

BAJAJ ELECTRICALS LIMITED

Minutes of the 74th Annual General Meeting of Bajaj Electricals Limited held at Kamalnayan Bajaj Hall, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021, on Tuesday, the 6th day of August, 2013, at 11.30 A.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.(Mrs.) Indu Shahani	-	Director
Dr.R.P.Singh	-	Director
Shri B.H. Antia	-	Solicitor - Mulla & Mulla
Shri Mangesh Patil	-	Vice President - Legal & Company Secretary

MEMBERS PRESENT :

In Person	: 199 Members
In Proxy	: 51 Proxies representing 6,88,85,830 (69.05%) Equity Shares
In Representation	: 10

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 74th 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, Vice President - Legal & Company Secretary read the Auditors' Report.

Thereafter, Shri Anant Bajaj, Joint Managing Director of the Company, informed the shareholders about Company's multimedia campaign titled 'Shine On' created to showcase Company's 75 years journey from being a bulb company to a major consumer durable company and the range of its 1400 products that makes the difference to millions of households.

Thereafter, the Chairman delivered his preliminary remarks as under:

"To commemorate the 75th year celebration, your company's Jt. Managing Director Shri Anant Bajaj, has chosen a theme "Shine On" with a focus on growth and return on investment, creating better brand recognition, building value in the business for employees



and customers, exploring new overseas markets, offering a wider range of products and services to a larger geographical market to enjoy better "economies of scale" and to post an overall positive annual growth.

You must have seen the Company's full page advertisement released in some of the leading newspapers of the country on the Company's 75th anniversary on 14th July and must have heard radio spots talking about the Company's 75 year history and making a reference to about 1400 products (SKUs) that the Company has. The Company's campaign on digital media viz. facebook, youtube etc. has been received well and liked by the visitors to those sites as can be seen from the visitors' posts.

I am confident that your Company's values, philosophies, product quality & reliability, good customer relations, thrust on R & D and industry experience would together help it to continue as one of the trustworthy brand in India. Your Company has worked out a detailed plan for the 75th year to make it one of the most memorable and profitable years of the company.

The Annual Report together with the Audited Accounts and the Directors' Report for the year ended 31st March, 2013 have been with you for quite some time and with your permission, I take them as read. I hope it gives you a clear idea of the working of the Company during the year under review.

Financial Performance

FY 2012-13 was a challenging year for the Company, due to slow down in the industry and infrastructure facing businesses. In spite of these difficult market conditions, the Company has achieved steady growth in consumer facing businesses and in top line as Net sales grew by 9.3% to Rs.3,387.57 crore. However, profitability of the Company was badly impacted and the net profit (including exceptional income) has de-grown by 56.6% to Rs.51.21 crore from Rs.117.88 crore due to lower margins, abnormal increase in site expenses on account of closure of overrun sites and de-growth in the turnover of E&P BU by 17.3% over the corresponding previous period. Further, on the basis of the financial closures of some old projects, the Company had to make provisions and write off of certain old outstanding amounts.

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 management has taken appropriate measures to monitor the projects performance on a continuous basis and to take timely corrective actions to ensure the completion of projects as per schedule in order to avoid cost and time over-run and to achieve profitable growth in future.

The first quarter of the current financial year witnessed the Company closing at a higher Net Sales/Income from Operations of Rs.783.5 crore, which is 17.5% more than that of first quarter of the previous year. Consumer Durables have registered growth in top line by 11.7% and the profit margin has improved by 0.8% from 8.4% to 9.2%. Lighting Division top line has grown marginally by 3.2% but the margin remained flat. During the quarter E & P had a top line growth of 53.6% over the first quarter of the previous year i.e. from Rs.123.2 crore to Rs.189.3 crore but the margins are severely affected as a result of increase in site related



expenses due to cost and time overrun in earlier contracts. We hope most of these problems will be resolved before the end of this year and can look forward to a profitable E & P from next year onwards. The Profit before Tax (PBT) is therefore lower by 90.5% at Rs.1.72 crore as compared to Rs.18.25 crore for the first quarter of the previous year and the Profit after Tax (PAT) has de-grown by 94.5% at Rs.0.66 crore as compared to Rs.11.98 crore for the first quarter of the previous year.

Dividend

I have the pleasure in informing you that, your Directors, in spite of poor performance for the year gone by, were unanimous in recommending the dividend at 100% (Rs.2.00 per share of Rs.2 each) for the financial year 2012-13. I hope that you all are happy with the Board's recommendation.

Training and Development

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 Belbin 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 and Businesses/Departments.

Sustainability

The Company has focused on its customers' market facing business processes such as research, product development, marketing, sales and customer service. The Company is in the process of setting up a new R & D Centre. The Company will continue to make significant progress on initiatives aimed at enhancing productivity, efficiency and effectiveness.

Understanding the requirement of the rural consumers, the company aims to provide goods and services matching their requirements and fast evolving needs would be the key to building brand & expanding presence in rural India. The Company has set up 50 Exclusive Bajaj Showrooms named "Bajaj World" through franchisees and has plans to set up further 50 numbers in the current financial year in the smaller cities across India to give more visibility to appliances and other products.

The recent rate of growth for Bajaj products is mainly the result of the trend towards better brand. We believe that we have today built an organization that is capable of delivering far more growth and productivity and therefore believe that the best of times is ahead of us.

Corporate Social Responsibility (CSR)

You may be aware that the government is formulating guidelines in developing a reporting framework for corporate social responsibility (CSR), which encourages the Corporates to spend 2% of their net profits on CSR activities. We welcome the initiative taken by the ministry of corporate affairs and believe this could potentially be a game-changer for CSR in India.

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 a 'tobacco free' organisation for the last two years and now aims to make all its channel partners to attain the tobacco free status.

As you are aware, the Company also continues to associate and fully support IMC Ladies Wing - Jankidevi Bajaj Puraskar and BMA Management Woman Achiever of the Year Award.

Further, to support the employee engagement and as a social responsibility, the employees of the Company participated in various activities viz. Mumbai/Delhi Marathon, Corporate Soccer Fest, Corporate Indoor Games, "Bajaj PUC Day", "Bajaj Bandhan of Solidarity" etc to name a few.

Acknowledgement

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.

Finally, I thank all of you for attending this meeting."

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, 2013 and the Profit and Loss Account for the year ended 31st March, 2013 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. Jayprakash Desai, Mr. Joseph Martins, Mr. R. Damodaran, Mr. Michael P. Martins, Mr. Prakash Vijaykar, Mr. H. V. Sanghavi, Mr. A. F. Lala, Mr. V. V. Bhide, Mr. Ashok Jain, Mr. Has Mukh T. Vora, Smt. Shobhna Mehta, Mr. Sharadkumar Shah, Mrs. C. E. Mascarenhas, Mr. Yusuf Y. Rangwala, Mr. Prabhakar Kuvalekar and Mr. P. K. Agnihotri, commended the management for delivering reasonably good results in spite of a difficult business environment and for recommending dividend at 100%.

The Shareholders complimented the television commercial having catchy lyrics and tunes and appreciated various brand building efforts taken by the management. The Shareholders also acknowledged various initiatives that the Company has taken in the areas like environment



protection, pollution control, tree plantation, anti-tobacco movement etc as part of its Corporate Social Initiatives.

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

1. The financial year 2012-13 was one of the toughest and testing years for the Engineering & Projects Business Unit (E&P BU) of the Company. The E&P Business has been facing severe pressure for over a year now amid the overall economic slowdown. Further, the Company had to make various provisions for write offs and incur additional expenditure to complete old projects, where strained revenues of the Company.

However, the Company has a strong project order book of Rs 920 crore, which includes orders of Rs 292 crore for Transmission Line Towers, Rs 92 crore for High-Mast and Lighting poles and Rs 536 crore for Special Projects. All new orders are at good margins. With the current order book position coupled with the measures taken by the management to complete the existing delayed projects and to ensure completion of new projects on time, the management is reasonably optimistic about E&P BU coming back on the profitable track.

2. The consumption in rural India is growing faster than in urban India. The growth in rural consumption is further fuelled by a rise in household incomes due to greater non-farm job opportunities, aspirational majority population, improved education, growth of service sector and the investment made by the government in the rural economy. Your Company endeavours to expand its presence in rural India and reap the benefit that rural economy offers, considering the population density in rural areas.
3. The Company's management structure is based on the principles of organisation alignment and business synergies. In the year 2011-12, the organisation was restructured by creating two core business verticals, which we prefer to call as B2C and B2B i.e. Business to Consumer and Business to Business, respectively. This new organisational structure has received an overwhelming response and support from all the employees of the Company.
4. In today's market, innovation has long been recognized as an important driver of economic growth. New ideas can spark trend of new goods and services that literally transform the economy, making it more robust and vibrant. You Company, under the supervision and direction of Shri Anant Bajaj, Jt. Managing Director of the Company, is in the process of to setting-up of its own Research & Development (R&D) centre with a focus to uncover new product ideas which shall meet the requirements of current as well as prospective customers, explore new uses for present products, expand product line in a feasible direction, development of tools and equipment, methods of manufacture which can result in reducing costs and increase productivity, exploring new eco-friendly products and processes, identify the needs and desires of customers, analysis of data about a particular target market, competition and environment, etc.

The management considers the expenditure made on R&D as an investment, which shall generate a long term value for all the stakeholders in terms of better products and services, efficient processes, increase in profitability and provide your Company an edge over its competitors.



5. LEDs represent the most significant development in Lighting since the invention of the electric light more than a century ago. LED's are not only the most energy efficient source of illumination but the most environmentally benign as well. Your Company strongly believes that LED's are the future of lighting and therefore promotes its use in majority of its main stream lighting products.
6. The market capitalisation of the Company at the end of the financial year 2012-13 was Rs.1,741.73 crore.
7. Your Company has a most favorable capital structure with a debt-equity ratio of 0.05 : 1 as at 31st March, 2013.
8. As at 31st March, 2013, your Company's total long term borrowings were at Rs.34.54 crore, comprising of secured term loan from banks of Rs.1.20 crore; and unsecured Sales Tax deferral Liability / Loan of Rs.33.34 crore under the Package Scheme of Incentives, 1993 from SICOM, repayable without interest, over a period of time in predefined instalments.
9. Power or electricity is one of the most critical components of infrastructure affecting economic growth and well-being of nations. The existence and development of adequate infrastructure is essential for the sustained growth of the Indian economy. The Company's 2.8 MW Wind Farm at Village Vankusawade in Maharashtra generated 37,26,187 electrical units during the financial year 2012-13 (Previous Year 46,49,716 units), which were sufficient to meet the power consumption of the Company's manufacturing units at Chakan and Ranjangaon.
10. Morphy Richards (MR) has been a pioneer in household appliances in Europe, both in terms of latest designs as well as technology. MR is being marketed and serviced in India by your Company, thereby offering the Indian customers a two-fold benefit of international quality products and trusted service. MR is the fastest growing international brand in the Indian small domestic appliances market. MR brand in its 10th year of association with the Company has achieved sales turnover of Rs.182 crore, with a growth of 29% and CAGR of 33%; and is poised to clock sales turnover of over Rs.300 crore by financial year 2014-15.
11. A stable currency is the backbone for the economic growth of any country. The persistent decline in India rupee is a cause of concern. Rupee depreciation leads to imports becoming costlier which is a worry for India as it meets most of its oil demand via imports. The depreciating rupee will add further pressure on the overall domestic inflation and since India is structurally an import intensive country, as reflected in the high and persistent current account deficits month after month, the domestic costs will rise on account of rupee depreciation.

In view of the recent corrective measures taken by the government and RBI, we expect stable political and economic environment during the current fiscal. However, a lot depends on the Global economic outlook and the future of Eurozone which will determine the future of Indian Rupee. During the FY 2012-13, Company's cost of Import on finished goods increased from Rs.223 crore to Rs.287 crore, as more than 40% of the Morphy Richards Products were imported.

12. The success and the ability to sustain success of any organisation are 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/warranty and provides quality after sales services. It has been a constant endeavor of the Company's Customer Care Department known as "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 in having set up over 250 Customer Care Service Centers across the country.

13. The Company has a good reserves position, which the Management is leveraging to reduce debts. The Company will consider issue of Bonus or Rights shares at an appropriate time.
14. 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. However, we discourage sending multiple copies to the shareholders.
15. The Management would consider shareholders' request to arrange for the shareholders' factory visit at an appropriate time.
16. The Company had discontinued issuing Discount Coupons to the shareholders three years ago on account of some administrative difficulties. However, considering the popular demand of the shareholders, the Management has reconsidered its decision and has decided to issue discount coupons to the shareholders. These coupons will be sent to all the shareholders in due course.

Mrs. Shobhana Mehta seconded the Resolution.

The Chairman put the resolution to vote on a show of hands and declared the same passed by majority, as only one vote was cast against the resolution by Mr. Kirti Shah.

RESOLUTION NO.2 : ORDINARY RESOLUTION

Declaration of Dividend on Equity Shares:

"RESOLVED that dividend @ 100% (Rs.2.00 per share) on 9,97,55,331 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 6th August, 2013 and to those whose names are furnished by NSDL & CDSL, as beneficial owners, for the year ended 31st March, 2013."

Proposed by : Shri Prakash Vijaykar
Seconded by : Shri Zahur Maniar

The Chairman put the resolution to vote on a show of hands and declared the same passed by majority, as only one vote was cast against the resolution by Mr. Kirti Shah.



RESOLUTION NO.3 : ORDINARY RESOLUTION

Re-appointment of Director retiring by rotation - Shri Ashok Jalan

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

Proposed by : Shri H.V. Sanghavi

Seconded by : Shri A.F. Lala

The Chairman put the resolution to vote on a show of hands and declared the same passed by majority, as only one vote was cast against the resolution by Mr.Kirti Shah.

RESOLUTION NO.4 : ORDINARY RESOLUTION

Re-appointment of Director retiring by rotation - Dr.R.P.Singh

"RESOLVED that Dr. R.P.Singh, who retires by rotation as Director, be and is hereby re-appointed as a Director of the Company."

Proposed by : Shri R.Damodaran

Seconded by : Shri Ashok Jain

The Chairman put the resolution to vote on a show of hands and declared the same passed by majority, as only one vote was cast against the resolution by Mr.Kirti Shah.

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 Hasmukh Vora

Seconded by : Smt.C.E.Mascarenhas

The Chairman put the resolution to vote on a show of hands and declared the same passed by majority, as only one vote was cast against the resolution by Mr.Kirti Shah.

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

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

Date : 12th August, 2013

Place : Mumbai

For and on behalf of CHAIRMAN
Bajaj Electricals Limited


Mangesh Patil
Vice President-Legal & Company Secretary