



Bajaj Electricals Ltd.
Inspiring Trust

73rd Annual Report - 2011 - 12

Bajaj Lighting wins Asia's top brand award

ಕುಸಿದ ಕೈಗಾರಿಕಾ ವೃದ್ಧಿ
ದರದಿಂದ ಕುಸಿದ ಸೇರಿಸಿ

Let there



Bajaj firm eyes nicotine-free status

Bajaj Electricals turns to rural markets



Bajaj Electricals: High growth



Engineered to power growth



In Bajaj family, business sense over-rides ties

Anant Bajaj is joint MD of Bajaj Electricals

Bajaj lights up Wankhede Stadium



Bajaj Electricals looks to double sales in 3 years

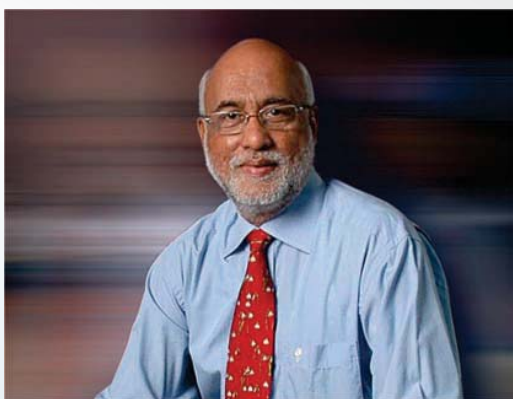
ಬಜಾಜ್ ಇಲೆಕ್ಟ್ರಿಕಲ್ಸ್: ವಿಕಾಸ ಕೈ ರಪ್ತಾರ ಪರ ಬದ್ಧವೆ ಕರ್ತ

Bajaj Electricals Plans Rejoice



Taking fresh guard

Chairman's Message



Dear Shareholders,

The financial year 2011-12 has been a challenging year with unprecedented economic uncertainty in Europe, geopolitical

upheaval in the Middle East, a slowing down of economic growth across Asia, slowdown in the Infrastructure Industry, low consumer sentiments, higher input costs, rising interest rates and volatility in foreign currency. All this has impacted your company also.

In spite of such a difficult environment, your Company has worked hard to deliver reasonably good results. The steady sales growth achieved by your Company has been enabled by continuous improvements in products & processes, widening of the product range, sustained investments in marketing and brand building, distribution, production & supply chain. This has resulted your Company in delivering a strong top line growth resulting in a turnover of Rs. 3100 crore, registering a growth of 13%. However, the margins had been under pressure which resulted in de-growth of Net Profit by 18% to Rs. 117.88 crores.

The Company has taken corrective actions in all business segments to consolidate its position and achieve profitable growth in the year 2012-13.

Dividend

The Company's commitment to its shareholders in terms of payment of dividend remains intact. The Board has maintained a dividend of 140% (Rs. 2.80 per share of Rs. 2 each) for Financial Year 2011-12 as that of FY 2010-11.

Organization change:

I am delighted to inform you that significant changes have taken place during the financial year 2011-12. The Company has brought into foray a new organizational structure and alignment of resources to bring in business synergies by promoting Shri. Anant Bajaj, its Executive Director since 2006, as Joint Managing Director effective April 2, 2012. The Company has also separated its consumer facing business i.e. B2C and B2B into 2 verticals managed by two Executive Directors promoted internally.



Mission Possible 2012

To delight our stakeholders and enhance their value, the Company has chosen the theme "Mission Possible 2012" with a focus on cost control, value engineering, reduction in working capital deployment by implementing the principles of 'Theory of Constraints', improvement in IT infrastructure and systems thereby securing additional business through e-commerce.



Sustainability

While concerns on environment and sustainability are going up globally, your Company is also taking several initiatives to make sustainability a key part of its operational strategy. We are working along with the NGO, Paryavaran Mitra to look at reducing usage of paper, introducing energy efficient products, reduction of use of non bio-degradable products.

Another initiative that we have started 2 years back was in the area of Anti-Tobacco. I am happy to inform you that your company is almost Tobacco Free.

Connecting with the consumers, keeping track of changes in consumption trends and spotting significant opportunities and growth drivers would be the key to growing consumer businesses.

The Company is also setting up its own R&D centre, which will integrate all the R&D activities across its various verticals under one roof. The aim is to save costs and develop innovative and environmental friendly products in future.

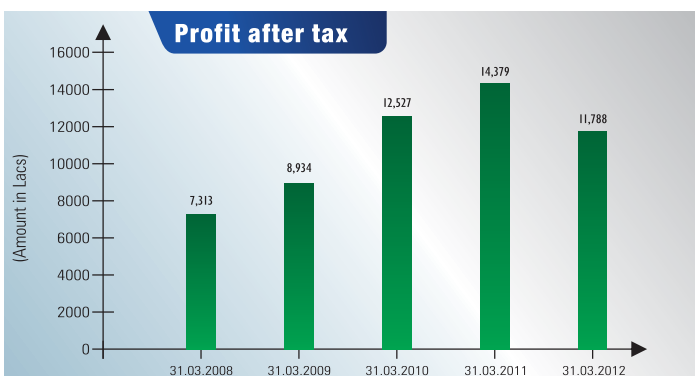
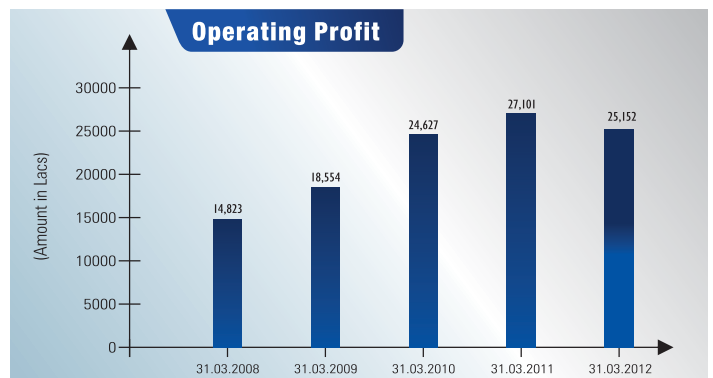
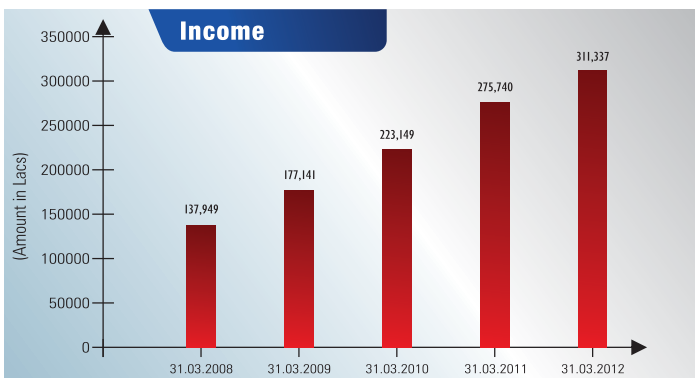
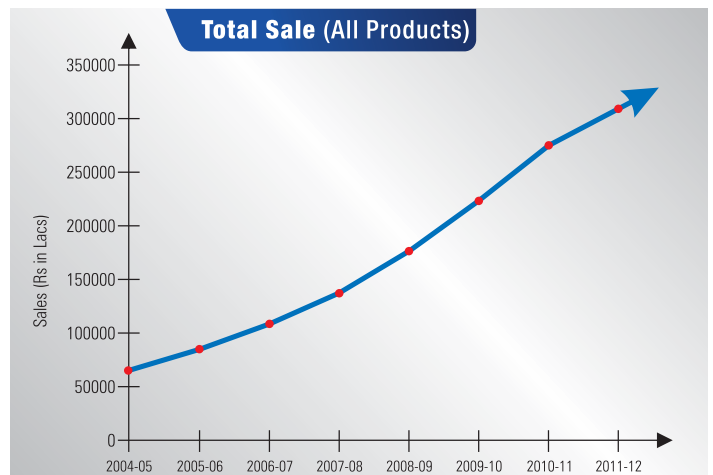
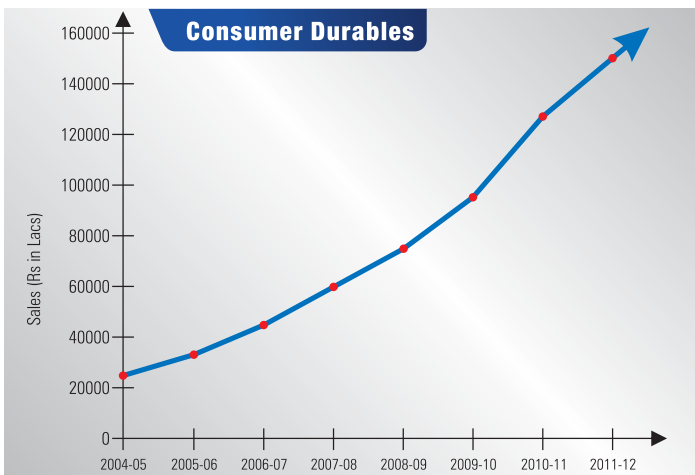
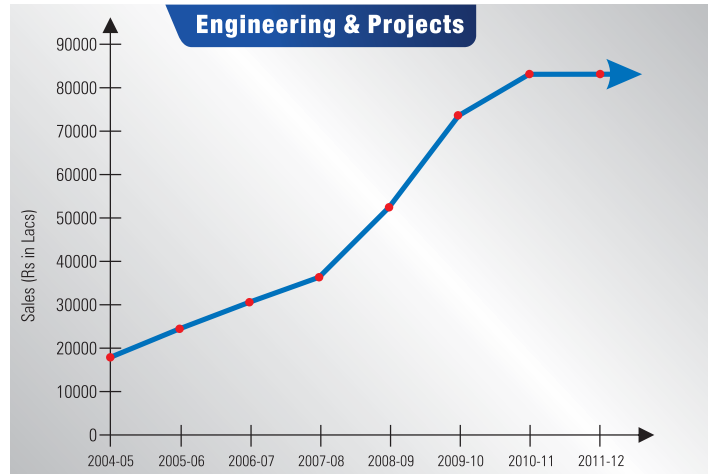
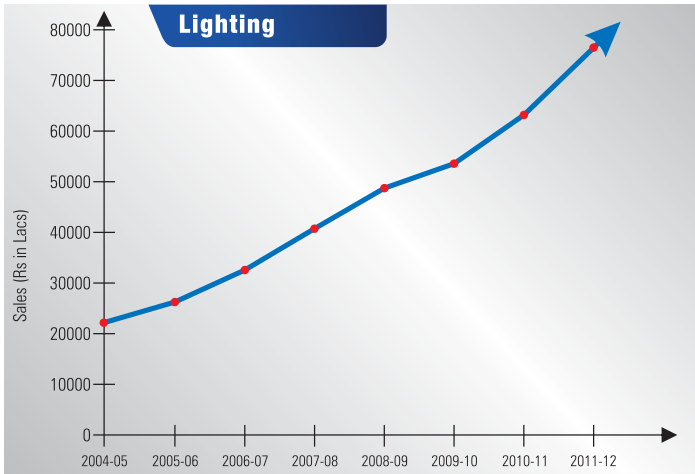
I sincerely thank all our shareholders, employees, channel partners and very importantly our customers for the continued support and faith reposed in the Company. I would like to assure you that your Company would continue to remain committed to deliver strong growth both in sales and profits.

Best Wishes,

A handwritten signature in blue ink, appearing to read "Shekhar", with a stylized flourish at the end.

SHEKHAR BAJAJ
CHAIRMAN & MANAGING DIRECTOR

Statistics



Board of Directors

Shekhar Bajaj, Chairman & Managing Director
Harsh Vardhan Goenka
Ashok Jalan
Ajit Gulabchand
V.B.Haribhakti
Madhur Bajaj
Anant Bajaj, Jt.Managing Director (wef.1.4.2012)
Dr.(Mrs.) Indu Shahani
R.Ramakrishnan, Executive Director (upto 29.2.2012)
Dr.R.P.Singh

Company Secretary

Mangesh Patil

Auditors

Dalal & Shah, Chartered Accountants

Bankers

State Bank of Bikaner and Jaipur
Bank of India
Union Bank of India
State Bank of India
Yes Bank Ltd.
IDBI Bank Ltd.

Registered Office

45-47, Veer Nariman Road, Mumbai 400 001

Factories

Chakan Unit : Mahalunge, Chakan Talegaon Road,
Khed, Pune 410 501.
Wind Farm : Village Vankusawade, Tal.:Satara,
Dist.: Patan, Maharashtra
Ranjangaon Unit : Village Dhoksanghvi, Taluka Shirur,
Ranjangaon, Dist. : Pune,
Maharashtra 412 210

Branches

Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh,
Chennai, Cochin, Delhi, Guwahati, Hyderabad, Indore,
Jaipur, Kolkata, Kundli, Lucknow, Mumbai, Nagpur, Noida,
Patna, Pune, Raipur.

Depots

Bhiwandi, Daman, Dehradun, Goa, Parwanoo, Ranchi &
Zirakhpur.

Corporate Management Team

Shekhar Bajaj, Chairman & Managing Director
Anant Bajaj, Joint Managing Director
L.K.Mehta, Executive Director (Not on the Board)
P.S.Tandon, Executive Director (Not on the Board)
A.S.Radhakrishna, President – Fans BU
C.G.S.Mani, President – Lighting BU
Vivek Sharma, Executive Vice President & Head – MR BU
Siddhartha Kanodia, Executive Vice President & Head – Corporate Services
Pratap Garge, Executive Vice President & CIO
R.Sundararajan, Executive Vice President & Head – Luminaires BU
Atul Sharma, Executive Vice President – Human Resources & Administration
Atul Pathak, Vice President & Head – Internal Audit
A.R.Sreedhar, Vice President & Head – Branch Sales Support
A.M.Purandare, Vice President & CFO

Chakan Unit

B.M.Mane, General Manager (Works)

Ranjangaon Unit

Jayant K.Deshmukh, Vice President – Operations, RU

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A request

The practice of distributing the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. Shareholders are therefore requested to bring their copies of the Annual Report to the meeting.



Registered Office: 45-47, Veer Nariman Road, Mumbai 400 001.

NOTICE

NOTICE is hereby given that 73rd Annual General Meeting of the Members of Bajaj Electricals Limited will be held on Thursday, the 26th day of July, 2012 at 12.30 P.M. at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020 to transact the following business:

1. To consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2012 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Shri Madhur Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr.(Mrs.) Indu Shahani, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"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."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20th day of July, 2012 to 26th day of July, 2012 (both days inclusive).
4. Members/Proxies are requested to bring their copies of Annual Report together with the duly filled in attendance slip to the Meeting.
5. Members desiring any information pertaining to the accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the AGM.
6. Pursuant to the provisions of clause 47(f) of the Listing Agreement, the Company has designated a dedicated e-mail id legal@bajajelectricals.com exclusively for registering grievances and complaints of the Shareholders. All the Shareholders are requested to lodge their complaints and grievances etc., if any, at the said e-mail id.
7. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is given below:-

Details of Directors seeking Re-appointment in the forthcoming Annual General Meeting:

Name of Director	Shri Madhur Bajaj	Dr. (Mrs.) Indu Shahani
Brief Resume & Functional Expertise	Aged about 59 years, B.Com, MBA from Institute of Management Development, Lausanne, Switzerland, a member of the Board since 1994, Industrialist with over 29 years of experience. He is also the Vice-Chairman of Bajaj Auto Ltd.	Aged about 60 years, Ph.D in Commerce from University of Mumbai on enhancing Academia Institutional linkages Academician with over three decades of teaching experience at University and Degree College, member of University Grant's Commission, member of various Committees, Academic Council, Audit & Corporate Governance Committee of HSBC, Director of the Rotary Club of Bombay and Member Junior/Youth Red Cross of the Indian Red Cross Society and has pioneering linkages with various bodies such as CII, BC, CI, IMC. She was awarded the Honorary Doctor of Letters degree by the University of Westminster in London. She is the Hon'ble Sheriff of Mumbai and the Principal of H.R.College of Commerce & Economics.
Appointment / Reappointment	Re-appointment on retirement by rotation	Re-appointment on retirement by rotation
No. of Shares held in the Company	17,57,835	Nil
List of Directorship held in other Companies	1. Bajaj Auto Ltd. 2. Bajaj Finance Ltd. 3. Maharashtra Scooters Ltd. 4. Bajaj Finserv Ltd. 5. Bajaj Holdings & Investment Ltd.	1.Indian Oil Corporation Ltd. 2.Euroka Forbes Ltd. 3.Colgate Palmolive (India) Ltd.
Committee Membership	Nil	Nil

By Order of the Board of Directors
For Bajaj Electricals Limited

Mumbai, May 28, 2012

Mangesh Patil
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 73rd Annual Report and the audited accounts for the financial year ended 31st March, 2012.

Financial Performance:

Rs. in crore

	FY 2011-12	FY 2010-11
Revenue from Operations & Other Income (Gross)	3144.31	2781.47
Gross Profit before Finance Cost & Depreciation	251.52	271.01
Less : Finance Cost	63.05	36.65
Less : Depreciation	12.52	10.80
Profit before Taxes & Provisions	175.95	223.56
Less : Provision for Irrecoverable portion of Loan	-	5.00
Less : Provision for Taxation	58.07	73.99
Less : Taxes in respect of earlier years	-	0.78
Profit after Tax	117.88	143.79
Add : Balance in Profit & Loss Account	43.47	32.02
Balance available for appropriation	161.35	175.81
Less : Appropriations :		
(i) Dividend paid on exercise of Stock Options including dividend distribution tax	0.24	0.17
(ii) Proposed Dividend on Equity Shares	27.90	27.68
(iii) Tax on Dividend	4.52	4.49
(iv) Transferred to General Reserve	100.00	100.00
Closing Balance	28.69	43.47

Results of Operations:

FY 2011-12 was a challenging year. The global economy witnessed lower economic growth resulting primarily from high commodity and oil prices. Despite the challenging environment, the Company performed reasonably well and the highlights of the performance are as under :

Gross Revenue from operations increased by 13.1% to Rs.3125.13 crore.

PBDIT decreased by 7.2% to Rs.251.52 crore.

PBT decreased by 21.3% to Rs.175.95 crore.

Net Profit decreased by 18.0% to Rs.117.88 crore

Lighting

The turnover of lighting products viz. Lamps, Tubes and Luminaires increased by about 21.1% at Rs.765 crore during

FY 2011-12 from Rs.631 crore in the previous financial year. The CFL (Compact Fluorescent Lamps) sales has increased by 41% over last year and crossed Rs.250 crore mark. During the year, Lighting and Luminaires, both have seen improvement in their margins. The thrust is on developing energy-efficient consumer luminaire and lighting products based on LED and lighting control technologies which is a global mandate to arrest global warming.

Consumer Durables

The turnover of consumer durables, which include fans and small appliances, increased by over 17.5 % at Rs.1,500 crore during the year under review from Rs.1,277 crore in the previous year. The Company's Morphy Richard brand has emerged as the fastest growing brand in premium segment with a growth of 36% and a CAGR of 35%. The Company has continued to introduce new range of products with varied models and improve the technology and quality in order to gain a competitive advantage.

The slowdown in the housing and real estate sector has adversely affected the fan industry. For the first time since 2002-03, the industry, which has been growing at 20-25% on a year-on-year basis for the last couple of years, has recorded negative growth of about 6.16% in production and 6.18% in domestic sales during the year.

The production at Chakan Unit showed increased during the year under review with production of 4,68,347 nos. of fans as against 4,28,259 nos. of fans in the previous year.

Engineering & Projects

During the year, the top line performance of E & P BU was flat at Rs.830 crore as compared to Rs.832 crore in the previous year. The Ranjangaon Unit produced 4,655 nos. of Highmasts and 53,279 nos. of Street Lighting Poles as against 4,200 nos. and 45,000 nos. respectively in the previous year. The Unit also manufactured 24,035 MT of transmission line towers as against 19,004 MT in the previous year. The BU's order book position at the end of the year 2011-12 stood at Rs.604 crore. The year gone by was tough for the BU as its performance was adversely impacted by slower order inflow, increased competition, pressure on margins and time and cost overrun in some of the projects.

The infrastructure development continues to be the Government's focus area. Projects under Restructured-Accelerated Power Development and Reform Programme (R-APDRP), new packages under Rajeev Gandhi Gramin Vidyutikaran Yojana and Governments plan to add power generation capacity will give good opportunity to this division to improve its growth and profitability in the future.

Wind Energy

The 2.8 MW Wind Farm at Village Vankusawade in Maharashtra generated 46,49,716 electrical units during the year under review (Previous Year 36,02,359 units).

Increase in number of shares

The increase in number of shares is due to the issue of 7,95,522 equity shares of Rs.2 each to the employees upon

exercise of their stock options. These shares were included, on weighted average basis, for the computation of EPS.

Dividend

Your Directors have recommended a dividend of Rs.2.80 per equity share (Previous year Rs.2.80 per equity share) for the financial year ended 31st March, 2012, amounting to Rs. 32.43 crore (inclusive of tax of Rs.4.53 crore). The dividend will be paid to the members whose names appear in the Register of Members as on 26th July, 2012; in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

Shares that may be allotted on exercise of Options granted under the Employee Stock Option Scheme before the Book Closure for payment of dividend will rank pari passu with the existing shares and be entitled to receive the dividend.

Employees Stock Option Scheme

The Company implemented the Employees Stock Option Scheme ("Scheme") in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2012 are provided in Annexure I to this Report.

During the year under review, 24,55,000 Options were granted on 29th August, 2011 and 1,40,000 Options were granted on 28th March, 2012 under Growth Plan to the eligible employees at the prices of Rs.164.85 and Rs.182.20 per option respectively, being the closing equity prices of the Company on the National Stock Exchange of India Ltd.

The issuance of equity shares pursuant to exercise of Options granted under Growth Plan does not affect the profit and loss account of the Company, as the exercise is made at the market price prevailing as on the date of the grant plus taxes as applicable.

None of the management employees or Whole-time Directors has received options exceeding 5% of the value of the options issued for the year ended March 31, 2012. Likewise, no employee has been issued share options, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The Certificate would be placed at the Annual General Meeting for inspection of members.

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2012, almost 96.94% of the Company's total paid-up capital representing 9,65,85,099 shares were in dematerialised form.

Risk Management

Risk management forms an integral part of the business planning and review cycle. The Company's Risk Management Policy is backed by strong internal control systems. The risk management framework consists of policies and procedures designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting and its related disclosures. It makes management responsible for identifying the critical business risks and take appropriate actions to mitigate risks. The risk policy and internal Audit Reports are periodically reviewed by the Board and Audit Committee with emphasis on maintaining its effectiveness in dynamic business environment.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

Management Discussion and Analysis Report

A Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

Social Initiatives

Your Company is a socially responsible corporate citizen. In keeping with the Company's commitment towards contribution to community welfare, the Company and its employees continue to support and closely associated with "Paryavaran Mitra" (Friends of Environment) a non-government organization (NGO) and involved in numerous activities like tree plantation, cleanliness drive, tobacco free environment and creation of social awareness, training & dissemination of information concerning Paryavaran (Environment) and Pollution and host of other activities for the cause of environment protection at Company's various locations. The Company also sponsored Mumbai, Delhi & Hyderabad Marathons, which received overwhelming participation from the employees to propagate the cause of environment protection.

Subsidiaries

The Company has no subsidiary as on 31st March, 2012.

Directors

In accordance with the provisions of the Companies Act, 1956, Shri Madhur Bajaj and Dr.(Mrs.) Indu Shahani retire by rotation and being eligible, offer themselves for re-appointment.

Brief resumes of the Directors proposed to be re-appointed as required under Clause 49 of the Listing Agreement are provided in the Notice of the Annual General Meeting forming part of the Annual Report.

Auditors

M/s. Dalal & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a certificate from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The observations made in the Auditors' Report read together with the relevant notes thereon, are self-explanatory and hence do not call for any comments under section 217 of the Companies Act, 1956.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure-II to this Report.

Particulars of Employees

In terms of the provision of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under Schedule VI of the Companies Act, 1956, have been followed and that no material departures have been made from the same;
- (b) 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 as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (c) 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; and
- (d) the Directors have prepared the annual accounts on a 'going concern' basis.

Transfer of amounts to Investor Education and Protection Fund

Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

Industrial Relations

The relations with the employees of the Company have continued to remain cordial.

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, customers, investors, business associates, vendors, regulatory and government authorities and members during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the sincere efforts put in by the executives, staff and workers of the Company, in helping it reach its current growth levels.

For and on behalf of the Board of Directors

Mangesh Patil
Company Secretary

Anant Bajaj
Jt. Managing Director

Shekhar Bajaj
Chairman & Managing Director

Mumbai, May 28, 2012