticals. Mr. Lalit Mehta who has been with us for 37 years and Mr. P.S. Tandon who is with us for 30 years, who were erstwhile Executive Presidents, have been promoted as Executive Directors (Not on the Board) and assigned the responsibility to lead the B2B and B2C business respectively. With this new set up, we expect major synergies and cost reduction. The new organization structure has been well received by all our stakeholders. I truly believe that today, we have the right structure and leadership in place to achieve our strategic goals and I am extremely excited about the journey ahead.

The Annual Report together with the Audited Accounts and the Directors' Report for the year ended 31st March, 2012 have been with you for quite sometime and with your permission, I shall take them as read. I hope it gives a clear idea of the working of the Company during the year under review.

General Economic Scenario

The economic scenario witnessed in 2011-12 can best be described as volatile. Against the backdrop of a global economic crisis with the slow down of US economy and Euro Zone Debt crises, the Indian economy faced considerable inflationary pressure. This led to a rising interest rate scenario where borrowing costs escalated and economic growth got stifled.

Indian Economy is a growing economy with a positive story in the longer run. However, just like any other country, India has also not remained untouched by the global crisis. GDP growth is estimated at 6.90% in real terms in 2011-12. Slowdown in comparison to preceding two years is primarily due to deceleration in the industrial growth.

Financial Performance

In spite of difficult market conditions in the last fiscal 2011-12, the Company has achieved top line growth as Net Sales grew by 13% to Rs.3,100 crore. However, the margins had been under pressure which resulted in de-growth of Net Profit by 18% to Rs.117.88 crore from Rs.143.79 crore during the previous year.

We always believe that margins and growth are equally important for success of an organization. We look on margins as an output of what we do and constantly endeavour to improve them. We have always endeavoured to strengthen your Company's brand equity as well as increase market share, even during the slowdown. On behalf of the Board of Directors, I assure you that the Company has taken corrective measures in all business segments to consolidate its position and achieve profitable growth in the FY 2012-13.

The first quarter of the current year witnessed the company closing at a higher Net Sales/Income of Rs.666.19 crore against Rs.544.36 crore during the previous year resulting in a growth of 22.38% over the previous year. Overall due to margin pressures and cost increases Profit Before Tax (PBT) for the first quarter has grown marginally from Rs.17.06 crore to Rs.18.25 crore, an improvement of 8.4%. The PAT has grown from Rs.11.06 crore to Rs.11.98 crore showing an improvement of 8.31%. This has been achieved in spite of increase in import costs, weakening of the rupee, competitive pressures etc.

Coming to individual segments, Consumer Durables sales has grown by 29% from Rs.303 crore to Rs.390 crore but due to drop in margins the EBITDA has improved from Rs.29.23 crore to Rs.32.83 crore only. Lighting sales have increased by 19.62% from Rs.127.40 crore to



Rs.152.40, however due to margin erosion the EBITDA margins are marginally down from 7.40 crore to 7.36 crore. Though, E&P continues its weak performance and which may continue for another 2 quarters their top line has improved from Rs.113 crore to Rs.123 crore during the first quarter and the losses have come down marginally from Rs. 7.56 crore to Rs.7.06 crore. Overall for the year 2012-13 the company expects improved performance.

Keeping in mind the interest of all stakeholders, for the current financial year the Company has chosen a theme "Mission Possible 2012" with a focus on cost reduction through R & D, Value Engineering, reduction in working capital deployment by implementation of the principles of Theory of Constraints, improvement in IT infrastructure and systems thereby enhancing business through e-commerce and higher security controls, etc.

From 1st April 2012 Company's products which were earlier being handled for exports by our group company BIPL will now be directly handled by the Company. This year we hope to cross Rs.60 crore exports. With weakening Rupee and extra export thrust we can expect good top line and bottom line contribution in future years.

Dividend

The Company always endeavored that its shareholders receive stable, long term return.

I have the pleasure in informing you that, your Directors were unanimous in recommending the maintenance of dividend at 140% (Rs.2.80 per share of Rs.2 each) for FY 2011-12 as that for FY 2010-11. I hope that you all are happy with the Board's recommendation.

Human Resources

The Company has brought in several progressive practices in Human Resources and introduced new employee welfare measures besides enhancing the monetary ceiling under select existing schemes.

To support employee engagement and CSR activities employees participated in Mumbai & Delhi Marathons, "Bajaj Premier League" (in house cricket tournament), Corporate Soccer Fest, Corporate Indoor Games, "Bajaj PUC Day", "Bajaj Bandhan of Solidarity" etc to name a few.

The Industrial Relations in the Company have been cordial and harmonious, fostering a healthy work environment.

Training and Development

Your Company places significant importance on the potentialities of human capital and hence emphasizes on developing individual potential of employees and harnessing their skills on continuous basis to meet the requirement of rapidly growing and complex business models. Investment in employees training and development has enabled the Company to improve the preparedness of the employees to handle new challenges. Some of the key initiatives for the last financial year include Team Building Program, Building High Performance Teams, Enhancing Financial Acumen, Program for First Time Managers, Outbound Training and Project Management programs for employees across all levels.



Corporate Social Responsibility (CSR)

The Bajaj Group including your company continues to play a meaningful role in wide number of areas relating to education, rural development and social upliftment as a part of its corporate social responsibility.

I feel proud to mention that your Company measures its accomplishments not only in terms of financial performance but also by its contribution in protection of the environment.

We understand that it is the responsibility of every citizen of the country to provide healthy & safe environment for our future generations. Considering this, your company constantly endeavours to achieve and sustain its status as "Environment Friendly" organization by playing a meaningful role in protecting the environment. Your Company has been closely associated and working with "Paryavaran Mitra - Friend of Environment" an NGO which is actively involved in numerous activities in the direction of environment protection. Your Company has also been mostly a 'tobacco free' organisation for the last two years and now aims to make all its channel partners to reduce the use of tobacco.

Ladies and Gentlemen, I take this opportunity to thank all my colleagues on the Board and the members of Management Committee for their wisdom, support and guidance. I thank all our shareholders for the confidence and trust they have reposed in us. I thank all our customers, business partners, vendors and other business associates for their continued co-operation and support in the journey of the Company to become one of India's most valuable entities. I also place on record my appreciation of the dedicated and committed efforts put in by Team Bajaj for taking this organization to greater heights of achievement and glory."

Thereafter, the Chairman moved the following Resolution for adoption of Accounts:

RESOLUTION NO.1: ORDINARY RESOLUTION

"RESOLVED that the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended 31st March, 2012 and the Directors' Report and Auditors' Report thereon be and are hereby approved and adopted."

The Chairman then invited comments on the Report and Annual Accounts of the Company:

Mr. Joseph Martin, Mr. Michael P. Martin, Mr. S. J. Shah, Mr. S. A. Vijaykar, Smt. M. R. Advani, Smt. Shobhna Mehta, Mr. Prabhakar, Mr. H. V. Sanghvi and Mr. Aspi Basania, the shareholders of the Company, commended the management for delivering reasonably good results in spite of a difficult business environment and for recommending dividend at 140%.

The Shareholders complimented the Company for the key changes it has made in its organizational structure and alignment of resources to bring in business synergies by promoting Shri Anant Bajaj, its Executive Director since 2006, as the Joint Managing Director. The Shareholders wished good luck to Shri Anant Bajaj for his future endeavors in the Company. The Shareholders also acknowledged various initiatives that the Company has taken in the areas like Environment Protection, Pollution Control, Tree Plantation, Anti-Tobacco movement, as part of its Corporate Social Initiatives.

Thereafter, Chairman thanked the shareholders for their compliments and replied to their queries as under:



1. Organizational structure is particularly important for decision making. Organizational design is the sustainable source of competitive advantage that is available to the firm. Since the environment change has been occurring at an ever increasing rate, organizations having good design have an enduring competitive advantage.

The Company's new structure is based on the principle of organisation alignment and business synergies. The Company separated its consumer facing business i.e. B2C and B2B into two Core Business Verticals managed by two Executive Directors promoted internally. The role of Shri Anant Bajaj as Joint Managing Director has been extended to design, develop and implement the business and financial strategies in the most cost effective and time efficient manner, to provide leadership and directions and also to ensure that the company achieves its strategic objectives.

The new organisational structure has received an overwhelming response and support from the management and all the employees of the Company.

2. For Financial year 2011-12, turnover of the Company i.e. Net sales/income from operations grew by 13% to Rs.3,100 crore as compared to Rs. 2,741 crore for financial year 2010-11.
3. The Market Capitalisation of the Company at the end of Financial Year 2011-12 was Rs.1,952.45 Crore.
4. The Company's 2.8 MW Wind Farm at Village Vankusawade in Maharashtra generated 46,49,716 electrical units during the financial year 2011-12 (Previous Year 36,02,359 units).
5. The Company is one of the leading private sector employers in India with the total employee strength of over 1400 employees. Employee cost of the Company for the financial year 2011-12 was Rs.149.46 crore as compared to Rs.124.57 crore for the financial year 2010-11.

The Company has been seriously working on retaining the best talent in the Industry but still the attrition rate continues to be a challenge. There is an imminent short term risk from new entrants and existing domestic players to hire talent from our Company. However, the Company has implemented a number of employee initiatives like variable compensation structure, stock options, innovative training programmes, job rotation, etc. to retain and grow talent.

6. Financial cost of the Company for the financial year 2011-12 was Rs.63.05 crore as compared to Rs.36.65 crore for the financial year 2010-11.
7. The Annual Capital Expenditure of the Company for FY 2011-12 was Rs.40 crore as compared to Rs.63.19 crore for FY 2010-11. The Company has budgeted for capital expenditure of Rs.39.70 crore for the financial year 2012-13.
8. As on the AGM date, the Company has total 19,678 Shareholders out of which 18,629 (94.67%) shareholders are holding shares in Electronic mode whereas 1,049 (5.33%) shareholders are still holding shares in physical mode.



9. The Notice dated 4th July, 2012 convening this AGM was published in "Free Press Journal" and "Navshakti" newspapers on 6th July, 2012 as per the provisions of the Companies Act, 1956.
10. The success and the ability to sustain success of any Organisation is ultimately determined by its skill to serve its customers and to continuously identify and add profitable new customers to serve. Customer service departments have an enormous impact on profitability and customer loyalty. Not only must they deliver superior service, but they must do it quickly and affordably.

The Company not only provides reliable products but also offers product guarantee and provides quality after sales services. It has been a constant endeavor of "Bajaj Customer Care Department" to provide impeccable customer services. To ensure that its presence is felt in all corners of the country, the Customer Service Centers work across India and the Company is rapidly expanding its service reach in different parts of the country. The Company takes pride for having set up over 250 Customer Care Service Centers across the country.
11. The Company has a good reserves position, which the management is leveraging to reduce debts. The Company will consider issue of Bonus shares at an appropriate time.
12. The printing cost of the Annual Report of FY 2011-12 is Rs.32.81 per copy.
13. The soft copy of the Annual Report in pdf form can be emailed to the shareholders who would like to opt out of the hard bound paper format in the larger interest of the environment protection and to support the green initiatives undertaken by the Ministry of Corporate Affairs.
14. The management would consider shareholders' request to arrange for the shareholders' factory visit at an appropriate time.
15. The Company has stopped issuing Discount coupons to the shareholders for last three years. However, the management will reconsider its decision and if thought fit, will issue the discount coupons to the shareholders.

Thereafter, Shri Anant Bajaj, Joint Managing Director made his maiden remarks to the shareholders stating that for businesses to achieve meaningful long-term growth and return on investment, it is not sufficient to cut costs and achieve operational efficiencies. Although it is definitely necessary for every organization to protect against the waste of its resources, it is also necessary to realize that only cost consciousness is not enough to sustain a business. Growth and return on investment ultimately comes from the ability to create better brand recognition, building value in the business for employees and customers, offering a wider range of products and services to a larger geographical market and creating "economies of scale".

The Company, being a 74 year old company enjoys an edge over its competitors for being a trusted brand for its commitment, reputation and proven performance. One of the key reasons why the Company survived the economic uncertainty is because of its longstanding goodwill. Our brand promise "*Inspiring Trust*" defines our commitment to maintain and improve the quality of our products and services to meet the needs and aspirations of our customer.



The Company has set up a team of professionals having knowledge and experience in the areas of Import-Export, Foreign Exchange, Global Economies and Foreign Markets to handle Company's export business.

The management is confident and believes that your Company's values, philosophies, product quality & reliability, good customer relations, R & D and in general knowledge and industry experience would together help it to emerge as one of the trustworthy brand on the global scale.

Shri H.V.Sanghavi seconded the Resolution.

The Chairman put the resolution to vote on a show of hands and declared the same as carried unanimously.

RESOLUTION NO.2 : ORDINARY RESOLUTION

Declaration of Dividend on Equity Shares:

"RESOLVED that dividend @ 140% (Rs.2.80 per share) on 99,669,805 Equity Shares of Rs.2/- each as recommended by the Board of Directors be and is hereby declared and paid on the said Equity Shares to all those Shareholders whose names appear in the Register of Members as on 26th July, 2012 and to those whose names are furnished by NSDL & CDSL, as beneficial owners, for the year ended 31st March, 2012."

Proposed by : Smt.Shobana Mehta
Seconded by : Shri Zahur Maniar

The Chairman put the resolution to vote on a show of hands and declared the same as carried unanimously.

At this stage, Shri Shekhar Bajaj, Chairman & Managing Director, being concerned interested in the following Resolution, vacated as the Chairman of the Meeting and Shri V.B.Haribhakti, the senior most member of the Board being present at the meeting was elected as the Chairman.

RESOLUTION NO.3 : ORDINARY RESOLUTION

Re-appointment of Director retiring by rotation - Shri Madhur Bajaj

"RESOLVED that Shri Madhur Bajaj, who retires by rotation as Director, be and is hereby re-appointed as a Director of the Company."

Proposed by : Shri N.A.Vijaykar
Seconded by : Shri A.F.Lala

The Chairman put the resolution to vote on a show of hands and declared the same as carried unanimously.

Shri V.B.Haribhakti, then vacated Chair as the Chairman and the same was reoccupied by Shri Shekhar Bajaj.



RESOLUTION NO.4 : ORDINARY RESOLUTION

Re-appointment of Director retiring by rotation - Dr.(Mrs.) Indu Shahani

"RESOLVED that Dr.(Mrs.) Indu Shahani, who retires by rotation as Director, be and is hereby re-appointed as a Director of the Company."

Proposed by : Shri S.J.Shah

Seconded by : Smt.Nalini Y. Phadnis

The Chairman put the resolution to vote on a show of hands and declared the same as carried unanimously.

RESOLUTION NO.5 : ORDINARY RESOLUTION

Re-appointment of Auditors - M/s.Dalal & Shah, Chartered Accountants

"RESOLVED that Messrs.Dalal & Shah, Chartered Accountants, Mumbai, having Registration No.102021W issued by the Institute of Chartered Accountants of India (ICAI), be and are hereby re-appointed 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 traveling and out-of-pocket expenses incurred by them."

Proposed by : Shri Aspi Basania

Seconded by : Smt.C.E.Mascarenhas

The Chairman put the resolution to vote on a show of hands and declared the same as carried unanimously.

There being no other business, the Chairman declared the proceedings to be closed.

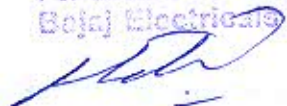
The meeting ended with a vote of thanks proposed by Smt.Shobana Mehta to the Chair.

Date : 3rd August, 2012

Place : Mumbai

CERTIFIED TRUE COPY

For and on behalf of
Beja Electricals Limited



Mangesh Falli
Vice President-Legal & Company Secretary

CHAIRMAN