

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

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, Lucknow, Mumbai, Nagpur, Noida,
Patna, Pune, Raipur.

Depots

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

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
Vivek Sharma, Executive Vice President & Head (Morphy Richards)
Siddhartha Kanodia, Vice President – Corporate Services
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

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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 71st Annual General Meeting of Bajaj Electricals Limited will be held on Wednesday, the 28th day of July, 2010 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, 2010 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 A.K.Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ajit Gulabchand, who retires by rotation and being eligible, offers himself 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. Increase in the Authorised Share Capital and Alteration of the Memorandum of Association of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Authorised Share Capital of the Company of Rs. 20,00,00,000 (Rupees Twenty Crore) divided into 10,00,00,000 (Ten Crore) equity shares of Rs. 2 (Rupees Two) each be and is hereby increased to Rs. 40,00,00,000 (Rupees Forty Crore) divided into 20,00,00,000 (Twenty Crore) equity shares of Rs. 2 (Rupees Two) each.”

“RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause 5 thereof by the following Clause 5:

5. The Authorised Capital of the Company is Rs.40,00,00,000 (Rupees Forty Crore) divided into 20,00,00,000 (Twenty Crore) Equity Shares of Rs.2 (Rupees Two) each.

The Company shall have power to increase or reduce the capital, to divide the shares of the capital for the time being into several classes and to attach thereto respectively such ordinary, preferential, qualified or deferred rights and privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

7. Increase in the Authorised Share Capital and Alteration of the Articles of Association of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be and is hereby altered by substituting the existing Article 8(i) with the following Article:

- 8 (i). The Authorised Capital of the Company is Rs.40,00,00,000 (Rupees Forty Crore) divided into 20,00,00,000 (Twenty Crore) Equity Shares of Rs.2 (Rupees Two) each.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

8. Increase in limit for issuance of shares under ESOP from 5% to 8%

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, Memorandum and Articles of Association of the Company and the Regulations/Guidelines prescribed by the Securities and Exchange Board of India, the Reserve Bank of India or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed by them while granting such approvals, consents, permissions, authority and sanctions, the approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) to create, issue, offer and allot, directly or indirectly to or for the benefit of such person(s) as are in the permanent employment of the Company or who are Directors of the Company, at any time, equity shares and/or securities convertible into equity shares at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide prior to the issue and offer thereof, for, or which upon exercise or conversion could give rise to the issue of a number of equity shares not exceeding in aggregate, eight per cent (including equity shares to be issued in terms of Resolution passed at the Annual General Meeting held on July 26, 2007) of the aggregate of the number of issued equity shares of the Company, from time to time, under Employees Stock Option Scheme 2007 (ESOP-2007), or any modifications thereof.”

“RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid Resolution shall rank pari-passu inter-se as also with the then existing equity shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) (including to amend or modify any of the terms of such issue or allotment), as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to vary or modify the terms of ESOP-2007 in accordance with any guidelines or regulations that may be issued, from time to time, by any appropriate authority.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors.”

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. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item No.6 to 8 above, is annexed hereto.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 21st day of July, 2010 to 28th day of July, 2010 (both days inclusive).
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. 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.
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. A.K.Jalan	Shri. Ajit Gulabchand
Brief Resume & Functional Expertise	Aged about 66 years, B.A. (Hons) from Kolkata University, a member of the Board since 1989, Industrialist with over 48 years of experience in managing textile enterprises.	Aged about 61 years, B.Com (Hons) from University of Mumbai, a member of the Board since 1990, Industrialist with rich experience in construction business.
Appointment/ Reappointment	Re-appointment on retirement by rotation	Re-appointment on retirement by rotation
No. of Shares held in the Company	Nil	Nil
List of Directorship held in other Companies	<ol style="list-style-type: none"> 1. Asiatic Textile Co. Ltd. 2. Dupont Sportswear Ltd. 3. The Elphinsone Spg. & Wvg. Mills Co. Ltd. 4. Dupont Exports Pvt. Ltd. 5. Webrands.Com Ltd. 	<ol style="list-style-type: none"> 1. Hindustan Construction Co.Ltd. 2. Hincon Finance Ltd. 3. Hincon Technoconsult Ltd. 4. Hincon Holdings Ltd. 5. HCC Real Estate Ltd. 6. HCC Infrastructure Ltd. 7. HCC Construction Ltd. 8. Lavasa Corporation Ltd. 9. Western Securities Ltd. 10. The Indian Hume Pipe Co.Ltd. 11. RPG Life Sciences Ltd. 12. Charosa Wineries Ltd. 13. Highbar Technologies Ltd. 14. Motorsports Association of India 15. Shalaka Investment Pvt. Ltd. 16. Champali Garden Pvt. Ltd. 17. Sarama Petcare Pvt. Ltd. 18. Gulabchand Foundation 19. HCC Singapore Enterprises Pte. Ltd. 20. HCC Mauritius Enterprises Ltd. 21. Karl Steiner AG, Switzerland.
Committee Membership	Nil	<ol style="list-style-type: none"> 1. Charosa Wineries Ltd. – Audit Committee (Chairman) 2. Hindustan Construction Co. Ltd. – Shareholders/Investors Grievance Committee (Member) 3. The Indian Hume Pipe Co. Ltd. – Shareholders/Investors Grievance Committee (Member)

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

Mumbai, May 26, 2010

By Order of the Board of Directors
For Bajaj Electricals Limited

Mangesh Patil
Company Secretary

Explanatory Statement under Sections 173(2) of the Companies Act, 1956.

Item Nos. 6 & 7

The Company, in order to meet its growth objectives and to strengthen its financial position, may be required to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 20 crore to Rs. 40 crore and for that purpose, the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at Item Nos. 6 and 7 of the accompanying Notice.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the Authorised Share Capital and for the alteration of capital clause of the Memorandum of Association and the Articles of Association of the Company.

The Board of Directors accordingly recommends the resolutions set out at Item Nos. 6 and 7 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

Item No. 8

The Members, at the Annual General Meeting of the Company held on July 26, 2007, had approved the grant of options to the employees (including the Directors) of the Company, if any, under the Company's Employees Stock Option Scheme 2007 (the Scheme). In terms of Resolution passed at the aforesaid AGM held on July 26, 2007, the aggregate of all options granted under the Scheme shall not exceed 5% of the paid up equity share capital of the Company at any point of time. The said Scheme provided for a fair and reasonable adjustment to options granted on account of any corporate action(s) such as rights issue, bonus issue, merger and sale of division and others.

Subsequent to the approval of the aforesaid Scheme, the Company allotted bonus shares of Rs.10 each in the ratio of 1 : 1 in September, 2007 and thereafter in January, 2010 sub-divided its equity shares of Rs.10 each into 5 equity shares of Rs.2 each, for which reasonable adjustment has been made to the options granted.

The Remuneration & Compensation Committee, at its Meeting held on May 26, 2010, decided that in order to enhance employee motivation and retention and to enable employees to participate in the future growth and financial success of the Company, adequate number of options should be made available under the Scheme.

In view of the above, the Remuneration & Compensation Committee recommended that the maximum number of equity shares of the Company that can be created, offered, issued and allotted, pursuant to the options granted under the Scheme, should not exceed eight per cent of the issued equity shares of the Company, from time to time. The Board at its Meeting held on May 26, 2010 accepted the recommendation of the Remuneration & Compensation Committee and decided to seek the approval of the Members for the same.

The features of the Scheme are set out below:

- (a) Under the Scheme the employees will be given an option to acquire a certain number of shares of the Company.
- (b) The Remuneration & Compensation Committee shall administer and supervise the Scheme.
- (c) The maximum number of shares which shall be subject to options under the Scheme shall not exceed eight per cent of the aggregate of the number of issued equity shares of the Company, from time to time.
- (d) The Remuneration & Compensation Committee reserves the right to offer options to eligible employees and Directors, subject to fulfillment of the terms and conditions under the Scheme.
- (e) The Remuneration & Compensation Committee may, on such dates as it shall determine, grant to such eligible employees and Directors as it may in its absolute discretion, options of the Company on the terms and conditions and the consideration as it may decide.
- (f) The options granted under the Scheme would vest not less than one year and not more than four years from the date of grant of such options. Vesting of options would be a function of continued employment with the Company.
- (g) The exercise price shall be decided by the Remuneration & Compensation Committee but the same shall be not less than the prevailing Market Price on the date prior to the date of the Remuneration & Compensation Committee Resolution.
- (h) The options granted under the Scheme shall be exercisable at any time during the exercise period, and subject to fulfillment of conditions of vesting. The options shall be deemed to have been exercised when an employee makes an application in writing to the Company accompanied by payment of an amount equivalent to the exercise price in respect of such shares. The exercise of option is permitted upto a period of 3 years after the vesting period, which shall lapse if not exercised within such period.
- (i) The Company will conform with the disclosures and the accounting policies prescribed by SEBI and other regulatory authorities from time to time.
- (j) The Company shall use the intrinsic value method to value its options. The difference between the employee compensation cost computed under intrinsic value method and the employee compensation cost that shall have been recognized if it had used the fair value method of the options, shall be disclosed in the Directors' Report and the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

The Directors recommend the adoption of the Resolution at Item No.8 of the Notice.

None of the Directors of the Company are in any way, concerned or interested in the Resolution, except to the extent of the benefit they may derive under the Scheme.

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

By Order of the Board of Directors
For Bajaj Electricals Limited

Mumbai, May 26, 2010

Mangesh Patil
Company Secretary

DIRECTORS' REPORT

To
The Members,

Your Company's Directors are pleased to present the 71st Annual Report of the Company along with the audited accounts for the year ended 31st March, 2010.

Financial Performance

Rs. in Crore

	FY 2009-10	FY 2008-09
Gross Sales Turnover and Other Income *	2252.27	1794.13
Gross Profit before Interest & Depreciation	246.27	185.54
Less : Interest	31.45	36.97
Less : Depreciation	9.20	8.55
Profit before Taxes & Provisions	205.62	140.02
Less : Provision for Irrecoverable portion of Loan	5.00	-
Less : Provision for Taxation (including deferred taxation & FBT)	75.35	50.67
Profit after Tax	125.27	89.35
Less : Prior Period Adjustments	0.55	0.21
Less : Provision for Taxation in respect of earlier years	7.63	-
Add : Balance brought forward from previous year	21.73	17.82
Balance available for appropriation	138.82	106.96
Appropriations :		
(i) Dividend on Equity Shares	23.41	17.29
(ii) Tax on Dividend	3.89	2.94
(iii) Transferred to General Reserve	79.50	65.00
Balance carried to Balance Sheet	32.02	21.73

* Other income Rs.2.86 crore (Previous year - Rs.5.70 crore)

Placement of Equity Shares of the Company with Qualified Institutional Buyers

The Company completed a private placement of shares under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, during the second week of December, 2009. Pursuant to Members' approval at the Extra-Ordinary General Meeting of the Company held on November 18, 2009, the Company allotted 20,48,339 Equity Shares of Rs. 10 (Rupees Ten) each at the Issue Price of Rs. 785/- (Rupees Seven Hundred Eighty Five), to various Qualified Institutional Buyers (QIBs) on December 11, 2009. This was at a slight premium over Rs. 782.44 (Rupees Seven Hundred Eighty Two and paise forty four), the floor price as determined by the formula prescribed by SEBI. In the immediate term, the money raised has been used to retire some of the short-term debts on the Company's books. This is in line

with the issue purpose mentioned in the Placement Document filed with various authorities.

Increase in number of shares

The increase in the number of shares is due to the allotment of 20,48,339 equity shares of Rs.10 each on account of allotment of shares to Qualified Institutional Buyers in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and issue of 1,74,800 equity shares of Rs.10 each to the employees upon exercise of their stock options. These shares were included, on weighted average basis, for the computation of EPS.

Sub-division in face value of Equity Shares of the Company

By Postal Ballot, the results of which were announced on November 18, 2009, shareholders of the Company approved a sub-division of the Company's equity shares to 5 shares of a face value of Rs. 2 for every share of a face value of Rs.10. It is expected that the lower face value of Equity Shares will bring in additional interest from retail investors and contribute towards enhancement in the liquidity in the Company's scrip on the Stock Exchanges.

It may be noted that the number of shares, for the purpose of computation of Earnings Per Share (EPS), has been suitably adjusted following the sub-division of equity share of Rs. 10 each to 5 equity shares of Rs. 2 each in January, 2010.

Dividend

Directors are pleased to recommend a dividend of Rs.2.40 per equity share of the face value of Rs.2 for the year ended 31st March, 2010 (Previous year Rs.10 per equity share of the face value of Rs.10). The dividend, subject to the approval at the AGM on July 28, 2010 will be paid to the shareholders whose names appear on the Register of Members with reference to the book closure from July 21, 2010 to July 28, 2010 (inclusive of both dates). The dividend will absorb Rs.27.30 crore (including dividend tax of Rs.3.89 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 9.8% at Rs.536 crore during the year under review from Rs.488 crore in the previous year.

The Luminaires BU is continuously working on developing energy-efficient consumer luminaires. It has successfully launched LED based luminaires for landscape, commercial and retail lighting applications. It has partnered with Securiton of Switzerland & Delta Controls of Canada to offer cutting edge solutions in Fire Alarms, Security systems and Integrated Building Management Systems (IBMS) to its institutional customers. The CFL (Compact Fluorescent Lamps) sales has increased significantly and crossed the Rs.150 crore mark.

Consumer Durables

The turnover of consumer durables, which include fans and small appliances, increased by over 26.6% at Rs.957 crore during the year under review from Rs.756 crore in the previous year. Bajaj Platini range of premium appliances have been launched successfully. The Company's Morphy Richards brand has emerged as the fastest growing premium appliances brand with a growth of 32.9% and a CAGR of 26.0%. The Company has continued to enhance its product portfolio with new categories and models, invest in technology and quality improvement in order to gain a competitive advantage.

Chakan Unit

The production at this Unit increased during the year under review to 3,47,434 nos. of fans as against 3,12,035 nos. of fans in the previous year. This unit has also contributed significantly to our new product innovation initiatives and value engineering efforts.

Engineering & Projects

The E & P BU has achieved a turnover of Rs.755 crore as compared to Rs.543 crore in the previous year, registering a growth of 39.0%. The Unit produced 4,600 Highmasts and 33,255 Poles as against 3,682 and 38,078 respectively in the previous year. The Unit also manufactured 17,446 MT of transmission line towers as against 20,106 MT in the previous year. The BU's order book position at the end of the year 2009-10 stood at Rs.750 crore.

Infrastructure development and the power sector continue to be the Government's focus areas, which offer a good long term 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 41,51,102 electrical units during the year under review (Previous Year 47,84,467 units).

Stock Options

The Remuneration & Compensation Committee of your Company has, in its meeting held on 30th April, 2009 cancelled 5,55,000 outstanding options and re-granted 4,66,385 stock options under Growth Plan to the eligible employees, at an exercise price of Rs.215.55. This

revision was in consideration of the unusual meltdown of the stock market, which had resulted in a steep fall in the market price of the Company's shares compared to the price prevalent when the stock options were granted. The revision would achieve the basic objectives of the ESOP Scheme of motivating the employees to contribute to the growth and profitability of the Company as also to attract and retain talent in the organization.

The Remuneration & Compensation Committee has also, in its meeting held on 28th January, 2010, granted 1,44,000 incremental stock options under Growth Plan to 69 eligible employees consisting of promotees and new joiners, at a price of Rs.866.75 per option, being the closing equity price of the Company on the National Stock Exchange of India Ltd., where the trade volume was high. This is as per their eligibility under ESOP 2007 of the Company.

Details of the shares issued under ESOP, as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this Report.

None of the management employees or Wholetime Directors has received options exceeding 5% of the value of the options issued for the year ended March, 2010. 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.

Deposits

From the financial year 2008-09, the Company has stopped accepting and/or renewing public deposits and the deposits aggregating to Rs.211.34 lacs which were due for repayment after March 31, 2009 were prepaid along with interest accrued thereon as on March 31, 2009. As on the date of this report, pre-payment cheques in respect of 80 deposits aggregating to Rs. 16.14 lacs have not been encashed and therefore remains to be paid.

Information Systems

In order to strengthen the internal control systems and improve the management information system, last year the Company rolled out Oracle based ERP which went live with effect from April 1, 2009. The Board is pleased to state that the application has been successfully implemented and the system has stabilized well. The Board places on record its deep sense of appreciation for the contribution made by the employees of the Company in rolling out the Oracle based ERP. The Company received the prestigious "NASSCOM CNBC IT User Award 2009" for its ERP implementation success.

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2010, almost 94.51% of the Company's total paid-up

capital representing 9,21,84,485 shares were in dematerialised form.

Risk Management

The Company's Risk Management Policy is backed by strong internal control systems. The risk management framework consists of policies and procedures framed at management level and strictly adhered to and monitored at all levels. The Company also has a sound internal audit system in place. The audit consists of an independently constituted team in the Company and outside auditors appointed for the purpose. The risk policy and internal Audit Reports are periodically reviewed by the Board and Audit Committee with emphasis on maintaining its effectiveness in a dynamic business environment.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance. The Company has complied with the recommendations of the Corporate Governance code as provided in Clause 49 of the Listing Agreement with the stock exchanges.

A separate section of Corporate Governance, together with a certificate from the Company's Auditors confirming compliance, is set out separately, forming part of this Report.

The members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the financial year 2009-10. 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.

Management Discussion and Analysis Report

A Management Discussion and Analysis Report is been attached and forms a 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 are closely associated with "Paryavaran Mitra" (Friends of Environment) a non-government organization (NGO) and are involved in numerous activities like tree plantation, cleanliness drive, tobacco free environment, creation of social awareness, training & dissemination of information concerning Paryavaran (Environment), Pollution control and a host of other activities for the cause of environmental protection at the Company's various locations.

Subsidiaries

The Company has no subsidiary as on 31st March, 2010.

Directors

In accordance with the provisions of the Companies Act, 1956, Shri A.K. Jalan and Shri Ajit Gulabchand 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' 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 hereto.

Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, pursuant to 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

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) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) they 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) they have prepared the annual accounts on a going concern basis.

Industrial Relations

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

Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising "Group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Acknowledgement

The Board wishes to place on record its appreciation of the sincere efforts put in by employees of the Company, in helping it reach its current growth levels.

Your Directors place on record their appreciation for the support and assistance received from the customers, investors, business associates, bankers, vendors, regulatory and government authorities.

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 26, 2010

ANNEXURE- I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

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

1	Details of Meeting	Approved by Shareholders in the Annual General Meeting held on 26 th July, 2007												
2	Approved	Upto 5% of paid-up shares												
3	The Pricing Formula	<p>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 of India 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.</p> <table><tr><td>Date of Grant</td><td>Grant Price</td></tr><tr><td>25.10.2007</td><td>Rs.300.00</td></tr><tr><td>24.07.2008</td><td>Rs.443.25</td></tr><tr><td>06.08.2008</td><td>Rs.436.35</td></tr><tr><td>30.04.2009</td><td>Rs.215.55</td></tr><tr><td>28.01.2010</td><td>Rs.866.75</td></tr></table> <p>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.</p>	Date of Grant	Grant Price	25.10.2007	Rs.300.00	24.07.2008	Rs.443.25	06.08.2008	Rs.436.35	30.04.2009	Rs.215.55	28.01.2010	Rs.866.75
Date of Grant	Grant Price													
25.10.2007	Rs.300.00													
24.07.2008	Rs.443.25													
06.08.2008	Rs.436.35													
30.04.2009	Rs.215.55													
28.01.2010	Rs.866.75													
4	Options Granted	14,47,285												
5	Options Vested	2,41,700												
6	Options Exercised	1,74,800												

7	Options Forfeited / Surrendered	5,55,000																
8	Options Lapsed	1,09,221																
9	Total Number of Options in force	6,08,264																
10	Variation in terms of ESOP	During the year the Company cancelled Growth Options which were issued on 25 October, 2007; 24 July, 2008; 6 August, 2008 and issued new options in lieu thereof on 30 April, 2009																
11	The Total number of shares arising as a result of exercise of Options	1,74,800																
12	Money realized by exercise of options	Rs.262.20 lakhs																
13	Employee-wise details of Options granted to:																	
	(i) Senior Managerial personnel	As per statement																
	(ii) Employees who were granted, during any one year, options amounting to 5% or more of Option granted during the year	N.A.																
	(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	N.A.																
14	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earning Per Share	Rs.12.68																
15	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 recognized 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, the employee cost would have been lower by Rs.3.37 crore. Profit after tax higher by Rs.2.22 crore and the diluted earnings per share would have been higher by Rs. 0.37																
16	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceed or is less than the market price of the stock	<table><tr><td>Date of Grant</td><td>Plan</td><td>Exercise Price</td><td>Fair Value</td></tr><tr><td>25.10.2007</td><td>Loyalty</td><td>Rs.150.00</td><td>Rs.170.47</td></tr><tr><td>30.04.2009</td><td>Growth</td><td>Rs.215.55</td><td>Rs. 97.47</td></tr><tr><td>28.01.2010</td><td>Growth</td><td>Rs.866.75</td><td>Rs.428.97</td></tr></table>	Date of Grant	Plan	Exercise Price	Fair Value	25.10.2007	Loyalty	Rs.150.00	Rs.170.47	30.04.2009	Growth	Rs.215.55	Rs. 97.47	28.01.2010	Growth	Rs.866.75	Rs.428.97
Date of Grant	Plan	Exercise Price	Fair Value															
25.10.2007	Loyalty	Rs.150.00	Rs.170.47															
30.04.2009	Growth	Rs.215.55	Rs. 97.47															
28.01.2010	Growth	Rs.866.75	Rs.428.97															
17	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :	The fair-value of the stock options granted on 30.04.2009 and 28.01.2010 have been calculated using Black-Scholes Options pricing formula and the significant assumptions made in this regard are as follows :																
	Variables	Date of Grant																
		30 Apr 2009 28 Jan 2010																
	(i) Risk Free Interest Rate	5.33 – 5.84% 6.15 – 7.26%																
	(ii) Expected Life	2.5 – 4.5 years 2.5 – 5.5 years																
	(iii) Expected Volatility	62.21 – 70.36% 60.24 – 70.23%																
	(iv) Dividend Yield	1.99% 1.99%																
	(v) Price of underlying share in market at the time of the option grant	215.55 866.75																

STATEMENT ATTACHED TO ANNEXURE-I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

Name(s) of Senior Managerial Person(s) to whom Stock Options have been granted	Options granted on 30.04.2009
Mr.R. Ramakrishnan	Growth Plan - 34,158