

Board of Directors :

Shekhar Bajaj, Chairman & Managing Director
Harsh Vardhan Goenka
A.K.Jalan
Ajit Gulabchand
V.B.Haribhakti
Madhur Bajaj
Anant Bajaj, Executive Director
Dr. (Mrs.) Indu Shahani
R.Ramakrishnan, Executive Director
Dr.R.P.Singh (w.e.f. 28.5.2009)

Company Secretary

Mangesh Patil

Corporate Management Team

Shekhar Bajaj, Chairman & Managing Director
Anant Bajaj, Executive Director
R.Ramakrishnan, Executive Director
L.K.Mehta, Executive President – Engineering & Projects BU
P.S.Tandon, Executive President – Appliances BU
A.S.Radhakrishna, President – Fans BU
C.G.S.Mani, President – Lighting BU
Pravin Jathar, Executive Vice President & CFO
Gulshan Aghi, Executive Vice President & Head – Luminaires BU
Vivek Sharma, Executive Vice President & Head (Morphy Richards)
Pratap Garge, Vice President & CIO
R.Ramesh, Vice President – Human Resources & Administration

Chakan Unit

B.M.Mane, Dy. General Manager (Works)

Ranjangaon Unit

J.K.Deshmukh, Chief General Manager Operations & Head - RU

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.

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, Taluka Satara,
Dist.: Patan, Maharashtra 415 206.
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, Lucknow, Mumbai, Nagpur, Noida,
Patna, Pune, Raipur.

Depots :

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

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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 Seventieth Annual General Meeting of Bajaj Electricals Limited will be held on Thursday, the 30th day of July, 2009 at 11.30 A.M. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 to transact the following business:

1. To consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2009 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
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 M/s.Dalal & Shah, Chartered Accountants, retiring Auditors, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution, as an Ordinary Resolution:
"RESOLVED that pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. R. P. Singh, be and is hereby appointed as a Director of the Company."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:
"RESOLVED that in partial modification of the earlier resolutions passed by the Members of the Company at the Annual General Meeting held on July 26, 2007, and of the terms and conditions of appointment of Mr.R. Ramakrishnan, Executive Director of the Company as set out in the aforesaid resolutions, and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves, with effect from July 1, 2009 :
 - a. The removal of the specific amount/ limit /ceiling against individual component of the managerial remuneration, including salary, perquisites, allowances, etc., as stipulated in the aforesaid resolution passed by the Members of the Company for payment of remuneration by way of salary, allowances, commission, perquisites and other benefits and amenities; and
 - b. Revision in the remuneration by way of salary, perquisites and allowances payable to Mr. R. Ramakrishnan (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) for the remainder of his tenure as set out in the Explanatory Statement annexed to the Notice convening this meeting."

"FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which shall include a duly authorized Committee thereof for the time being exercising the powers conferred upon it by the Board), be and is hereby authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this resolution or to make modification as may be deemed to be in the best interest of the Company, with liberty to the Board to alter and vary the terms and conditions of the said appointment and to do all such acts, deeds, matters and things for giving effect to this resolution."

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. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th day of July, 2009 to 30th day of July, 2009 (both days inclusive).
4. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies 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. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting is given below :-

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

Name of Director	Mr.Madhur Bajaj	Dr.(Mrs.) Indu Shahani	Dr.R.P. Singh
Brief Resume & Functional Expertise	Aged about 56 years, B.Com, MBA from Institute of Management Development, Lausanne, Switzerland, a member of the Board since 1994, Industrialist with over 26 years of experience. He is the Vice-Chairman of Bajaj Auto Ltd.	Aged about 57 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 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 is Hon'ble Sheriff of Mumbai as well as the Principal of H.R.College of Commerce & Economics.	Aged about 60 years, Post Graduate in Mechanical Engineering from BHU, Ex.Chairman & MD of PowerGrid Corporation of India Ltd. In his career of more than 37 years, he has served TISCO, NTPC and POWERGRID. He has been conferred with many awards notably SCOPE Award for Excellence & outstanding contribution to the Public Sector Management, Degree of Doctor of Science (Honoris Causa) by BHU, Power Delivery Product Champion Award by Electric Power Research Institute (EPRI) USA and Green Award by World Bank. Dr.Singh is associated with bodies like CIGRE – Paris; CIGRE – India; World Energy Council – USA; Indian National Academy of Engineering (INAE).
Appointment/ Reappointment	Re-appointment on retirement by rotation	Re-appointment on retirement by rotation	Appointment
No. of Shares held in the Company	6,89,567 *	Nil	Nil
List of Directorship held in other Companies	1. Bajaj Auto Holdings Ltd. 2. Bajaj Auto Finance Ltd. 3. Bajaj Auto Ltd. 4. Econium Investments & Finance Ltd. 5. Maharashtra Scooters Ltd. 6. Catalyst Finance Ltd. 7. Lineage Investments Ltd. 8. Conquest Investments & Finance Ltd. 9. Bajaj Holdings and Investments Ltd. 10. Bajaj Finserv Ltd. 11. Sidya Investments Ltd. 12. Madhur Securities Pvt. Ltd. 13. Emerald Acres Pvt. Ltd.	1. Indian Oil Corporation Ltd. 2. Eureka Forbes Ltd.	Jindal Power Ltd.
Committee Membership	Nil	1. Indian Oil Corporation Ltd. – Audit Committee (Member) 2. Eureka Forbes Ltd.- Audit Committee (Member)	–

* (80,000 shares are held on behalf of Bajaj Auto Ltd. Employees' Welfare Fund, Pune)

By Order of the Board of Directors
For Bajaj Electricals Limited

Mangesh Patil
Company Secretary

Mumbai, May 28, 2009

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

Dr.R.P. Singh was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association, effective 28th May, 2009, to hold office till the conclusion of the Annual General Meeting of the Company scheduled to be held on July 30, 2009. The Company has received a Notice pursuant to Section 257 of the Companies Act, 1956, along with the prescribed deposit, from a member signifying his intention to propose the candidature of Dr.R.P.Singh for the office of Director of the Company, at the forthcoming Annual General Meeting of the Company.

Dr.R.P.Singh is a Post Graduate in Mechanical Engineering from BHU, Ex.Chairman & Managing Director of PowerGrid Corporation of India Ltd. In his career spanning more than 37 years, he has served TISCO, NTPC and POWERGRID. He has been conferred with many awards notably SCOPE Award for Excellence & Outstanding Contribution to the Public Sector Management, Degree of Doctor of Science (Honoris Causa) by BHU, Power Delivery Product Champion Award by Electric Power Research Institute (EPRI) USA and Green Award by World Bank. Dr.Singh is associated with bodies like CIGRE – Paris; CIGRE – India; World Energy Council – USA; Indian National Academy of Engineering (INAE).

None of the Directors except Dr.R.P.Singh himself is deemed to be concerned and interested in this resolution. The Board commends the resolution at Item No.6 for approval of the members.

Item No.7

Mr. R.Ramakrishnan was appointed as an Executive Director of the Company for a period of five (5) years commencing from 26th October, 2006 to 25th October, 2011, on the terms and conditions and remuneration approved by the Members of the Company at the 68th Annual General Meeting held on 26th July, 2007.

Under the leadership of Mr. Ramakrishnan, the Company has made great strides in the consumer business and continues to grow at a commendable pace. In view of the same, the Remuneration & Compensation Committee and the Board of Directors of the Company, at their meetings held on 24th July, 2008, vide their respective resolutions, approved the revision in the managerial remuneration payable to Mr.R.Ramakrishnan, Executive Director, within the overall limits approved by the Members. The proposed remuneration would be payable with retrospective effect from July 1, 2009, but shall be paid only after approval has been obtained from the Members of the Company.

In order to give flexibility to the Remuneration & Compensation Committee and the Board of Directors to decide upon the remuneration including perquisites and allowances to be granted to the Executive Director from time to time, within the overall ceilings prescribed under the Act, the Remuneration & Compensation Committee and the Board of Directors have, by passing resolutions unanimously, at their meetings held on May 27, 2009 and May 28, 2009, respectively, approved revision in the terms of remuneration including perquisites and allowances of Mr. R. Ramakrishnan for the period given below, subject to the approval of the Members of the Company:

- a. Effective period: From July 1, 2009 to October 25, 2011.
- b. The revised terms of remuneration will be determined by the Board from time to time, subject to the following limits:-
 - i. **Remuneration:**
 - Basic pay per month: Rs.3,00,000/- per month in the scale of Rs.3,00,000/- - 25,000/- - 5,00,000/-. The annual increments shall be given effective July, every year. Accelerated increments / increases may be given by the Board of Directors from time to time at their absolute discretion.
 - Additional Allowance per month : In the range of Rs.1,65,000/- p.m. to Rs.3,00,000/- p.m.; as will be determined by the Remuneration & Compensation Committee and the Board from time to time.

ii. Perquisites and other benefits :

In addition to the salary, the Executive Director shall also be entitled to the following perquisites and other benefits in accordance with the Rules of the Company:

▪ **Housing / House Rent Allowance (HRA):**

Housing I - The expenditure by the Company on hiring furnished accommodation for the Executive Director will be subject to the following ceiling:-

60% of the salary, over and above 10% payable by the Executive Director.

Housing II - In case the accommodation is owned by the Company, then, ten percent of the Salary of the Executive Director shall be deducted by the Company.

Housing III - In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance as per the Company policy, subject to the ceiling laid down in Housing I. At present, the HRA applicable is Rs.50,000/- per month.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This, however, shall be subject to a ceiling of 10% of the Salary of the Executive Director.

- **Medical Reimbursement** - For the Executive Director and his family in the range of Rs.1,20,000/- per annum to Rs.2,00,000/- per annum; as will be determined by the Remuneration & Compensation Committee and the Board from time to time
- **Leave Travel Concession** - For the Executive Director and his family once in a year, in the range of Rs.3,00,000/- per annum to Rs.4,00,000/- per annum; as will be determined by the Remuneration & Compensation Committee and the Board from time to time.
- **Performance Incentive** : As per the Company's Rules and Policies and based on the evaluation of performance on an annual basis, in the range of Rs.40,00,000/- p.a. to Rs.60,00,000/- p.a.; as will be determined by the Remuneration & Compensation Committee and the Board from time to time.
- **Club Fees** - Fees of Clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.
- **Telephone & Mobile** - Expenses towards usage of telephones installed at residence and mobile expenses will be reimbursed by the Company at actuals.
- **Car** - Provision of Company's car for use of Company's business with reimbursement of maintenance and driver salary as per the rules of the Company.
- **Contribution to Funds** - Contributions to Provident Fund, Superannuation Fund and Gratuity Fund as per the Company's Rules.
- **Leave and Encashment of Leave** - Leave & Encashment of leave not availed of by the Executive Director as per the Company's Rules.
- **Group Personal Accident Insurance** - Premium as per the Company's Rules.
- **Entertainment Expenses** - Executive Director will be entitled to reimbursement of entertainment expenses incurred in the course of business of the Company.
- **Other amenities and benefits** - As per the Company's Rules.
 - The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.
 - Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
 - Encashment of earned leave at the end of the tenure as per the Rules of the Company shall not be included in the computation of ceiling on remuneration.

- Provision for car for use of Company's business and telephone at residence would not be considered as perquisites.
- The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the minimum remuneration payable to the Executive Director in accordance with the provisions of the said Act or any amendments made hereinafter in this regard or with the approval of the Central Government, wherever required.

iii. Commission:

In addition to the salary and perquisites, the Executive Director shall be entitled to commission not exceeding 50% of the Basic pay and Additional allowance as the Remuneration & Compensation Committee shall decide, subject however to such ceiling as may be set out in the Companies Act, 1956. The amount of commission shall be payable after the annual accounts are approved by the Board of Directors and adopted by the shareholders.

iv. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Mr.R. Ramakrishnan, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites and allowances as specified above as minimum remuneration, subject to compliance with the applicable provisions of Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as amended from time to time, subject to the approval of the Central Government, if and to the extent necessary.

All other terms and conditions of appointment of Mr.R.Ramakrishnan shall remain unchanged.

The Ordinary Resolution at Item 7 of the Notice seeks to give the requisite flexibility to the Board to determine the remuneration payable to Mr.R. Ramakrishnan within the overall ceiling prescribed under the Act by removing the specific amount/limit/ceiling against individual component of the managerial remuneration, including salary, perquisites, allowances, etc., as stipulated in the aforesaid resolution passed by the Members of the Company. This will allow a certain amount of flexibility to the Remuneration & Compensation Committee and the Board to recognize merit and reward outstanding performance.

The aforesaid resolutions regarding appointment of Mr.R. Ramakrishnan and revision in managerial remuneration payable to him are available for inspection for the Members at the Registered Office of the Company during business hours on any working day (except Saturdays, Sundays and Public Holidays).

The revised terms of remuneration as set out in the proposed resolution, requires the approval of Members by way of Ordinary Resolution.

The Board of Directors, therefore, commends the Ordinary Resolution at Item No. 7 of the accompanying Notice for approval by the Members. This may be treated as an abstract under Section 302 of the Act of the revision in the terms of remuneration of Mr. Ramakrishnan.

None of the Directors, except Mr. R.Ramakrishnan is interested in the proposed resolution at Item No.7.

By Order of the Board of Directors
For Bajaj Electricals Limited

Mangesh Patil
Company Secretary

Mumbai, May 28, 2009

DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in presenting their Seventieth Annual Report of the Company and the Statement of Accounts for the year ended 31st March, 2009.

Financial Results

Rs. in Crore

	FY 2008-09	FY 2007-08
Gross Sales Turnover and Other Income *	1,806.39	1,407.53
Gross Profit before Interest & Depreciation	185.54	148.23
Less : Interest	36.97	29.34
Less : Depreciation	8.55	7.45
Profit before Taxes & Provisions	140.02	111.44
Less: Provision for Taxation (including deferred taxation & FBT)	50.67	38.31
Profit after Tax	89.35	73.13
Less : Prior Period Adjustments	0.21	0.03
Add : Balance brought forward from previous year	17.82	10.90
Balance available for appropriation	106.96	84.00
Appropriations :		
(i) Dividend : Equity	17.29	13.83
(ii) Tax on Corporate Dividend	2.94	2.35
(iii) Transferred to General Reserve	65.00	50.00
Balance carried to Balance Sheet	21.73	17.82

* Other income Rs.5.70 crore (Previous year - Rs.2.93 crore)

Financial Highlights / Sales and Other Income

The gross sales and other income for the financial year under review were Rs.1,806.39 crore as against Rs.1,407.53 crore for the previous financial year registering an increase of 28.34%. The Profit before tax (after interest and depreciation charges) of Rs.140.02 crore and the Profit after tax of Rs.89.35 crore for the financial year under review as against Rs.111.44 crore and Rs.73.13 crore respectively for the previous financial year, improved by 25.65% and 22.18% respectively.

Dividend

The Directors are pleased to recommend, for the year ended 31st March, 2009, payment of dividend of 100% on the Equity Shares of the Company (Previous year 80%). The payment of dividend is subject to the approval of the shareholders at the Annual General Meeting and will be paid on 1,72,85,760 Equity Shares @ Rs.10/- per share. The dividend will absorb a sum of Rs.20.23 crore (including dividend tax of Rs.2.94 crore).

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.

Operations :

Lighting

The turnover of lighting products viz. Lamps, Tubes, Luminaires, and Domestic fittings increased by about 20% at Rs.491 crore during the year under review from Rs.410 crore in the previous year.

The Luminaires BU is continuously working on developing energy-efficient consumer luminaire. It has successfully launched LED based luminaries for landscape & decorative lighting. It has also entered into an arrangement with Helvar Ltd. of Finland for Dimming & non-Dimming electronic ballasts as also for Lighting Controls to offer complete energy saving solutions to discerning class of customers and has partnered with Securiton of Switzerland & Delta Controls of Canada to offer the latest and cutting edge Security and BMS (Building Management Systems) to its institutional customers. The CFL (Compact Fluorescent Lamps) sales has increased significantly and crossed Rs.100 crore mark.

Consumer Durables

The turnover of consumer durables, which include fans and small appliances, increased by over 25% at Rs.765 crore during the year under review from Rs.611 crore in the previous year. The Company's Morphy Richard brand has emerged as the fastest growing premium brand with a growth of 25% and a CAGR of 37%. 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.

Chakan Unit

The production at this Unit showed increase during the year under review with production of 3,12,035 nos. of fans as against 2,87,474 nos. of fans in the previous year. We are developing this Unit to cater to our growing export requirement.

Engineering & Projects

The E & P BU has achieved a turnover of Rs.543 crore as compared to Rs.382 crore in the previous year, registering a growth of 42% and a CAGR of 29%. The Unit produced 3,682 nos. of Highmasts and 38,078 nos. of Poles as against 3,169 nos. and 29,518 nos. respectively in the previous year. The Unit also manufactured 20,106 MT of transmission line towers as against 21,604 MT in the previous year. The BU's order book position at the end of the year 2008-09 stands at Rs.930 crore.

The infrastructure development continues to be the Government's focus area, which offers a 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 47,84,467 electrical units during the year under review (Previous Year 27,02,563 units).

Stock Options

The Remuneration & Compensation Committee of your Company has granted 90,000 Stock Options under Growth Plan of the "Employee Stock Option Scheme 2007" to the eligible employees during the year under review.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure-I to this report.

Deposits

106 Deposits totalling Rs. 21.61 lacs which were due for repayment on or before March 31, 2009 were not claimed by the depositors on that date. Out of this, as on the date of this report, deposits aggregating to Rs. 3.15 lacs thereof have been claimed and paid.

Your Company has stopped accepting and/or renewing Fixed Deposits from the public. 584 Deposits totalling Rs. 211.34 lacs which were due for repayment after March 31, 2009 were prepaid alongwith interest accrued thereon as on March 31, 2009. Out of this, as on the date of this report, prepayment cheques in respect of 33 deposits aggregating to Rs. 8.95 lacs have not been encashed and therefore remains to be paid.

IT Related Initiatives

During the year under review, the Company had taken a decision to upgrade business practices by consolidation of IT based strategies with process for implementation of full fledged Oracle based ERP to strengthen Corporate and Regional level activities with respect to various functions viz., Finance, HR, Projects, Business Development, Consultancy and Contracts, etc. The Company has gone-live on ERP from April 1, 2009 as per implementation schedule. A large number of senior executives and end users from the relevant business areas have been trained for successful implementation. With this, the Company would be able to standardize the business processes and systems with state of the art technology and enable itself to leap frog into the next generation capabilities for managing more complex and large projects.

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31,

2009, almost 82% of the Company's total paid-up capital representing 1,41,66,270 shares were in dematerialised form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialisation on either of the Depositories.

Risk Management

The Company has designed a system of internal control with the objective of safeguarding the Company's assets, ensuring that transactions are properly authorized, and providing significant assurance at reasonable cost, of the integrity, objectivity and reliability of financial information. The management of the Company duly considers and takes appropriate action on recommendations made by the statutory auditors, internal auditors and the independent Audit Committee of the Board of Directors.

The Company-wide Risk Management framework for controls testing pertaining to financial reporting is well established.

Corporate Governance

Your Company has been practising the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A Report on Corporate Governance and a Statement on Management Discussion and Analysis, as required under Clause 49 of the Listing Agreement are annexed.

All the Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2008-09. A declaration to this effect signed by the Chief Executive Officer (CEO) of the Company is contained in this Annual Report.

The CEO and Chief Financial Officer (CFO) have certified to the Board with regard to the financial statements and other matters as required in Clause 49 of the Listing Agreement and the said Certificate is contained in the Annual Report.

Social Initiatives

Since inception, your Company has engaged in activities, which add value to the communities around it. Your Company and its employees are 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.

Subsidiaries

The Company has no subsidiary as on 31st March, 2009.

Directors

Dr. R. P. Singh was appointed as an Additional Director on the Board of the Company with effect from 28th May, 2009 in accordance with Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Dr. R. P. Singh holds office only upto the date of the forthcoming Annual General Meeting. The requisite Notice under Section 257 of the Act, together with necessary deposit has been received from a Member proposing his appointment as a Director.

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 appointed / 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' Report

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.

Auditors

The Members are requested to appoint Auditors and fix their remuneration. M/s. Dalal & Shah, the retiring Auditors have furnished a certificate of their eligibility for re-appointment as required under Section 224(1B) of the Companies Act, 1956.

Disclosure of Particulars

The particulars prescribed 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 regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, etc. to the extent applicable are set out in the Annexure-II hereto.

Human Resources

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to

the operations of the Company during the year. The information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the said Act and the same will be made available to any shareholder on request.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Act, the Directors based on the information / representations received from the Operating Management, confirm that :

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) such accounting policies have been selected and applied consistently and that reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- (c) 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 have been taken; and
- (d) the annual accounts are prepared on a going concern basis.

Industrial Relations

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

Acknowledgement

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges, employees and the stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board of Directors

Mangesh Patil
Company Secretary

R. Ramakrishnan
Executive Director

Anant Bajaj
Executive Director

Shekhar Bajaj
Chairman & Managing Director

Mumbai, May 28, 2009

ANNEXURE- I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999:

(a)	Options granted • Growth Plan • Loyalty Plan Total	6,22,000 2,14,900 8,36,900						
(b)	The Pricing Formula	The Options under the Growth Plan are granted at closing market price of the Company's equity shares quoted on the Bombay Stock Exchange Limited / National Stock Exchange Limited (wherever trading volumes are higher) as on the date preceding the date on which the Remuneration & Compensation Committee considers grant of Options to Eligible Employees. 1 st Tranche – 25.10.2007 – Rs.300.00 2 nd Tranche – 24.07.2008– Rs.443.25 3 rd Tranche – 06.08.2008 – Rs.436.35 The Options under the Loyalty Plan are granted as one time Options at a 50% discount to the closing market price of the shares of Rs.300.00 as on 24.10.2007, the date prior to the date of the Remuneration & Compensation Committee resolution. 1 st Tranche – 25.10.2007 – Rs.150.00						
(c)	Options vested	Growth Plan - 48,100 Loyalty Plan - 2,14,900 Total - 2,63,000						
(d)	Options Exercised	Nil						
(e)	The Total number of shares arising as a result of exercise of Options	Nil						
(f)	Options Lapsed	86,300						
(g)	Variation of terms of Options	N.A.						
(h)	Money realised by exercise of Options	Nil						
(i)	Total number of Options in force	7,50,600						
(j)	Employee-wise details of Options granted to:							
	(i) Senior Managerial personnel	As per statement						
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year	<table> <tr> <th></th><th>No.of Options Granted</th><th>% of total Options Granted</th></tr> <tr> <td>Mr. R. Ramesh</td><td>6,000</td><td>6.67%</td></tr> </table>		No.of Options Granted	% of total Options Granted	Mr. R. Ramesh	6,000	6.67%
	No.of Options Granted	% of total Options Granted						
Mr. R. Ramesh	6,000	6.67%						
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil						
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share.	Rs. 49.77						
(l)	Where the company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted on 25.10.2007, 24.07.2008 and 6.8.2008, the employee compensation cost would have been higher by Rs.3.40 crore. Profit after tax lower by Rs.2.24 crore and the diluted earnings per share would have been lower by Rs.1.50						