



**Bajaj Electricals Ltd.**  
*Inspiring Trust*

**72nd  
Annual Report  
2010-11**

## VISIONS NOT JUST DREAMS

Forward marching independent India hasn't forgotten the fact that the vision of our leaders went a long way in inspiring the nation during the freedom struggle and in our development post independence.

We proudly present, on the cover, the vision of our great leaders as articulated in some of their important speeches.

Let us rededicate ourselves to their inspiring ideals and build tomorrow's India that we can all be justifiably proud of.





## Chairman's Message

Dear Shareholders,

The year under review i.e. financial year 2010-11 has been a very difficult year for the company. There was an adverse effect on the margins due to increase in commodity prices.



I am glad that the commodity prices have started easing slightly and therefore I look forward to a comparatively better financial year 2011-12.

The 33.8% growth in the consumer durables segment has been very satisfactory.

The growth in Lighting and Engineering & Projects segments has been moderate with a growth of 17.8% and 14% respectively.

**The overall performance of the company is as below:-**

- Net sales/income from operations grew by 23% to Rs.2741 crore.
- Profit before Tax increased by 9.1% to Rs.218.9 crore
- Net Profit grew by 22.8% to Rs.143.8 crore

### Dividend

The Board has recommended a dividend of 140% (Rs.2.80 per equity share of Rs.2 each) for the financial year 2010-11 as against 120% (Rs.2.40 per equity share of Rs.2 each) for the previous year. The dividend will be paid to those shareholders whose names appear on the register of members of the Company as on July 28, 2011, on approval by the shareholders' at the ensuing Annual General Meeting.

### Sustainability

Our Company has a long standing commitment to sustainable development, and we believe that business today has greater responsibility than ever before to enhance society's overall well being. We continue to proactively foresee social and environmental factors that will be influencing our businesses in the long-term and prepare for those changes today, so that we can emerge as a more effective and stronger Company tomorrow.

As a socially responsible corporate citizen, our company is working in coordination with "Paryavaran Mitra" (Friends of Environment) a non-government organization (NGO) and supporting its various activities for environment protection. Last year, the Company had endeavored to make its employees and their extended families tobacco free. I am happy to inform you that out of 153 tobacco users on 31/05/2010 (World Anti-Tobacco Day), 130 have given up tobacco completely.

Encouraged by the success in convincing the employees to give up this bad and unhealthy habit, the Company has now decided to extend this initiative to all its business partners.



### Outlook

The year gone by has seen several developments in the economic landscape in India and internationally. The economic turmoil in Europe, events in the Middle-East, rising oil prices and emerging inflationary trends in many countries have emerged as challenges impacting the global growth outlook. However, the good news is that India continues to be well-positioned to achieve robust economic growth, in a challenging economic environment. Investment in infrastructure, urban development and growth of the rural economy will be the key drivers of India's growth in the coming years.

The monsoon has hit various parts of the country on time this year and if it is normal, it would help boost the agricultural output, bring down the rising inflation and check the rise in the interest rates.

The rising interest rates and the commodity prices so far, suggest that the year 2011-12 may be a difficult year. However, the management of our Company is prepared to tackle these forces with the same determination as it has demonstrated in the past and be a winner.

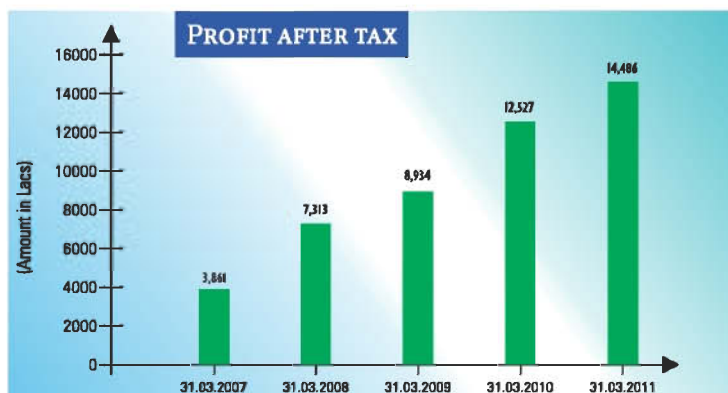
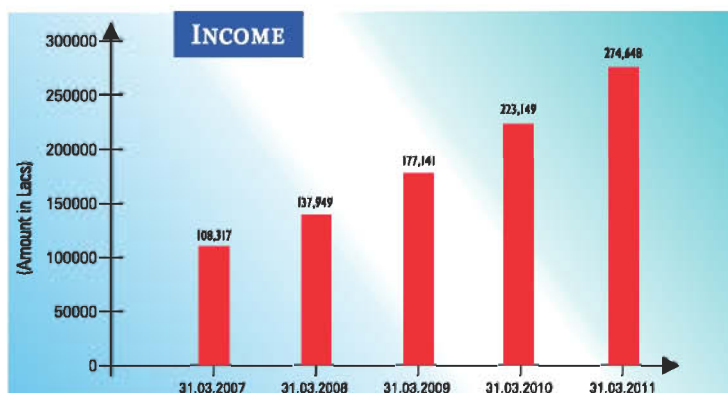
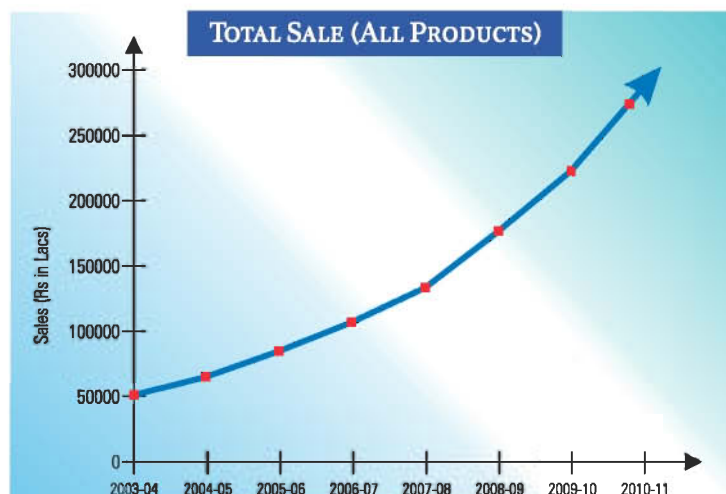
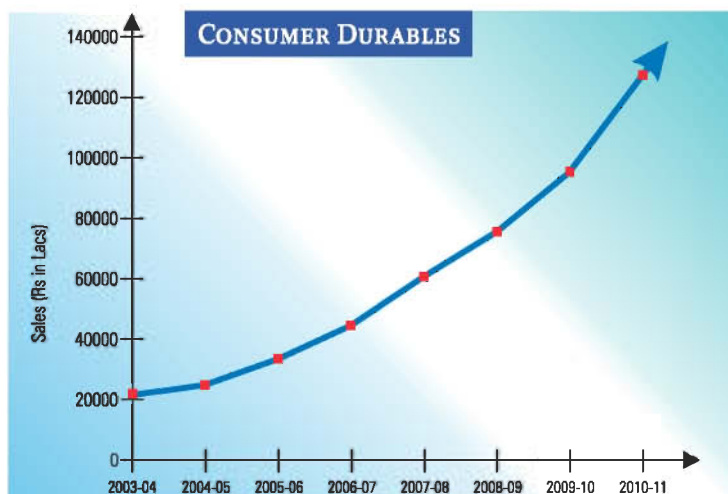
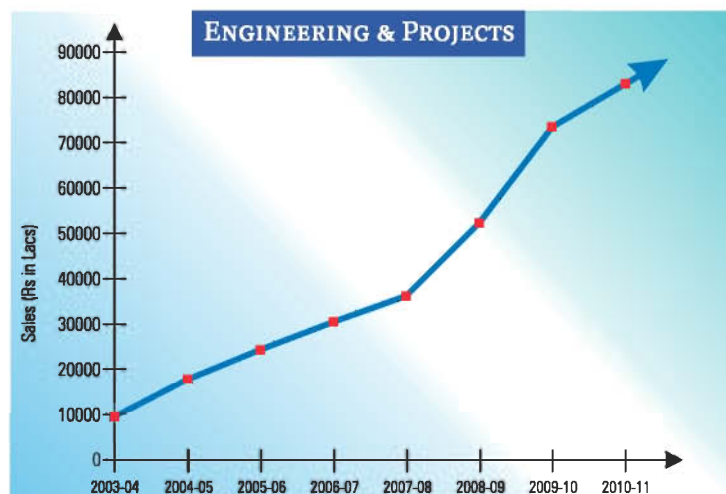
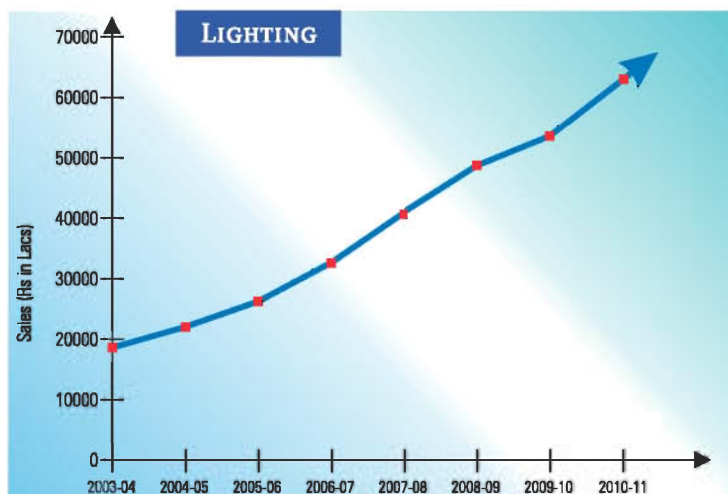
I take this opportunity to express my gratitude to all our employees, channel partners, vendors and all the stakeholders, who have reposed trust in us. I am also grateful to all my colleagues on the Board for their unwavering encouragement and guidance. I look forward to your continued support as we move forward.

Best wishes,

SHEKHAR BAJAJ  
CHAIRMAN & MANAGING DIRECTOR



# STATISTICS



#### 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 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.

#### Corporate Management Committee

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  
Vivek Sharma, Executive Vice President & Head – MR BU  
Siddhartha Kanodia, Executive Vice President & Head – Corporate Services  
Pratap Gharge, Executive Vice President & CIO  
R.Sundararajan, Executive Vice President & Head – Luminaires BU  
Atul Sharma, Executive Vice President – Human Resources & Administration  
R.Ramesh, Vice President – Human Resources & Administration  
Atul Pathak, Vice President & Head – Internal Audit  
A.R.Sreedhar, Vice President & Head – Branch Sales Support

#### Chakan Unit

B.M.Mane, General Manager (Works)

#### Ranjangaon Unit

Jayant 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 72<sup>nd</sup> Annual General Meeting of Bajaj Electricals Limited will be held on Thursday, the 28<sup>th</sup> day of July, 2011 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 31<sup>st</sup> March, 2011 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 H.V.Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri V.B.Haribhakti, 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. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, provisions of the Listing Agreement with the Stock Exchanges, and subject to such approvals as may be necessary, a sum not exceeding 1% of the net profits of the Company per annum, computed in the manner prescribed in Section 309(5) of the Companies Act, 1956, for each of the five financial years commencing from 1<sup>st</sup> April, 2011, be paid and distributed amongst the Non-Executive Directors of the Company or some or any of them, in such amounts or proportions and in such manner as may be decided by the Board 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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business to be conducted at the Meeting 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 22<sup>nd</sup> day of July, 2011 to 28<sup>th</sup> day of July, 2011 (both days inclusive).
5. Members/Proxies are requested to bring their copies of Annual Report together with the duly filled in attendance slip 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. Pursuant to the provisions of clause 47(f) of the Listing Agreement the Company has designated dedicated e-mail id **legal@bajajelectricals.com** exclusively for registering grievance and complaints of the Shareholders. All the Shareholders are requested to lodge all their complaints and grievances etc., if any, at the said e-mail id.
8. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17 / 2011 dated 21st April, 2011 and Circular No.18 / 2011 dated 29th April, 2011 has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory statement etc., through electronic mode to the registered email address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communications through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no., e-mail id) on the Company's e-mail address viz. **bel.companysecretary@linkintime.com**. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

9. 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 H.V.Goenka  | Shri V.B.Haribhakti  |
| Brief Resume & Functional Expertise          | Aged about 53 years, B.A. (Hons.) from Kolkata University, MBA from IMD Switzerland, a member of the Board since 1984, Industrialist with over 25 years of experience in managing large enterprises.   | Aged about 81 years, Chartered Accountant in practice for the past several years, a member of the Board since 1991 with considerable experience in the field of accountancy and management.  |
| 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 | 1. Ceat Ltd.<br>2. KEC International Ltd.<br>3. RPG Enterprises Ltd.<br>4. RPG Life Sciences Ltd.<br>5. Raychem RPG Ltd.<br>6. SICOM Ltd.<br>7. Zensar Technologies Inc<br>8. Zensar Technologies Ltd.<br>9. Spencer International Hotels Ltd. | 1. Citadel Realty and Developers Ltd.<br>2. The Simplex Realty Ltd.<br>3. The Anglo-French Drug Co. (Eastern) Ltd.<br>4. Ester Industries Ltd.<br>5. Lakshmi Automatic Loom Works Ltd.<br>6. Hindustan Composites Ltd.<br>7. Tilaknagar Industries Ltd.<br>8. BDO Haribhakti Consulting Pvt. Ltd.<br>9. Mirae Asset Trustee Co.Pvt.Ltd.  |
| Committee Membership                         | Nil  | 1. Hindustan Composites Ltd. – Audit Committee (Chairman)<br>2. Ester India Ltd. – Audit Committee (Chairman)<br>3. Tilaknagar Industries Ltd. – Audit Committee (Chairman)<br>4. Citadel Realty and Developers Ltd. – Audit Committee (Member)<br>5. Lakshmi Automatic Loom Works Ltd. – Audit Committee (Member)<br>6. Hindustan Composites Ltd. –Shareholders Grievance Committee (Member)<br>7. Tilaknagar Industries Ltd. – Shareholders Grievance Committee (Member) |

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

By Order of the Board of Directors  
For Bajaj Electricals Limited

Mumbai, May 23, 2011

Mangesh Patil  
Company Secretary

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

**Item No.6**

Section 309 of the Companies Act, 1956, provides that a Company may pay commission to its Non-Executive Directors in the aggregate upto 1% of the Company's net profits, computed in the manner prescribed therein, if the Members approve such payment by an Ordinary Resolution.

The Members at the Annual General Meeting held on 27<sup>th</sup> July, 2006, had approved payment of commission not exceeding 1% of the Company's net profits for a period of five years with effect from 1<sup>st</sup> April, 2006.

In terms of Section 309(7) and the above Resolution, the approval of Members was valid for five years i.e. upto the financial year ended 31<sup>st</sup> March, 2011. Hence, if such payment is required to be made in future, approval of the Members is once again required by an Ordinary Resolution. In view of the increasing involvement of the Non-Executive Directors in the Company's business and operations, it is proposed that the Board of Directors be authorized to pay them commission in the aggregate, upto 1% of the net profits of the Company as mentioned in the Resolution, for a further period of five years commencing from 1<sup>st</sup> April, 2011.

All the Directors, except Shri Shekhar Bajaj, Chairman and Managing Director, Shri Anant Bajaj, Executive Director and Shri R.Ramakrishnan, Executive Director may be deemed to be concerned or interested in this Resolution to the extent that commission may be paid to them.

Registered Office:  
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Mumbai 400 001.

By Order of the Board of Directors  
For Bajaj Electricals Limited

Mumbai, May 23, 2011

Mangesh Patil  
Company Secretary

## DIRECTORS' REPORT

To

The Members,

Your Company's Directors are pleased to present the 72<sup>nd</sup> Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March, 2011.

### Financial Performance

*Rs. in Crore*

|   | FY 2010-11 | FY 2009-10 |
|---|------------|------------|
| Gross Sales Turnover and Other Income *                           | 2770.55    | 2253.02    |
| Gross Profit before Interest & Depreciation                       | 263.69     | 246.30     |
| Less : Interest   | 29.08      | 31.47      |
| Less : Depreciation   | 10.76      | 9.20       |
| Profit before Taxes & Provisions                                  | 223.85     | 205.63     |
| Less : Provision for Irrecoverable portion of Loan                | 5.00       | 5.00       |
| Less : Provision for Taxation (including deferred taxation & FBT) | 73.99      | 75.35      |
| Profit after Tax  | 144.86     | 125.28     |
| Less : Prior Period Adjustments                                   | 0.29       | 0.55       |
| Less : Taxes in respect of earlier years                          | 0.78       | -          |
| Less : Provision for Taxation in respect of earlier years         | -          | 7.63       |
| Add : Balance brought forward from previous year                  | 32.02      | 21.73      |
| Balance available for appropriation                               | 175.81     | 138.83     |
| Appropriations :  |            |            |
| (i) Dividend paid on exercise of Stock Options                    | 0.15       | -          |
| (ii) Tax on Dividend paid on exercise of Stock Options            | 0.02       | -          |
| (iii) Proposed Dividend on Equity Shares                          | 27.68      | 23.42      |
| (iv) Tax on Dividend  | 4.49       | 3.89       |
| (v) Transferred to General Reserve                                | 100.00     | 79.50      |
| Balance carried to Balance Sheet                                  | 43.47      | 32.02      |

\* Other income Rs.5.73 crore (Previous year - Rs.3.62 crore)

### Increase in number of shares

The increase in number of shares is due to the issue of 13,00,312 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

Directors are pleased to recommend a dividend of Rs.2.80 per equity share of the face value of Rs.2 for the year ended 31<sup>st</sup> March, 2011 (Previous year Rs.2.40 per equity share of the face value of Rs.2). The payment of dividend, subject to the approval at the AGM on July 28, 2011 will be paid to the shareholders whose names appear on the Register of Members with reference to the book closure from July 22, 2011 to July 28, 2011 (inclusive of both dates). The dividend will absorb Rs.32.17 crore (including dividend tax of Rs.4.49 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 17.8% at Rs.631 crore during the year under review from Rs.536 crore in the previous year.

The Luminaires BU is continuously working on developing energy-efficient consumer luminaire. It has successfully launched LED based luminaires 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.175 crore mark.

#### Consumer Durables

The turnover of consumer durables, which include fans and small appliances, increased by over 33.8% at Rs.1,277 crore during the year under review from Rs. 954 crore in the previous year. The Company's Morphy Richard brand has emerged as the fastest growing premium brand with a growth of 34% 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.

#### Chakan Unit

The production at this Unit showed increase during the year under review with production of 4,28,259 nos. of fans as against 3,47,434 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.850 crore as compared to Rs.755 crore in the previous year, registering a growth of 14% and a CAGR of 25%. The Unit produced 4,200 nos. of Highmasts and 45,000 nos. of Street Lighting Poles as against 4,600 nos. and 33,255 nos. respectively in the previous year. The Unit also manufactured 19004 MT of transmission line towers as against 17,446 MT in the previous year. The BU's order book position at the end of the year 2010-11 stood at Rs.750 crore. The overall margins for this BU during the year under review were depressed, because of abnormal increase in raw materials prices and extra efforts for time bound completion of prestigious CWG Projects under critical time constraints and adverse weather conditions.

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 36,02,359 electrical units during the year under review (Previous Year 41,51,102 units).

## Stock Options

During the year under review 6,95,000 Options were granted under Growth Plan to the eligible employees at a price of Rs.313.95 per option, being the closing equity price of the Company on the National Stock Exchange of India Ltd.

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 31, 2011. 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. Out of this, as on the date of this report, pre-payment cheques in respect of 5 deposits aggregating to Rs.1.46 lacs have not been encashed and therefore remains to be paid.

## Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2011, almost 94.92% of the Company's total paid-up capital representing 9,38,18,582 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 dynamic business environment.

## Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with BSE, NSE and DSE, the Corporate Governance Report together with a certificate from the Company's Auditors confirming compliance, is set out separately, forming part of this Report.

All the Directors in the Board and the senior management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2010-11. A declaration to this effect signed by the Chief Executive Officer (CEO) of the Company is contained in this Annual Report.

The CEO and 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 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 associate 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, 2011.

## Directors

In accordance with the provisions of the Companies Act, 1956, Shri H.V.Goenka and Shri V.B.Haribhakti 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 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

Information to be provided 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, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the 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:

- 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;
- 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;

- 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
- 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.

#### 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

Shekhar Bajaj  
Chairman & Managing Director

Mumbai, May 23, 2011

#### ANNEXURE- I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2011.

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 26th July 2007   |
| 2  | Approved                           | Limit of upto 5% increased to upto 8% of paid up shares in the Annual General Meeting held on 28th July, 2010   |
| 3  | The Pricing Formula                | <u>Options under Growth Plan</u> :- Closing price on the exchange where there is highest trading volume on working day prior to the date of grant.<br><u>Options under the Loyalty</u> :- One time Options granted at a 50% discount to the closing price of the shares of Rs.300.00 as on 24.10.2007, the date prior to the date of grant. |
| 4  | Options Granted *                  | 4,575,341   |
| 5  | Options Vested and Exercisable *   | 109,910   |
| 6  | Options Exercised *                | 1,475,112   |
| 7  | Options Forfeited / Surrendered *  | 555,000   |
| 8  | Options Lapsed *                   | 353,597   |
| 9  | Total Number of Options in force * | 2,191,632   |
| 10 | Variation in terms of ESOP         | Modified vide Remuneration & Compensation Committee meeting as to make the employees joining the services of the Company in the eligible grade effective 1.11.2010 to become eligible for 100% of options available to their grade immediately on joining, instead of 50% on joining and balance 50% on completion of 3 years service       |