



BAJAJ

Distinctly Ahead

Since 1945

Bajaj Auto Limited
Second Annual Report
2008-09





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Management Team



N H Hingorani

Rajiv Bajaj

Sanjiv Bajaj

Pradeep Shrivastava

Kevin D'sa

Madhur Bajaj

Rahul Bajaj



Abraham Joseph

S Sridhar

Eric Vas

R C Maheshwari

Rakesh Sharma

K Srinivas

C P Tripathi

S Ravikumar



Board of Directors

Rahul Bajaj
Chairman

Madhur Bajaj
Vice Chairman

Rajiv Bajaj
Managing Director

Sanjiv Bajaj
Executive Director

D S Mehta

Kantikumar R Podar

Shekhar Bajaj

D J Balaji Rao

J N Godrej

S H Khan

Ms Suman Kirloskar

Naresh Chandra

Nanoo Pamnani

Manish Kejriwal

P Murari

Niraj Bajaj

Auditors

Dalal & Shah
Chartered Accountants

Cost Auditor

A P Raman
Cost Accountant

Bankers

Central Bank of India
State Bank of India
Citibank N A
Standard Chartered Bank
Bank of America
ICICI Bank
HDFC Bank

Registered under the Indian Companies Act, 1956

Management

Rahul Bajaj
Chairman

Madhur Bajaj
Vice Chairman

Rajiv Bajaj
Managing Director

Sanjiv Bajaj
Executive Director

Pradeep Shrivastava
President (Engineering)

Rakesh Sharma
CEO (International Business)

R C Maheshwari
CEO (Commercial Vehicles)

S Sridhar
CEO (Two Wheelers)

Abraham Joseph
President
(Research & Development)

Eric Vas
President (New Projects)

C P Tripathi
Vice President (Corporate)

Kevin D'sa
Vice President (Finance)

K Srinivas
Vice President
(Human Resources)

N H Hingorani
Vice President (Commercial)

S Ravikumar
Vice President
(Business Development)

Company Secretary

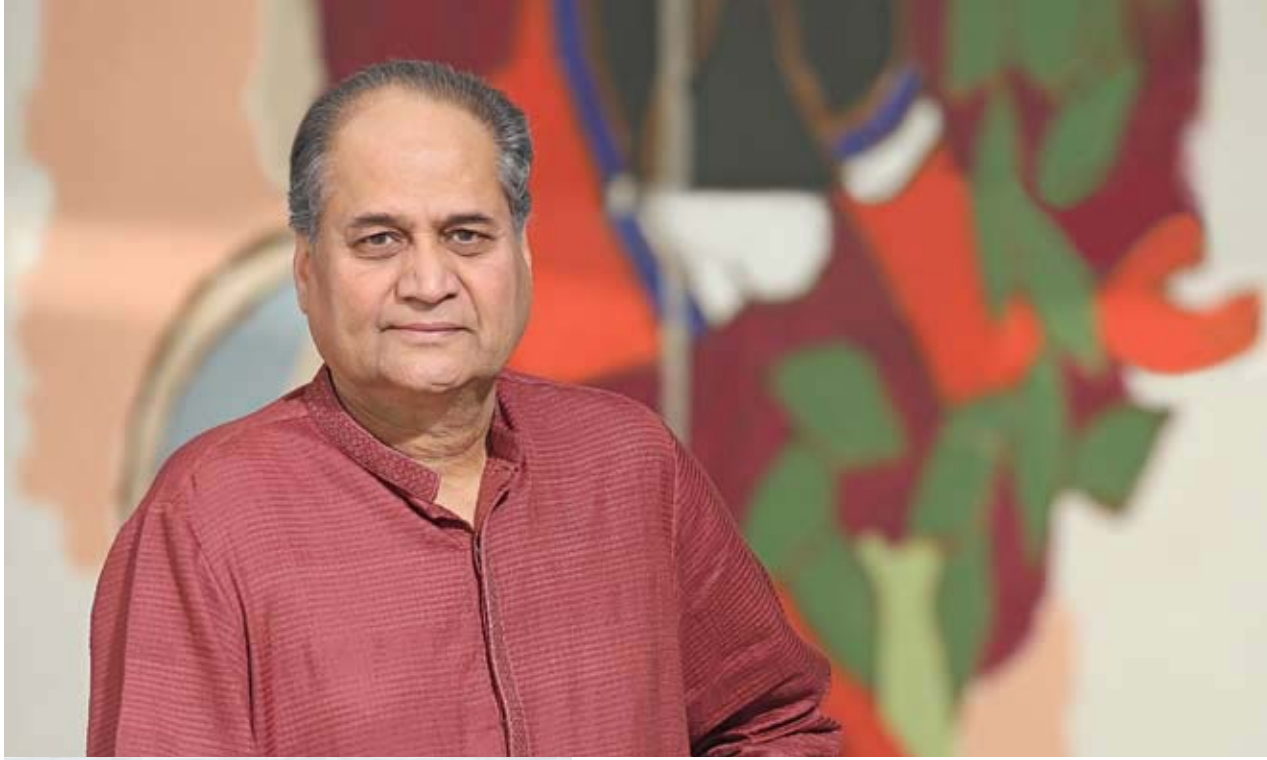
J Sridhar

Registered Office

Mumbai-Pune Road Akurdi, Pune 411 035

Works

- Mumbai-Pune Road
Akurdi, Pune 411 035
- Bajaj Nagar, Waluj
Aurangabad 431 136
- Chakan Industrial Area
Chakan, Pune 410 501
- Plot No.2, Sector 10
IIE Pantnagar
Udhamsinghnagar
Uttarakhand 263 531




Chairman's Letter

Dear Shareholder,

In April 2008, hardly anyone could have predicted what the global economy would turn out to be by 31 March 2009. If you recall, we began the year with one of the world's worst inflationary spirals since World War II. Today, it seems strange that in the first week of July 2008, the spot price of crude was quoting at above \$144 per barrel, and pundits were talking of the imminent arrival

of \$200 oil. Nobody believed that the scourge of global inflation would suddenly disappear to make way for the worst economic downturn since the Great Depression.

Yet, it happened with a vengeance since the second half of September 2008, after the fall of Lehman Brothers. As I write this letter to you, the US, countries belonging to the European Union, the UK, Japan, Russia, China, India and



others have already pumped in over \$2.5 trillion worth of funds and government guarantees to support their economies and financial systems; and the G20 has promised another \$1.1 trillion of support, including to the International Monetary Fund.

While such concerted action has put an end to the severe liquidity crunch and instability across global financial institutions, the crisis has spread to the real economy. Consider the facts:

- US GDP is expected to shrink by 2.7% in 2009. Its unemployment rate is at 8.5% (March 2009), and rising — the highest since the early 1980s. Between October 2008 and March 2009, net payroll employment has shrunk by over 3.5 million. And the job losses continue.
- The Euro Zone's GDP is likely to contract by 3.4% in 2009. Unemployment is already at 8.5%.
- GDP of the UK is forecast to reduce by 3.5% in 2009.

- Japan's GDP will most likely contract by a massive 6.5% in 2009. Thanks to lower global demand, industrial production was down by a staggering 38% in February 2009.
- China's growth rate has crashed. From heady double-digit rates, GDP growth in 2009 is expected to be 6%.
- And the World Trade Organisation estimates a shrinking of global trade by as much as 9% in 2009.

Simply put, 2008-09 has been one of the worst years for the global economy. And 2009-10 is unlikely to be better. Indeed, most experts believe that the real turnaround will occur only in calendar 2010 — probably from the April-June quarter.

India has not been immune to these tumultuous times. After three consecutive years of over 9% GDP growth in 2005-06, 2006-07 and 2007-08, quarterly growth rates have steadily fallen from the second half of 2007-08. GDP growth for 2008-09 is expected at somewhere between



6.5% and 7%, which would be some 200-250 basis points lower than the previous year. And the prospects are fairly grim for 2009-10, with estimates varying from a low of 5% to 6.5%.

To be sure, we are better off compared to the OECD countries: we are growing, albeit at a lower rate; they are shrinking. Besides, we are better insulated from the global scenario with domestic demand comprising 68% of our GDP. Even so, these are difficult times. A fall in demand growth translates to lower order books; lower capacity utilisation; and severe pressure on prices. The relatively worse performance of most manufacturing and service sector companies in the third and fourth quarters of 2008-09 reflect this reality.

The Indian automotive sector has been hit by the combined effect of a severe credit crunch and a fall in demand growth. The third quarter of 2008-09 was particularly fierce. Average monthly sales of motorcycles in India fell by over 17% in Q3 2008-09 versus Q2 — from an average of 524,939 units per month to 435,114.

Your company has been affected by this downturn.

- Net sales and other operating income fell by 2.6% to Rs.88.11 billion in 2008-09.
- Operating EBITDA was Rs.12.02 billion. The company continued earning a double-digit operating EBITDA margin: at 13.6% of net sales and other operating income for 2008-09, rising to 15.2% margin for the fourth quarter.
- Operating profit before tax (PBT) was Rs.8.46 billion, with an operating profit margin of 9.6% of net sales and other operating income.

In a difficult year, there have been some positive news. The first is Bajaj Auto's exports. During 2008-09, your company's exports achieved an all-time high of 772,519 units of two- and three-wheelers — representing a growth of 25% over the previous year. The growth was driven by the export of two-wheelers, which

increased by 31% over 2007-08 to achieve sales of 633,463 units in 2008-09. Last year, too, I had expressed my satisfaction with our exports. Given the excellent performance for three successive years and the establishment of significant bridgeheads in many geographies, I feel confident that the company's products will continue to do well in international markets.

The second good development is that your company will be introducing upgraded Pulsar models in May 2009 and brand new models for the executive segment in the second quarter of 2009-10. With these, and the positive response to the XCD 135 cc which was introduced in February 2009, I expect sales to recover in 2009-10 — not to the levels seen in 2006-07, but better than most of 2008-09.

I would add another heartening news. Despite the severe contraction in your company's sales in 2008-09, it has been able to maintain healthy operating margins. Indeed, the fourth quarter saw a rise in the margin to 15.2% of net sales and other operating income. This has much to

do with a better product mix, higher productivity and lower input costs. I wholeheartedly support the management focus on lower costs and greater profitability.

The path ahead is going to be challenging — that of growing sales without eroding profit margins in an economy which will be witnessing a 250 basis point drop in growth rates compared to the last four years. But I am confident that your company's management will deliver superior results in 2009-10. The building blocks are in place. With easier credit conditions, we can achieve growth with better profits.

My thanks to all employees of Bajaj Auto for their unstinting support, especially in hard times. And to you for being with us.



Rahul Bajaj
Chairman



Management Discussion and Analysis

2008-09 has been a tumultuous year for the global economy. The year began with a continuation of a world-wide inflationary spiral and ended with the worst slowdown since the Great Depression of the 1930s. While India did not face a contraction in GDP growth like the USA, the Euro zone, the UK and Japan, it has witnessed a 250 basis point compression in growth rate — from 9% in 2007-08 to an expected 6.5% or thereabout in 2008-09.

The second half of 2008-09 has seen severe financial distress across broad sections of Indian industry — especially the manufacturing sectors. Companies have got re-rated; have

scrapped investment plans and capital expenditure; cut down capacities; struggled with finances because of their earlier over-leveraged positions; delayed payments to vendors; and had to borrow funds at prohibitive interest rates.

It is in this context that one must look at the performance of Bajaj Auto Limited ('Bajaj Auto', 'BAL' or 'the Company'). Despite falling demand in the motorcycle segment, the company has succeeded in maintaining an operating EBITDA (earnings before interest, taxes, depreciation and amortisation) margin of 13.6% of net sales and other operating income. In a situation where many companies

The salient features of Bajaj Auto's performance for 2008-09 are:

Highlights for 2008-09 versus 2007-08: Bajaj Auto Standalone

- Net sales (excluding excise duty) and other operating income fell by 2.6% to Rs.88.11 billion.
 - Exports of two-wheelers — mostly motorcycles — grew by 31% to 633,463 units.
 - Domestic sales of motorcycles (inclusive of excise duty) fell in value by 20% to Rs.46.59 billion; by volume, it was 1.28 million in 2008-09 — a fall of 23% over the previous year.
 - Despite a sharp decline in domestic sales of motorcycles, the company's operating EBITDA stood at Rs.12.02 billion. The operating EBITDA margin was 13.6% of net sales and other operating income for 2008-09, and recorded a 15.2% margin for Q4, 2008-09.
 - Operating profit before tax (PBT) fell by 16.4% to Rs.8.46 billion. This was largely due to a voluntary retirement scheme (VRS) of Rs.1.83 billion and mark-to-market losses of Rs.218 million. Even so, the operating profit margin was 9.6% of net sales and other operating income.
 - Surplus cash and cash equivalents in the company's balance sheet as on 31 March 2009 stood at Rs.9.33 billion.
-

are suffering from a severe financial crunch, Bajaj Auto remains debt free. Whereas many companies have been forced to delay payments to vendors, Bajaj Auto has gone the other way — helped its suppliers and dealers by offering improved payment terms. Instead of cutting back on investments, the company has proceeded with its business plans, including a spend of Rs.1.4 billion to raise its stake in the Austrian motorcycle company, KTM, from 24.45% to 31.72%. All this has occurred from Bajaj Auto's internal accruals.

As in earlier Annual Reports, this chapter moves on to markets, then to the company's sales across segments, then to operations, and finally to the financials.

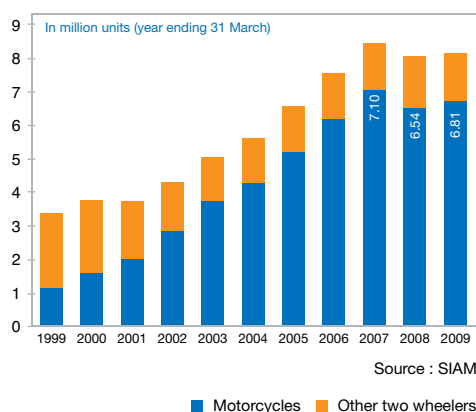
Markets

Motorcycles: Overall

Two-wheeler sales of Indian players is dominated by the domestic market and, within it, by motorcycles. After growing at a sharp clip from the late 1990s, motorcycle sales witnessed a 7.8% drop in volume in 2007-08, due to falling domestic demand as a result of rising interest rates and many private sector banks reducing their retail lending exposures. 2008-09 saw a modest increase in motorcycle sales of 4%, driven largely by growth in cash sales. Even so, sales of motorcycles (both domestic and exports) in 2008-09 has been lower than what it was in 2006-07, before the

slowdown hit this sector. Chart A depicts the data from 1998-99.

Chart A : Sales of two-wheelers (million units)



Despite the slight uptick in the industry's sales volume, Bajaj Auto did not maintain volume growth, for reasons that will be discussed below. From 1.66 million motorcycles in 2007-08, the company's domestic sales fell by 23% to 1.28 million units in 2008-09. Some of this was compensated by a 31% increase in exports to 631,383 units. But it was not enough. Consequently, Bajaj Auto's market share (domestic and exports, combined) fell from 32.7% in 2007-08 to 28% in 2008-09. Table 1 gives the data.

Table 1: Motorcycle sales, domestic and exports (in numbers)

Year ended 31 March	Sales (nos. Millions)	Sales growth	BAL (nos. Millions)	BAL's growth	BAL's market share
2003	3.757	31.3%	0.868	32.3%	23.1%
2004	4.317	14.9%	1.024	17.9%	23.7%
2005	5.218	20.9%	1.450	41.6%	27.8%
2006	6.201	18.8%	1.912	31.9%	30.8%
2007	7.100	14.5%	2.379	24.4%	33.5%
2008	6.544	(7.8%)	2.140	(10.1%)	32.7%
2009	6.806	4.0%	1.908	(10.8%)	28.0%

Source: SIAM and Company data

Motorcycles: Domestic Sales for the Industry

The company classifies motorcycles into three segments, based on consumer categories and approximate price points. These are:

a) **Entry segment.** These are typically 100 cc motorcycles at a price point in the neighbourhood of Rs.35,000. Bajaj Auto

is in this segment through the Platina.

Here, Bajaj Auto has been a major player and, despite an overall market de-growth, accounted for 34% of this segment in India in 2008-09.

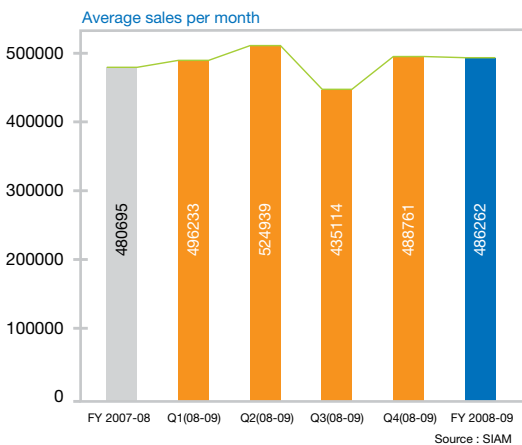
b) **Executive segment.** This largely comprises 100 cc to 135 cc motorcycles, priced between Rs.40,000 to Rs.50,000. We are

in this segment with two brands: XCD and Discover.

- c) **Performance segment.** These are sleek, high performance, with price points in excess of Rs.50,000. We are present here with our flagship brand, the Pulsar, and our cruiser, the Avenger. We dominate this space, with a domestic market share in excess of 47%.

If the domestic motorcycle market is segregated as above, it becomes clear that industry sales showed significant ups and downs in 2008-09. Chart B plots the data for the industry as a whole.

Chart B : Domestic sales - Industry



The industry as a whole was growing at a fairly reasonable rate in the first half of the fiscal year. Average monthly sales during Q1 2008-09 was 3.3% higher than that of 2007-08; and in Q2 2008-09 it was 5.8% greater than the previous quarter.

Then came the hit in the third quarter, coinciding with the global financial meltdown and very

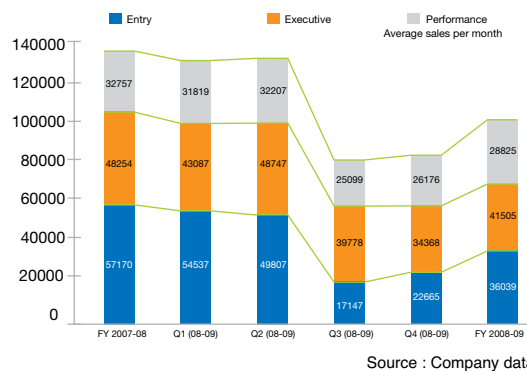
sharp cutbacks in the availability of consumer and retail credit. As a result, overall domestic sales of motorcycles fell by over 17% in Q3 2008-09 versus Q2 — from an average of 524,939 units per month to 435,114.

Thankfully, there was a recovery in January to March 2009. Average monthly sales rose 12.7% in Q4 2008-09 compared to Q3. Even so, the Q4 sales were less than what the industry witnessed in Q2, or even Q1. Because of the third quarter effect, domestic sales of motorcycles for the industry as a whole grew by just 1.2% in terms of volume.

Motorcycles : Domestic Sales for Bajaj Auto

Using the three-fold classification described above, Chart C plots Bajaj Auto's domestic sales of motorcycles over 2008-09.

Chart C : Bajaj Auto's domestic sales (in units)



As with others in the industry, the company suffered from the Q3 effect. In that single



quarter, Bajaj Auto's motor cycle sales by volume dropped by 37% — from an average of 130,800 units in Q2 2008-09 to 82,024 units in Q3. The sharpest drop was in the entry level segment, which fell from an average monthly sale of 49,807 units in Q2 to 17,147 units in Q3 — a reduction of 66% over two successive quarters.

The two other segments also showed declining sales, but nowhere near as sharply as the entry level.

There have been some signs of recovery since then. Thanks to an excellent launch of the XCD 135 cc in February and sales in excess of 21,000 units per month in the February and March 2009, the executive segment is back on the growth path. Demand for our Pulsars has also picked up, resulting in a 4% growth in the sales volume of our performance segment offerings in Q4 2008-09 compared to Q3. The full impact of the XCD 135 cc will be apparent in 2009-10; and this will be supplemented by our launch of the new Pulsar models in May 2009.

While the company commands a significant market share at the entry level segment (34%

in 2008-09), its sale of Platina 100 cc showed a decline of almost 37% by volume. The sharp contraction of retail credit by Indian banks, especially to the relatively less well off, has been a significant factor in reduced sales in the aggregate as well as for Bajaj Auto. The silver lining is that since Platina is a low margin product, this substantial fall in growth has not proportionately reduced Bajaj Auto's operating EBITDA margins.

On the positive side, we have improved realisations in this segment through marketing initiatives, improved operations at our Pantnagar plant, as well as the launch of our Platina 125 DTS-Si with better margins. With financing support from Bajaj Auto Finance, we expect to at least hold on to the average monthly volumes of 2008-09 in the entry segment, if not grow them.

Bajaj Auto has not been a dominant player in the executive segment, where it accounted for under 18% market share in 2007-08. However, this fell to 15% in 2008-09 due to intense competition from the market leader and the fact that we did not have a major new offering in the category in the first three quarters of 2008-09.

With the successful introduction of the XCD 135 in February 2009, and the proposed launch of new models from Q2 2009-10, we hope to rectify this situation.

While it might be early to say, there are signs of a re-bound. In December 2008, Bajaj Auto's domestic sale of motorcycles hit a low of 61,546 units. It picked up to 66,207 in January 2009; then jumped to 90,473 in February thanks to the launch of the XCD 135 cc; and rose further to 92,947 units in March 2009. With the introduction of upgraded Pulsar models in May 2009 and brand new models planned for the executive segment in the second quarter of 2009-10, the company expects sales to recover in the course of the year.

Exports

The company continues to be the country's largest exporter of two- and three-wheelers. During 2008-09, Bajaj Auto' international sales achieved an all-time high of 772,519 units of two- and three-wheelers — representing a growth 25% over the previous year. The growth was driven by the export of two-wheelers, which increased by 31% over 2007-08 to achieve sales of 633,463 units in 2008-09. Table 2 gives the data.

Table 2: Bajaj Auto's exports (in numbers)

Product	2007-08	2008-09	Growth
Total two-wheelers	482,026	633,463	31 %
Three –wheelers	136,315	139,056	2 %
Total vehicles	618,341	772,519	25 %

The total value of exports was Rs.26.4 billion, representing a growth of 29%.

The business continues to enjoy a healthy geographical spread. Growth in 2008-09 was primarily driven by expanding Bajaj Auto's footprint in Africa and the Middle East, where the region's share rose from 30% of the export business in 2007-08 to 43% in 2008-09. The share of South Asia (excluding India) stands at 27%; South-East Asia at 11%; and Latin America at 19%.

The increased presence in Africa was primarily due to 91% growth in Nigeria — from approximately 75,000 two- and three-wheelers in 2007-08 to 143,500 units in 2008-09. In addition, there has been growth in sales in Angola, Uganda and Kenya. Sales in South Asia grew by 8%. The slowdown in Sri Lanka was more than compensated by a 47% growth in exports to Bangladesh. Despite the financial crisis, South-East Asia grew by 7%. The company's subsidiary in Indonesia, PT BAI, clocked sales in excess of 19,000 units. In the latter half of the year, it launched the XCD 125. The focus is on building the Pulsar brand throughout Indonesia.

Latin American sales commenced well at the beginning of 2008-09, but then got negatively affected by the global meltdown and sudden curtailing of bank finance. Consequently, the region clocked a negative growth of 5%. However, given Bajaj Auto's strong brand presence in these markets, it is expected that the company will be again able to ramp up the volumes as the markets ease.

As a part of the company's policy to be closer to the markets in which it operates, Bajaj Auto has offices in Monterrey (Mexico), Dubai and Colombo (Sri Lanka) in addition to its subsidiary PT BAI in Indonesia.

Three-wheelers

The company's domestic sales of three-wheelers in 2008-09 was 12% lower compared to the previous year, and stood at 135,473 units. Export demand grew at 2% to 139,056 units (see Table 2 above). However that was not sufficient to prevent a decline in the company's total three-wheeler sales — which fell by 5.4% to 274,529 units in 2008-09. Given that total industry sales shrank by 1.6% in 2008-09 over the previous year, while Bajaj Auto's fell by 5.4%, the company's market share dropped by 2.3 percentage points to 55.1%. At this market share, however, Bajaj Auto remains the leading three-wheeler player in India. Table 3 gives the data.

Table 3: Three-wheeler sales (in numbers)

	2007-08	2008-09	Rate of growth
Passenger vehicle sales			
Industry sales	375,180	415,411	10.7%
Bajaj Auto sales	263,598	264,332	0.3%
Bajaj Auto market share	70.3%	63.6%	(6.7%)
Goods carriers			
Industry sales	130,826	82,382	(37.0%)
Bajaj Auto sales	26,714	10,197	(61.8%)
Bajaj Auto market share	20.4%	12.4%	(8.0%)
Total 3-wheelers			
Industry sales	506,006	497,793	(1.6%)
Bajaj Auto sales	290,312	274,529	(5.4%)
Bajaj Auto market share	57.4%	55.1%	(2.3%)

Source: SIAM and Company data

The heartening news for this segment is that state governments have increased the permits for plying energy efficient three-wheelers. Bajaj Auto has a market share in excess of 90% in the permit-driven markets. The company also intends to introduce a RE Diesel upgrade in 2009-10, which will have a high mileage, accommodate more passengers with a luggage hold area, and will attempt to capture a larger share of the rural market.

Spare parts

Automobiles need periodic replacement of parts. Not surprisingly, therefore, spare parts comprise a profitable business for major automobile manufacturers.

The objectives of spare parts business of Bajaj Auto are to perform an effective role in supporting new vehicle sales, maintain 'vehicle goodwill' across different geographies, makes and consumer groups, and contribute to the bottom-line. These translate into three goals:

- Make spare parts available to customer at all time.
- Make them affordable.
- Achieve profitable business growth and greater penetration.

The company's spare parts business has done well. Domestic sales of spare parts grew by 17.5% to achieve a revenue of Rs.5.88 billion in 2008-09. And exports rose by 84% to Rs.1.45 billion.

There is huge head room for further growth of this business. Even today, despite significant expansion of Bajaj Auto's authorised service network, more than 70% of the services during post-warranty period happens in the neighbourhood private garages. Hence, the challenge — and the business opportunity — is to make the company's spare parts available in not only the authorised service centres but also the private garages and spare part shops that dot the country. This is a high volume, credit intensive business that requires mastery over the supply of heterogeneous products. To do so, Bajaj Auto created a separate channel exclusively for distribution of spare parts in 2004-05. Today, the channel has 73 distributors, who cater directly to over 15,000 retail shops across the country. This channel now accounts for over 70% of total spare parts sales of BAL.

The results demonstrate the success of the channel; and the data suggests that there is still scope for significant growth.

Operations

Plants

Bajaj Auto's vehicle manufacturing capacity stands at 3.96 million units — comprising 3.6 million two-wheelers and 360,000 three-wheelers. The newest plant at Pantnagar (Uttarakhand) has a capacity to produce 900,000 two-wheelers. Table 4 gives the capacity data.

Table 4: Bajaj Auto's plant-wise capacities (in units)

Plant	2007-08	2008-09
Waluj	1,860,000	1,860,000
Chakan	1,200,000	1,200,000
Pantnagar	900,000	900,000
Total	3,960,000	3,960,000

As mentioned in last year's Annual Report, the company's first plant at Akurdi was shut down as a vehicle assembly unit from September 2007. The reason for doing so was the higher cost of manufacturing, which placed this location at a disadvantageous position compared to the other facilities of Bajaj Auto. On 25 July 2008, 2,331 workmen from Akurdi responded to a voluntary retirement scheme (VRS) offered by the company. The overall cost of this VRS was Rs.3.67 billion.

Pantnagar

Bajaj Auto's production at its state-of-the-art Pantnagar plant (Uttarakhand) has been on the rise. In 2007-08, the plant produced 276,925 motorcycles. This increased by 15% to 318,321 vehicles in 2008-09. By end-2008-09, Pantnagar was producing some 40,000 motorcycles per month. To maximise the tax benefits available at Uttarakhand, the company is shifting some of its more profitable products to the Pantnagar plant. After the shift of these products, the plant is expected to produce around 60,000 vehicles by the third quarter of 2009-10.

Table 5 gives the data on which products are manufactured in what plant.

Table 5: Plant-wise product profile

Plant	Products
Waluj	Boxer, Platina, XCD and all three-wheelers
Chakan	Pulsar, Avenger and Discover
Pantnagar	Platina, Platina 125 and XCD

R & D

In 2008-09, the R&D department has prepared for major upgrades across the company's product range. It has also enhanced its infrastructure for design, prototyping and



testing. Two of the important products launched during 2008-09 are listed below.

Platina 125 cc DTS-si

Platina 125 cc DTS-si brings the twin spark technology with a special focus on fuel efficiency to the Platina model. The bike has an enhanced style as well as a new frame to accommodate the DTS-si engine. The engine manages to maintain the legendary fuel economy of the Platina while giving almost 30% more torque and 15% more power.

XCD 135 cc DTS-si

Bajaj Auto developed the XCD 135 cc DTS-si — a model that brings excitement and sportiness to the commuting world. Launched in February 2009, it has gained considerable acceptance in the market. The XCD 135 cc has several 150 cc features, which give it superior performance and value. The bike is powered by a 135cc DTS-si engine which gives over 10 bhp of power at 7,500 rpm; 1.18 kg-m of torque at 5,000 rpm; and does 0-60 kph in 8 seconds. Despite such power and torque, the XCD 135 DTS-si gives a fuel consumption of 55 km per litre — in the league of a 100cc engine while giving excellent overall drive feel.

This bike also brings together features like starter motor, five-speed gear box, split LED

tail lamps, Digital speedo with stepper motor controlled tachometer, nitrogen filled shock absorbers, fat rear tyres and a front disc brake, DC ignition and DC head lamps. These features make the XCD 135 cc DTS-si a very up market product at extremely affordable prices.

In 2009-10, the company proposes to launch two new models of Pulsar, including the 220 cc variant, as well as new models to attack the ‘middle of the market’ in the deluxe commuter segment. In addition, it is working on a new 135 cc model plus a new version of the Avenger.

The ‘Lite’ range of Bajaj Auto’s four-wheeler vehicles, both in the passenger and cargo segments, are under re-design to sharpen the competitive positioning of the products. The cargo version is expected to be launched in 2011.

The techno-economic feasibility for the proposed passenger car will be evaluated by Bajaj Auto, Renault and Nissan for a final decision — which will lead to firming up the cooperation parameters among the partners and a suitable Joint Venture agreement.

R&D has been also focusing on expanding its design and testing teams. It has enhanced its digital computational capabilities along with the ability to prototype and test the products

to even higher standards. This has enabled Bajaj Auto to design and produce ready-to-manufacture prototypes for the new generation products.

In addition, advanced machines have been installed in the prototype shop to enable quick and precise building and inspection of parts. Moreover, the testing areas have been enhanced with special equipments to enable performance and durability testing from component to full assembly — resulting in end-to-end self sufficiency of R&D department.

Subsidiaries

Bajaj Auto International Holdings BV (BAIH BV)

As mentioned last year, a 100% Netherlands based subsidiary of Bajaj Auto (Bajaj Auto International Holdings BV) was formed to focus on international ventures, including possible acquisitions. In 2007-08, BAIH BV invested €98.36 million (Rs.5.68 billion) to acquire a 24.45% equity stake in KTM Power Sports AG of Austria, Europe's second largest sport motorcycle manufacturer. With products such as Motocross, Supermoto, Enduro and on-road bike products like the Super Duke, KTM

is a strong brand in Europe and the USA. It is a Vienna Stock Exchange listed company.

In the course of 2008-09, BAIH BV increased its ownership of KTM's shares to 31.72% at a cost of €21.26 million.

PT Bajaj Indonesia (PT BAI)

PT BAI was incorporated in 2006-07 as a subsidiary in Indonesia with an issued and subscribed capital of US\$ 12.5 million (Rs.562 million). Bajaj Auto holds 97.5% shares in PT BAI, with the balance being held by the local partner.

The subsidiary assembles and markets Pulsars in Indonesia. During 2008-09, the XCD was also launched through PT BAI. Being in the early stages of market development and given that it assembles semi-knocked down parts at higher customs duties, PT BAI has not yet broken even. However, Bajaj Auto plans to move into assembling of completely knocked down parts in the latter half of 2009-10 — which will attract lower duties — and also expand PT BAI's product portfolio. Given the nature of the business, especially that of garnering a significant market presence in a new and highly competitive market, the gestation period is expected to be long.

Summarised Financials

Table 6 gives the summarised financials

Table 6: Abridged profit and loss statement

Rs. In Million	2007-08	2008-09
Operations		
Sales	96,900	90,497
Less: excise duty	10,267	6,127
Net sales	86,633	84,370
Other operating income	3,829	3,734
Total operating income	90,462	88,104
Cost of materials consumed, net of expenditures capitalised	65,973	64,491
Share of material cost	72.9%	73.2%
Stores and tools	747	604
Share of stores and tools	0.8%	0.7%
Labour cost	3,416	3,544
Share of labour cost	3.8%	4.0%
Factory and administrative expenses	3,031	3,145
Share of factory and administrative expenses	3.4%	3.6%
Sales and after sales expenses	4,359	4,297
Share of sales and after sales expenses	4.8%	4.9%
Total expenditure	77,526	76,081
Operating profit	12,936	12,023
Operating profit as a share of total operating income	14.3%	13.6%
Voluntary Retirement Scheme	1,024	1,833
Mark to market loss	—	218
Revised operating profit	11,912	9,972
Revised operating profit as a share of total income	13.2%	11.3%
Interest	52	210
Depreciation	1,740	1,298
Net operating profit	10,120	8,464
Non-operating income		
Income	1,227	1,219
Expenses	—	102
Non-operating income, net	1,227	1,117
Profit before taxation	11,347	9,581
Provision for taxation	3,788	3,016
Profit after taxation	7,559	6,565
Less: Prior period expenses	1	20
	7,558	6,545

Foreign Exchange Transactions

The Board of Directors of Bajaj Auto has approved the company's foreign exchange management and risk policy. In line with this policy, Bajaj Auto covers its foreign exchange exposure only in the currency in which it transacts the underlying export business. Thus, it does not enter into any cross-currency derivative contracts.

Given the rising trend of the Indian rupee in the second half of 2007-08, Bajaj Auto had taken a forward cover for part of its exports at an average rate of Rs.40.27 = USD 1 for the whole of 2008-09. At this average rate, the company covered its budgeted costs and profits. However, with the rupee depreciating sharply starting from April 2008, Bajaj Auto lost an opportunity to make extra profits on the treasury side. This opportunity cost was Rs.2.91 billion.

For the next year, i.e. 2009-10, the company has entered into a Range Forward-Options Contract. What this means is that if the rupee remains within the range, the company will get the benefit of the spot rate. For example, for a Range Forward-Options Contract of Rs. 47 to Rs. 57 per USD, if the rupee goes below Rs. 47 to a dollar, the company gains by being protected at Rs.47 = USD 1. However, if it weakens and goes above Rs.57 to a dollar, the company loses the difference. These are zero cost options.

Operating Working Capital

Table 7 gives Bajaj Auto's operating working capital. In the cash strapped situation of H2 2008-09, the management consciously took a call to support its vendors, by significantly reducing payment cycle. This, and the rise in export debtors, shows up in an increase in operating working capital as at 31 March 2009.

Table 7: Operating working capital

Rs. In Million	As at 31 March 2008	As at 31 March 2009
Current assets		
Inventories	3,496	3,388
Sundry debtors	2,753	3,587
Cash and bank balances	561	1,369
VAT receivable	1,311	1,408
Excise duty receivable on export	399	2,061
Other current assets	2,728	3,239
Sub-total	11,248	15,052
Less: Current liabilities		
Sundry creditors	8,788	8,000
Annuity payable	657	2,813
Advance against orders	948	1,196
Other current liabilities	1,032	1,598
Sub-total	11,425	13,607
Working capital	(177)	1,445

Consolidation of Accounts and Segment Reporting

Bajaj Auto has consolidated the financial statements of subsidiaries in accordance with

the relevant accounting standards issued by Institute of Chartered Accountants of India. The summary of the consolidated profit and loss account for 2008-09 and 2007-08 is given in Table 8 below.

Table 8: Segment Revenue and segment results (Rs. millions)

Segment Revenue			Segment Results Profit/(loss) from each segment before interest and tax		
	2007-08	2008-09		2007-08	2008-09
Automotive	90,413	88,148	Automotive	10,000	7,366
Investment and others	1,227	1,219	Investment and others	1,227	1,117
Total	91,640	89,367	Total	11,227	8,483
Less: Intersegment revenue	—	—	Less: Interest	52	219
Total	91,640	89,367	Profit before tax	11,175	8,264

Cautionary Statement

Statements in Management Discussion and Analysis describing the company's objectives, projections, estimates and expectation may be 'forward looking' within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.





Corporate Governance

The commitment of Bajaj Group to the highest standards of good corporate governance practices predates SEBI and clause 49 of the listing agreements. Transparency, fairness, disclosure and accountability are central to the working of the Bajaj Group. Bajaj Auto Limited ('BAL' or 'the company' or 'Bajaj Auto') maintains the same tradition and commitment.

Given below are the company's corporate governance policies and practices for 2008-09.

Board of directors

In keeping with the commitment of the management for the principle of integrity and

transparency in business operations for good corporate governance, the company's policy is to have an appropriate blend of executive and independent directors to maintain the independence of the board, and to separate the board functions of governance and management.

Composition

As on 31 March 2009, the board of Bajaj Auto consisted of sixteen directors, of whom four directors were executive. Nine out of the twelve non-executive directors were independent. The board has no institutional nominee directors.

According to clause 49, if the chairman is executive, at least one half of the board should consist of non-executive, independent directors. As Table 1 below shows, this provision is met at Bajaj Auto.

Non-executive directors' compensation

The non-executive directors of the company were paid sitting fee of Rs.20,000 per meeting for every meeting of the board and its committees and commission at the rate of Rs.50,000 per meeting of the board and its committees attended by them. In addition to this, non-executive directors may be paid

commission on a case to case basis depending on the services rendered for the company within the overall ceiling of one percent of net profit of the company in the aggregate.

The company currently does not have a stock option programme for the non-executive directors.

Board procedures

During 2008-09, the board of directors met six times: on 22 May 2008, 10 July 2008, 11 September 2008, 23 October 2008, 16 January 2009 and 25 March 2009. The gap between any two meetings has been less than four months.

Attendance record of directors

Table 1: Composition of the board and attendance record of directors for 2008-09

Name of director	Category	Meetings attended	Whether attended last AGM
Rahul Bajaj	Chairman, executive	5/6	Yes
Madhur Bajaj	Vice Chairman, executive	6/6	Yes
Rajiv Bajaj	Managing Director, executive	5/6	Yes
Sanjiv Bajaj	Executive Director, executive	6/6	Yes
D S Mehta	Non-executive independent	6/6	Yes
Kantikumar R Podar	Non-executive, independent	4/6	Yes
Shekhar Bajaj	Non-executive	5/6	No
D J Balaji Rao	Non-executive, independent	6/6	Yes
J N Godrej	Non-executive, independent	2/6	Yes
S H Khan	Non-executive, independent	6/6	Yes
Ms Suman Kirloskar	Non-executive, independent	6/6	Yes
Naresh Chandra	Non-executive, independent	6/6	Yes
Nanoo Pamnani	Non-executive, independent	5/6	Yes
Manish Kejriwal	Non-executive	5/6	Yes
P Murari	Non-executive, independent	4/6	Yes
Niraj Bajaj	Non-executive	6/6	Yes

Information supplied to the board

In advance of each meeting, the board is presented with the relevant information on various matters related to the working of the company, especially those that require deliberation at the highest level. Presentations are also made to the board by the different functional heads on various issues concerning the company from time to time. Directors have separate and independent access to senior management at all times. In addition to items which are required to be placed before

the board for its noting and / or approval, information is provided on various significant items. In terms of quality and importance, the information supplied by management to the board of the company is far ahead of the list mandated under clause 49 of the listing agreement.

Directorships and memberships of board committees

Table 2 gives the number of directorships and committee positions held by the directors of Bajaj Auto.

Table 2: Directorships / committee positions as on 31 March 2009

Name of Director	In listed companies	In unlisted public limited companies	Committee Positions	
			As Chairman	As Member
Rahul Bajaj	5	3	Nil	Nil
Madhur Bajaj	6	6	Nil	Nil
Rajiv Bajaj	4	2	Nil	Nil
Sanjiv Bajaj	6	4	Nil	5
D S Mehta	5	Nil	1	7
Kantikumar R Podar	4	2	Nil	Nil
Shekhar Bajaj	3	5	1	2
D J Balaji Rao	9	2	3	7
J N Godrej	5	4	1	3
S H Khan	6	2	5	4
Ms Suman Kirloskar	1	1	Nil	Nil
Naresh Chandra	11	1	1	9
Nanoo Pamnani	4	1	5	2
Manish Kejriwal	2	Nil	Nil	2
P Murari	10	5	Nil	5
Niraj Bajaj	6	6	Nil	2

Notes: Private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded for the above purposes. Only audit committee and shareholders' grievance committee are considered for the purpose of committee positions as per listing agreement.

None of the directors was a member in more than 10 committees, nor a chairman in more than five committees across all companies in which he / she was a director.

Review of legal compliance reports

During the year, the board periodically reviewed compliance reports with respect to the various laws applicable to the company, as prepared and placed before it by the management.

Code of conduct

The board at its meeting on 30 January 2008 laid down a code of conduct for all directors and senior management of the company, which has been posted on the website www.bajajauto.com. All directors and senior management personnel have affirmed compliance with the code for 2008-09. A declaration to this effect signed by the Managing Director / Chief Executive Officer is given in this annual report.

Audit committee

Constitution and composition

With a view to comply with various requirements under the Companies Act, 1956 and clause 49 of the listing agreement, the company has set

up its audit committee in the board of directors meeting held on 30 January 2008. The present audit committee consists of the following directors :

1. S H Khan, Chairman
2. D J Balaji Rao
3. J N Godrej
4. Naresh Chandra
5. Nanoo Pamnani

All members of the audit committee are independent, non-executive directors and are 'financially literate' as required by clause 49. Moreover, S H Khan, D J Balaji Rao, J N Godrej and Nanoo Pamnani have 'accounting or related financial management expertise'.

Meetings, attendance and topics discussed

During 2008-09, the audit committee met four times: 22 May 2008, 10 July 2008, 23 October 2008 and 16 January 2009. The meetings were scheduled well in advance. In addition to the members of the audit committee, these meetings were attended by the heads of finance and internal audit functions, the statutory auditors and cost auditors of the company, and those executives who were considered necessary for providing inputs to the committee. The company secretary acted as the secretary to the audit committee.



The terms of reference of the audit committee are extensive and go beyond what is mandated in clause 49 of the listing agreement and section 292A of the Companies Act, 1956.

Table 3 : Composition of the audit committee and attendance record of members for 2008-09

Sr. No.	Name of director	Meetings attended
1	S H Khan, Chairman	4/4
2	D J Balaji Rao	4/4
3	J N Godrej	1/4
4	Naresh Chandra	4/4
5	Nanoo Pamnani	4/4

Subsidiary companies

During the year, the audit committee reviewed the financial statements, including the investments made by the two overseas subsidiaries, viz, PT. Bajaj Auto Indonesia and Bajaj Auto International Holdings BV, Netherlands. A statement of all significant transactions and arrangements entered into by the subsidiary companies was regularly placed before the board.

Disclosures

A summary statement of transactions with related parties was placed periodically before the audit committee during the year. Suitable disclosures have been made in the financial statements, together with the management's explanation in the event of any treatment being different from that prescribed in accounting standards.

At its meeting of 30 January 2008, the board laid down procedures to inform it of the company's risk assessment and minimisation procedures. These would be periodically reviewed to ensure that management identifies and controls risk through a properly defined framework.

Pursuant to scheme of arrangement of demerger sanctioned by the Hon'ble High Court of judicature at Bombay, 101,183,510 equity shares of Rs.10 each of the company, have been issued and allotted to the shareholders of demerged company (erstwhile BAL) in the ratio of 1:1 on 3 April 2008. There were no public issues, right issues, preferential issues etc. during the year.

Remuneration & Nomination Committee

At the meeting of the board of directors held on 30 January 2008, remuneration committee was constituted with the following non-executive independent directors as its members :

1. D J Balaji Rao, Chairman
2. S H Khan
3. Naresh Chandra

Subsequently, at the meeting of the board of directors held on 16 January 2009, the board has extended the terms of reference of the existing remuneration committee so as to include the duties to assist the board for having a formal and transparent procedure in making board appointments. Accordingly, the existing remuneration committee was restyled as 'remuneration and nomination committee' and Rahul Bajaj was inducted as member of this committee in light of the extended scope.

The committee now has the following members :

1. D J Balaji Rao, Chairman
2. S H Khan
3. Naresh Chandra
4. Rahul Bajaj

The remuneration and nomination committee met on 25 March 2009 and recommended the re-appointment of Sanjiv Bajaj as Executive

Director for a period of five years commencing from 1 April 2009 to 31 March 2014 and also the terms of remuneration payable to Sanjiv Bajaj, during this tenure.

Remuneration of directors

Pecuniary relationship or transactions of non-executive directors

1. J N Godrej is a director and shareholder of Godrej & Boyce Manufacturing Company Limited, which is a vendor to Bajaj Auto. Purchases of goods from this company has been in the ordinary course of business and, for the year ended 31 March 2009, amounted to Rs. 7.1 million.
2. Shekhar Bajaj is a director of Bajaj Electricals Ltd. During the year under review, the total value of services availed by Bajaj Auto from Bajaj Electricals Ltd. amounted to Rs. 22.8 million.
3. Shekhar Bajaj is a director of Hind Musafir Agency Limited, an accredited travel agency. During the year under review, the total value of services availed of by Bajaj Auto from Hind Musafir Agency Limited amounted to Rs. 79.1 million.
4. The register of contracts maintained by the company under section 301 of the Companies Act, 1956, contains record of

the transactions entered into with the above companies. The register is signed by all the directors present during the respective board meetings.

Criteria of making payments to non-executive directors

Non-executive directors of the company play a crucial role in the independent functioning of the board. They bring in an external perspective to decision-making, and provide leadership and strategic guidance while maintaining objective judgement. They also oversee corporate governance framework of the company. The criteria of making payments to non-executive directors as approved by the board at its meeting held on 30 January 2008 has been put on the company's website www.bajajauto.com

Non-executive directors

Non-executive directors are paid sitting fees and commission on net profits as separately stated in this report.

Executive directors

During the year under review, there was no change in the terms of remuneration paid to Rahul Bajaj, Madhur Bajaj, Rajiv Bajaj and Sanjiv Bajaj. On their retirement, all the executive directors are entitled to superannuation benefits payable in the form of an annuity from the Life Insurance Corporation of India — and these form a part of the perquisites allowed to them. No pension is paid by the company.

The company has no stock option plans for the directors and hence it does not form a part of the remuneration package payable to any executive and / or non-executive director. During the year under review, none of the directors was paid any performance-linked incentive. In 2008-09, the company did not advance any loans to any of the executive and / or non-executive directors. Table 4 gives details of the remuneration paid or payable to directors during 2008-09.

Table 4: Remuneration paid / payable to directors during 2008-09

Name of director	Relationship with other directors	Sitting fees Rs.	Salary & perquisites Rs.	Commission Rs.	Total Rs.
Rahul Bajaj	Father of Rajiv Bajaj, Sanjiv Bajaj, father-in-law of Manish Kejriwal	Nil	26,689,888	36,000,000	62,689,888
Madhur Bajaj	Brother of Shekhar Bajaj & Niraj Bajaj	Nil	16,203,876	25,200,000	41,403,876
Rajiv Bajaj	Son of Rahul Bajaj, brother of Sanjiv Bajaj, brother-in-law of Manish Kejriwal	Nil	11,517,213	21,600,000	33,117,213
Sanjiv Bajaj	Son of Rahul Bajaj, brother of Rajiv Bajaj, brother-in-law of Manish Kejriwal	Nil	2,621,457	6,300,000	8,921,457
D S Mehta	—	120,000	—	300,000	420,000
Kantikumar R Podar	—	80,000	—	200,000	280,000
Shekhar Bajaj	Brother of Madhur Bajaj & Niraj Bajaj	100,000	—	250,000	350,000
D J Balaji Rao	—	240,000	—	600,000	840,000
J N Godrej	—	80,000	—	200,000	280,000
S H Khan	—	240,000	—	600,000	840,000
Suman Kirloskar	—	120,000	—	300,000	420,000
Naresh Chandra	—	240,000	—	600,000	840,000
Nanoo Pamnani	—	180,000	—	450,000	630,000
Manish Kejriwal	Son-in-law of Rahul Bajaj, brother-in-law of Rajiv Bajaj and Sanjiv Bajaj	100,000	—	250,000	350,000
P Murari	—	80,000	—	200,000	280,000
Niraj Bajaj	Brother of Madhur Bajaj & Shekhar Bajaj	120,000	—	300,000	420,000

Notes: Salary and perquisites include all elements of remuneration i.e. salary, allowances and benefits. No bonus, pension or incentive is paid to any of the directors. The company has not issued any stock options to any of the directors. The term of executive directors does not exceed five years.

Shares held by non-executive directors

The non-executive directors as on 31 March 2009, who held shares in the company are:

Name of director	Number of shares held as on 31 March 2009
Shekhar Bajaj	693,440
Niraj Bajaj	1,114,238
Manish Kejriwal	100
D S Mehta	8,490

Management

Management discussion and analysis

This is given as a separate chapter in the annual report.

Disclosure of material transactions

Under clause 49, senior management is required to make periodical disclosures to the board relating to all material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the company. This provision was adhered to during the year.

Compliances regarding insider trading

Comprehensive guidelines in accordance with the SEBI regulations in this regard are in place. A code of conduct and corporate disclosure practices framed by the company helps in ensuring compliance with the requirements.

Shareholders

Appointment and / or re-appointment of directors

According to the statutes, at least two third of the board should consist of directors liable to retire by rotation. Of these, one third are required to retire every year and, if eligible, may seek re-appointment by the shareholders. Accordingly, D S Mehta, Kantikumar R Podar, Shekhar Bajaj and D J Balaji Rao retire from the board by rotation this year and being eligible offer themselves for re-appointment.

Sanjiv Bajaj has been re-appointed as executive director for a fresh term of five years commencing from 1 April 2009 to 31 March 2014, subject to approval of the shareholders at their ensuing annual general meeting. The terms of his remuneration are proposed to be kept the same as those applicable to him at the end of his previous term, which expired on 31 March 2009.

Brief profiles of the retiring directors and Sanjiv Bajaj are given in the notice being issued to the shareholders of the ensuing annual general meeting of the company.

Communication to shareholders

Quarterly, half-yearly and annual financial results are published in numerous leading dailies, such as Business Standard, The Economic Times, DNA – Money, Kesari and The Hindu. The official press release is also issued. The company also sends the half-yearly financial results, along with a detailed write-up, to each household of shareholders.

Bajaj Auto has its own website, www.bajajauto.com, which contains all important public domain information, including presentations made to the media, analysts, institutional investors. The website also contains information on matters such as dividend history, answers to frequently asked queries (FAQs) by the various shareholder categories and details of the corporate contact persons. All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the company's website.

The company also files the following information, statements, reports on the web-site as specified by SEBI:

- Full version of the annual report including the balance sheet, profit and loss account, directors' report and auditors' report, cash flow statement, half-yearly financial statement and quarterly financial statements.
- Corporate governance report.
- Shareholding pattern.

Information on general body meetings

As the company was incorporated on 30 April 2007, the first annual general meeting of the company was held on 10 July 2008 at 11.30 a.m. at the registered office of the company.

The shares of the company got listed for the first time on 26 May 2008. Subsequent to this date, the company has not passed any special resolution at the general meetings of the company.

So far, the company has not adopted postal ballot for passing any resolution at the general meetings, because there has been no occasion for doing so.

Material disclosure of related party transactions

Material transactions entered into with related parties have been already disclosed in this chapter. None of these have had any potential conflict with the interests of the company.

Details of capital market non-compliance, if any

There has been no non-compliance by the company of any legal requirements; nor has there been any penalty, stricture imposed on the company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the period under review.

Shareholders' and investors' grievance committee

The board of directors of Bajaj Auto constituted its shareholders' and investors' grievance committee in its meeting held on 30 January 2008. This committee has been constituted to specifically look into

the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend etc. In addition, the committee also looks into matters that can facilitate better investor services and relations.

The committee consisted of the following non-executive independent directors as on 31 March 2009:

1. D J Balaji Rao, Chairman
2. J N Godrej
3. Naresh Chandra
4. S H Khan

During the year under review, the committee met on 25 March 2009 to review the status of investors' services rendered. All members were present at the meeting. The secretarial auditor as well as company secretary (who is also the compliance officer) were also present.

During the year under review, the company appointed Karvy Computershare Pvt. Ltd. as its share transfer agent.



More details have been furnished in the chapter on Additional Shareholder Information.

CEO / CFO certification

The CEO and CFO have certified to the board with regard to the financial statements and other matters as required by clause 49 of the listing agreement. The certificate is contained in this annual report.

Report on corporate governance

This chapter, read together with the information given in the chapters on Management Discussion and Analysis and Additional Shareholder Information, constitute the compliance report on corporate governance during 2008-09.

Auditors' certificate on corporate governance

The company has obtained the certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the listing agreement. This report is annexed to the

directors' report, and will be sent to the stock exchanges along with the annual return to be filed by the company.

Compliance of mandatory and non-mandatory requirements under clause 49

Mandatory

The company has complied with all the mandatory requirements of clause 49 of the listing agreement.

Non-mandatory

The company has also complied with the non-mandatory requirements as under :

1. **The Board**

The requirement regarding non-executive chairman is not applicable, since the chairman of the company is executive chairman.

None of the nine independent directors of the company have tenures exceeding a period of nine years on the board.



2. **Remuneration committee**

The company has a remuneration committee. A detailed note on this committee is provided in the annual report.

3. **Shareholder rights**

A half-yearly declaration of financial performance including summary of significant events in the preceding six months, is sent to each household of shareholders.

4. **Audit qualifications**

There are no qualifications in the financial statements of the company for the year 2008-09.

5. **Whistle blower policy**

The company has a whistle blower policy to enable employees to report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of company's code of conduct or ethics policy. This mechanism provides safeguards against victimisation of employees, who avail of the mechanism. This also provides for direct access to the chairman of the audit committee in exceptional cases. The policy has been appropriately communicated to the employees within the organisation.



Additional Shareholder Information

Annual general meeting

Date : 16 July 2009

Time : 11.30 a.m.

Venue : Registered office at Mumbai-Pune
Road, Akurdi, Pune 411 035

Financial calendar

Audited annual results for year ending 31 March	-	May
Mailing of annual reports	-	June
Annual general meeting	-	July
Unaudited first quarter financial results	-	July
Unaudited second quarter financial results	-	October
Unaudited third quarter financial results	-	January

Dividend

The board of directors of Bajaj Auto has proposed a dividend of Rs.22 per equity share (220 per cent) for the financial year 2008-09, subject to approval by the shareholders at the annual general meeting. Dividend paid in the previous year was Rs.20 per equity share (200 percent).

Dates of book closure

The register of members and share transfer books of the company will remain closed from Saturday, 4 July 2009 to Thursday, 16 July 2009, both days inclusive.

Date of dividend payment

The payment of dividend, upon declaration by the shareholders at the forthcoming annual general meeting, will be made on or after 20 July 2009:

- a) to all those beneficial owners holding shares in electronic form, as per the ownership data made available to the company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end-of-the-day on Friday, 3 July 2009; and
- b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company on or before the closing hours on Friday, 3 July 2009.

Payment of dividend

Dividend will be paid by account payee / non-negotiable instruments or through the electronic clearing service (ECS), as notified by the SEBI through the stock exchanges. In view of the significant advantages and the convenience, the company will pay dividend through ECS in all major cities to cover maximum number of shareholders, as per applicable guidelines. Shareholders are advised to refer to the notice of the annual general meeting for details of

action required to be taken by them in this regard. For additional details or clarifications, shareholders are welcome to contact the registered office of the company.

Unclaimed dividends

The shareholders who have not encashed their dividend warrants for the year 2007-08 are requested to claim the amount from Karvy Computershare Pvt Ltd / registered office of the company.

As per section 205 of the Companies Act, 1956, any money transferred by the company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called 'The Investor Education and Protection Fund' set up by the central government. No claims shall lie against the fund or the company in respect of amount so transferred.

Registrar and share transfer agent

During the year under review, the company appointed Karvy Computershare Pvt Ltd as its share transfer agent and accordingly, processing of share transfer / dematerialisation / rematerialisation and allied activities was

outsourced to Karvy Computershare Pvt Ltd, Hyderabad with effect from 10 July 2008. This transition was carried out smoothly after obtaining the necessary approvals from both the depositories.

Personal communications intimating the appointment of share transfer agent were sent to all the shareholders, in addition to communications to stock exchanges and press release on the website of the company.

All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand drafts in lieu of dividend warrants etc as well as requests for dematerialisation / rematerialisation are being processed in weekly cycles at Karvy Computershare Pvt Ltd. The work related

to dematerialisation / rematerialisation is handled by Karvy Computershare Pvt Ltd through connectivities with National Securities Depository Ltd and Central Depository Services (India) Ltd.

Share transfer system

Share transfers received by the share transfer agent / company would be registered within 15 days from the date of receipt, provided the documents are complete in all respects. Total number of shares transferred in physical category during 2008-09 was 43,779,205.

Dematerialisation of shares

During 2008-09, 881,949 shares were dematerialized. Distribution of shares as on 31 March 2009 is given in Table 1.

Table 1: Shares held in physical and electronic mode

	Position as on 31 March 2009		* Position as on 3 April 2008		Net change during 2008-09	
	No. of Shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	58,877,965	40.69	59,759,914	41.31	(881,949)	0.61
Demat:						
NSDL	83,421,870	57.66	83,313,322	57.58	108,548	0.07
CDSL	2,383,675	1.65	1,610,274	1.11	773,401	0.54
Sub Total	85,805,545	59.31	84,923,596	58.69	881,949	0.61
Total	144,683,510	100.00	144,683,510	100.00	—	—

Note * Equity shares of the company were allotted to shareholders of erstwhile BAL on 3 April 2008 pursuant to the scheme of demerger and hence this date has been considered here.

Global depository receipts (GDRs)

Bajaj Auto issued and allotted Global Depository Receipts (GDRs) on 3 April 2008 to the shareholders of BHIL (formerly BAL) pursuant to the scheme of demerger sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 18 December 2007 and the underlying shares against each GDR were issued in the name of the overseas depository, i.e. Deutsche Bank Trust Company Americas (DBTCA).

The company has entered into deposit agreement with DBTCA on 21 August 2008. The company is in the process of getting the said GDRs listed on the London Stock Exchange in due course of time.

Stock code

1. BSE, Mumbai	532977
2. National Stock Exchange	BAJAJ-AUTO
3. ISIN for Depositories (NSDL and CDSL)	INE917101010
4. Bloomberg	BJAUT.IN
5. Reuters	BAJA.BO

Listing on stock exchanges

The shares of the company are currently listed on the following stock exchanges :

Name	Address
1. Bombay Stock Exchange Ltd, Mumbai (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
2. National Stock Exchange of India Ltd. (NSE)	Exchange Plaza Bandra-Kurla Complex, Bandra (E) Mumbai 400 051

During 2008-09, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2 gives the monthly highs and lows of Bajaj Auto's shares on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) :

Table 2: Monthly highs and lows of Bajaj Auto Ltd. shares during 2008-09 (Rs.) vis-a-vis BSE Sensex

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr-08 ¹	—	—	—	—	17,287.31
May-08	945.00	543.00	898.00	538.00	16,415.57
Jun-08	618.00	436.10	615.00	435.00	13,461.60
Jul-08	544.90	395.00	539.00	390.15	14,355.75
Aug-08	612.95	490.00	590.25	501.00	14,564.53
Sep-08	641.00	530.15	641.90	535.25	12,860.43
Oct-08	615.05	435.00	617.00	425.00	9,788.06
Nov-08	550.00	307.15	550.00	305.50	9,092.72
Dec-08	444.00	294.65	440.00	262.00	9,647.31
Jan-09	502.00	378.00	503.25	377.00	9,424.24
Feb-09	536.00	445.00	539.00	441.15	8,891.61
Mar-09	635.00	480.10	640.00	477.00	9,708.50

¹ Equity shares of the company were listed at BSE and NSE on 26 May 2008 and hence there are no stock quotes for the period upto 25 May 2008.

Distribution of shareholdings

Table 3 gives details about the pattern of shareholdings among various categories as on 31 March 2009 and 3 April 2008, while Table 3A gives the data according to size classes as on 31 March 2009.

Table 3: Distribution of shareholdings across categories

Categories	31 March 2009		3 April 2008 ¹	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	71,786,036	49.61	72,747,805	50.28
Friends and associates of promoters	16,327,478	11.28	16,454,136	11.37
GDRs ²	181,775	0.13	768,698	0.53
Foreign Institutional Investors	19,980,919	13.81	20,266,586	14.01
Public Financial Institutions	8,316,122	5.75	8,707,469	6.02
Mutual Funds	4,926,547	3.41	1,123,175	0.78
Nationalised & other banks	110,397	0.08	251,704	0.17
NRIs & OCBs	650,056	0.45	613,745	0.42
Others	22,404,180	15.48	23,750,192	16.42
Total	144,683,510	100.00	144,683,510	100.00

¹ Pursuant to scheme of arrangement of demerger, 101,183,510 equity shares of Rs.10 each of the company, were issued and allotted to the shareholders of demerged company in the ratio of 1:1 on 3 April 2008. To reflect the comparable picture, the date of 3 April 2008 has, therefore, been considered instead of 31 March 2008.

² Under the deposit agreement, the depository exercises the voting rights on the shares underlying the GDRs as directed by the promoters of the company.

Table 3A: Distribution of shareholding according to size class as on 31 March 2009

No of shares	No of shareholders		Shares held in each class	
	Number	%	Number	%
1 TO 500	65,581	93.88	2,739,742	1.89
501 TO 1000	1,433	2.05	1,044,386	0.72
1001 TO 2000	987	1.41	1,425,965	0.99
2001 TO 3000	484	0.69	1,215,404	0.84
3001 TO 4000	228	0.33	793,808	0.55
4001 TO 5000	182	0.26	831,293	0.57
5001 TO 10000	391	0.56	2,710,779	1.87
10001 AND ABOVE	572	0.82	133,922,133	92.57
Total	69,858	100.00	144,683,510	100.00

Shareholders' and investors' grievances

The board of directors of Bajaj Auto currently has a shareholders' / investors' grievance committee consisting of three non-executive independent directors to specifically look into the shareholders' / investors' complaints on various matters. Routine queries / complaints received from shareholders are promptly attended to and replied. Queries / complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and / or bank particulars. There were no pending issues to be addressed or resolved. During the year, a letter was received from the Registrar

of Companies (RoC) concerning 1 complaint filed by the shareholder, who had requested for certain details / information from the company. In respect of this complaint, reply was filed with RoC and no action remained to be taken at the company's end.

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form will be sent by the company upon such request. Nomination facility for shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

Plant locations

Bajaj Auto has plants located at the following places:

1. Mumbai-Pune Road, Akurdi, Pune 411 035 (Maharashtra)
2. Bajaj Nagar, Waluj, Aurangabad 431 136 (Maharashtra)
3. MIDC, Plot No A1, Mahalunge Village, Chakan 410 501 Dist. Pune (Maharashtra)
4. Plot No.2, Sector 10, IIE Pantnagar, Udhamasinghnagar 263 531 (Uttarakhand)

Address for correspondence

Investors and shareholders can correspond with the share transfer agent or at registered office of the company at the following address:

Karvy Computershare Pvt Ltd

Plot No.17 to 24, Vittalrao Nagar,
Madhapur,
HYDERABAD 500 081

Contact persons

Mr M S Madhusudhan

Mr Mohd. Mohsinuddin

Tel No. (040) 23420815 to 824

(040) 23431598

e-mail : mohsin@karvy.com

Website: www.karvy.com

Bajaj Auto Limited

Bajaj Auto Limited Complex

Mumbai-Pune Road

Akurdi, Pune 411 035.

Tel : (020) 27472851(Extn 6063), 27406063

Fax : (020) 27407380

e-mail : investors@bajajauto.co.in

Website : www.bajajauto.com



Directors' Report

Introduction

The directors present their second annual report and the audited statements of accounts for the year ended 31 March 2009.

The highlights are as under:-

Sales	2008-09 (Nos)	2007-08 (Nos)
Motorcycles	1,907,853	2,139,779
Other two-wheelers	11,772	21,316
Total Two wheelers	1,919,625	2,161,095
Three wheelers	274,529	290,312
Total Two & Three wheelers	2,194,154	2,451,407
Of the above, exports were		
Two wheelers	633,463	482,026
Three wheelers	139,056	136,315
Total Exports	772,519	618,341

Financials

	2008-09 Rs. In Million	2007-08 Rs. In Million
Net sales & other income	89,323	91,688
Gross profit before exceptional items, interest & depreciation	13,140	14,162
Exceptional items		
VRS compensation	1,833	1,023
Valuation losses of derivative hedging instruments	218	—
Interest	210	52
Depreciation	1,298	1,740
Profit before taxation	9,581	11,347
Provision for taxation	3,016	3,788
Profit after tax	6,565	7,559
Disposable surplus	6,545	7,558
Proposed dividend (inclusive of dividend tax)	3,724	3,385
Earnings per share (Rs.)	45.2	54.2

Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of Rs.22 per share, (220 per cent) for the year ended 31 March 2009. The amount of dividend and the tax thereon aggregates to Rs.3,724 million.

Dividend paid for the year ended 31 March 2008 was Rs.20 per share (200 per cent). The amount of dividend and the tax thereon aggregated to Rs.3,385 million.

Operations

The operations of the company are elaborated in the annexed Management Discussion and Analysis Report.

New projects

Chakan 4-wheeler plant – The “Lite” range of 4 wheeler vehicles, both in Passenger and Cargo segments of the Industry, are under re-design, to sharpen the competitive positioning of the products.

The Cargo version code named “ PV 1500” is likely to be launched in 2011.

The Techno-economic feasibility for the Passenger 4 wheeler will be evaluated by Bajaj-Renault-Nissan for a final decision, leading to firming up of the co-operation parameters among partners and a suitable JV Agreement.

Research & development and technology absorption

The developments in this area are set out in greater detail in the annexed Management Discussion and Analysis Report. During the year under review, your company continued to invest substantially in R & D facilities resulting in enhancement of its infrastructure for design, prototyping & testing. Two important products, which demonstrated the technical prowess of the company, were launched during this year. These were Platina 125 DTS-si, sporting an enhanced style and XCD 135 DTS-si, a up-market product.

Your company continues to focus on expanding its design & testing teams, which has enabled it to make the new generation products. R & D has enhanced its internal competencies by installation of advanced machines in proto shop and introduction of special equipments in testing areas.

The expenditure on research and development during 2008-09 and in the previous year was:

	2008-09 Rs. In Million	2007-08 Rs In Million
i. Capital (including technical know-how)	310.8	481.4
ii. Recurring	837.9	706.0
	1,148.7	1,187.4
iii. Total research and development expenditure as a percentage of sales, net of excise duty	1.36	1.37

Conservation of energy

As a part of continuing efforts to conserve various resources, following steps were taken to conserve energy :

- Electrical energy saving was achieved by installation of localised portable air compressors at various shops during low production periods, energy efficient screw compressors by replacing CPT compressors, real timer electrical circuits installed to switch off electrical equipments during lunch / tea breaks and during non-utilisation of production equipments, fanless cooling towers for AC plants, high efficiency reflector fittings with electronic ballasts tube lights, use of LED & CFT street lights, replacement of 350 W air circulators by 180 W air circulators, 150 W MH lamps instead of 250 W HPSV lamps at shop floors,

Variable Frequency Drives (VFD) for ASUs in paint shops, washing machine blowers, compressors etc and rationalisation of pumping hours of main pump as well as booster pump of pump house;

- Water saving was achieved by replacement of old under-ground water pipes with above-ground pipes to avoid water wastage through leakage, drip irrigation system for gardening, installation of localised fresh water storage systems, usage of treated water for bin washing and paint shop process, rain water harvesting and use of bio-chemical additives to reduce frequency of water change in various paint processes; and
- LPG saving was achieved by installation of waste heat recovery system for hot water generation used in pre-treatment process of paint shop, use of reflective coating inside furnaces for better heat retention, three-wheeler electro-deposition (ED) painting process changed from Acrylic ED to Cathodic ED, optimisation of loading pattern in CGC and seal quench furnaces, reduction of hot water temperature for pretreatment, use of bio-gas for cooking in canteens, start-up losses in ovens and hot water generation plants and changed design of paint jigs to reduce jig stripping frequency.

Impact of measures taken

As a result of the initiatives taken for conservation of energy and natural resources, the company has effected an overall reduction in consumption as under :-

Reduction achieved in

	2008-09 %	2007-08 %
Electrical energy	23	23
Water	11	16
LPG	44	12

Investment / savings

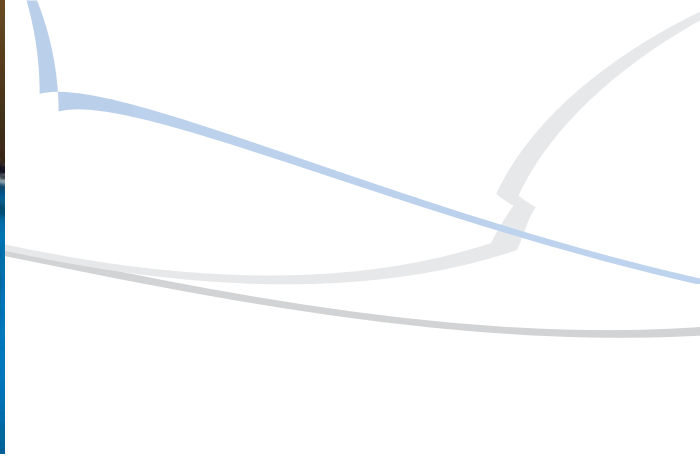
Investment for energy conservation activities Rs.9.35 million

Saving achieved through above activities Rs.24.2 million

Foreign exchange earning & outgo

The company continued to be a net foreign exchange earner during the year.

Total foreign exchange earned by the company during the year under review was Rs. 26,819 million, compared to Rs. 20,778 million during the previous year.



Total foreign exchange outflow during the year under review was Rs 7,286 million as against Rs. 9,261 million during the previous year.

The above outflow includes an investment of Rs.1,378 million (Previous Year 5,692 million) in its 100% subsidiary, Bajaj Auto International Holdings BV. Netherlands for increasing its stake in KTM Power Sports AG from 24.45% to 31.72%.

Industrial relations

At Akurdi, the management signed the wage settlement on 18 July 2008 with Vishwakalyan Kamgar Sanghatana, the recognised union, in conciliation and accordingly, the benefits of the settlement have been given to all daily-rated employees at Akurdi.

Subsequently, with a view to downsizing the workforce at Akurdi, Voluntary Retirement Scheme was floated for the permanent daily-rated workmen. 2,331 workmen availed of the benefit under the scheme.

Relations with staff and workmen across the plants at Akurdi, Waluj, Chakan and Pantnagar remained cordial.

During the year, 135 workmen at Akurdi and 16 workmen at Waluj have been taken into staff category in the vacancies under the staff category in R&D, PE, TE and MTD departments of the company.

Government of Maharashtra declared 51 Gunwant Kamgars for the year 2008. Out of these, 11 awards were received by the workers of the Waluj Plant of the company.

Subsidiaries

PT. Bajaj Auto Indonesia (PT BAI), was incorporated as a subsidiary company in Indonesia with an issued, subscribed & paid-up capital of US\$ 12.5 million (Rs.562 million) in 2006-07. Bajaj Auto holds 97.5% shares in this company, with balance being held by a local partner.

The subsidiary company has accumulated losses of Rs. 830.7 million as on 31 March 2009. Through the efforts, which are planned in the coming years, it is expected that PT BAI will turn around within a reasonable time.

During the year under review, sales and service network reach have been expanded substantially covering the major cities of Jawa, Sumatera, Bali and Sulawesi islands. Total showroom strength stands at around 63 numbers, covering 46 cities of Indonesia.

PT BAI assembles and markets Bajaj Pulsar and Bajaj XCD in Indonesia, establishing Bajaj as a high quality tech-savvy brand. PT BAI plans to expand its presence, product range and reach towards becoming a strong player in this market currently dominated by Japanese 2-wheeler majors.

Bajaj Auto International Holdings BV, Netherlands (BAIHBV) – was incorporated as a wholly owned subsidiary company in Netherlands with an issued, subscribed and paid-up capital of Euros 200,000 during 2007-08. Further capital of Euro 98.2 million was invested in this company during the previous year, by way of premium. It is proposed to make strategic investments in overseas ventures, by way of equity shares and / or loans and to undertake related activities through this company.

During the year, 21.2 million Euros (Rs.1,378 million) were further invested in BAIHBV, taking the total investment to Euro 119.6 million (Rs.7,070 million).

During 2008-09, BAIHBV invested Euro 21.2 million to acquire additional 719,466 equity shares of KTM Power Sports AG (KTMPs), Austria. As on 31 March 2009, BAIHBV owned 31.72% of KTMPs.

The joint development programs are progressing satisfactorily and the products are likely to be marketed in 2010-11.

Corporate social responsibility

During the year, your company continued affirmative action and corporate social responsibility initiatives in various fields.

Code of conduct for affirmative action

The company continues to place emphasis on inclusive growth and has put in place certain processes for delivering the intended social outcome in measurable terms. The company has adopted a voluntary code of conduct for affirmative action, which is effective from 1 December 2006 and has placed the same

on its website. The company believes strongly that its competitiveness is interlinked with the well being of all sections of Indian society and that equal opportunity for all sections of the society is a component of its growth and competitiveness. The company will constantly endeavour to ensure that no discrimination of any type is shown to the socially disadvantaged sections of the society in the work place. 872 fresh employees were added during the year. Of this, 99 Nos (11.4%) belong to the weaker sections, in line with the affirmative action plan of the company. It may be noted that hitherto, the same was 5.9% in normal course.

Education

The company has launched a programme that would help SC / ST students achieve academic excellence and make them on par with those, who can afford coaching for entrance to IITs. During the year under review, one student with a brilliant academic record was identified from the underprivileged and low-income group, for reimbursement of complete fees for the preparation of IIT entrance test under the guidance of IITians Prashikshan Kendra.

Under the central government initiative of Public Private Participation (PPP), your company has volunteered to adopt 3 ITIs (Industrial Training Institute) for up-gradation:

- ITI Mulshi – A Memorandum of Agreement and Institute Development Plan are awaiting approval by the central government and funds are expected in the financial year 2009-10. The construction of a new building at Pirangut is in an advanced stage and is expected to be occupied by June 2009.
- ITI Haveli - A Memorandum of Agreement and Institute Development Plan are awaiting final clearance from the central government.
- ITI Ramnager near the Pantnagar Plant (Uttarakhand) - The Central Government has approved the Institute Development Plan. The Institute Management Committee has received the funds for the up-gradation. Further developmental actions are currently underway.

The company organised a two day training program for the Principals, Instructors and staff of the Institutes. This was done to “open the minds” to “aim high” and receive better ideas and go out and achieve excellence.

A detailed individual action plan was set by each participant for further action by themselves.

Other social activities

During the year, our employees volunteered for blood donation camp at Deenanath Mangeshkar Hospital, Pune and Dr Susheela Tiwari Hospital, Pantnagar

Fire fighting teams of the company along with vehicles responded to 20 Fire assistance calls from Government Fire Department / other industrial units outside the factory premises in the larger interests of saving invaluable life and property.

Community Care

In line with our commitment to enrich the life of all with whom we deal, we showed sensitivity to the employees, who opted for voluntary retirement at our Akurdi Plant.

Soon after the Akurdi employees expressed their interest in accepting the Voluntary Retirement Scheme, the company organised a series of interactive meetings with leading financial institutions. The officers explained the need to prudently and safely invest the monies received, considering the various options available today.

The company devised attractive schemes for interested employees so that they could receive regular monthly payments, in addition to lump sum compensation announced. They were also provided with options of taking loans at competitive rates of interest.

By these actions, it is the company's endeavour that the employees, who have accepted

voluntary retirement scheme, are independently self-sustaining and can take good care of their families. Employees were also guided for alternative possibilities, whether as employee or entrepreneur.

Health

Government of India – Ministry of Health and Family Welfare – National Aids Control Organisation (NACO) and CII have initiated Public Private Partnership (PPP) in order to provide better healthcare to AIDs patients. Your company has signed a tripartite MoU with NACO and Yeshwantrao Chavan Municipal Hospital (YCMH) in Pimpri to set up an Anti Retroviral Treatment Centre (ART Centre) at YCMH in Pimpri, Pune with the cooperation of Pimpri Chinchwad Municipal Corporation for HIV patients.

Many dignitaries from Global Fund, WHO and such other organisations have visited the ART centre, which is the largest unit run by an industry under Public Private Partnership programme. Apart from two doctors and six supporting medical staff, the ART centre has added audio-visual facilities for group counseling, as a result of which the ART centre registration has reached 1,900 numbers and the unit is recognised today as one of the best ART centres in the country.

Rural and community development activities and empowerment of women

The company continued with its rural development activities in Pune and Aurangabad districts of Maharashtra through its trust, Jankidevi Bajaj Gram Vikas Sanstha (JBGVS). JBGVS aims at an integrated development of 43 selected villages, to be carried out by the villagers under their own leadership and through united efforts forged by local organisations with JBGVS acting as a catalyst.

During the year, JBGVS undertook a number of development initiatives viz. watershed development, sanitation, healthcare, HIV / AIDs awareness and prevention, basic education, women empowerment etc. It also initiated various income generation programmes, supporting 50 self-help groups women members and developed 400 vermi-compost plots. It encouraged and facilitated entrepreneurship development through projects, like goat rearing, candle and paper dish production, shops and stalls etc.

Through JBGVS encouragement and technical assistance, 4 educated youths installed cultivation facilities under polynet and 32 farmers have established WADI concept mango groves of 20 trees each. NABARD will partner

with JBGVS for a Rs.3.50 crore WADI Project for the next seven years.

The trust supported construction of low cost houses and latrines; conducted tests and provided treatment during the HIV / AIDs awareness programmes.

Samaj Seva Kendra (SSK) as part of JBGVS provides facilities for social development of the residents of Akurdi, Nigdi and adjoining townships, with the aim of improving their quality of life, through skill development training, hobby centre, nursery education, health care, sports, music, dance, cultural programmes etc.

Employees Stock Option Scheme (ESOS)

In the present competitive economic environment in the country and in the long-term interests of the company and its shareholders, it is necessary that the company adopts suitable measures for attracting and retaining qualified, talented and competent personnel. An ESOS, designed to foster a sense of ownership and belonging amongst personnel, is a well-accepted approach to this end. In view of this, an ESOS has been proposed, the terms and conditions of which are being placed for the approval of the members by way of special

resolutions at the ensuing Annual General Meeting. The board of directors recommends the same for approval.

Directors

D S Mehta, Kantikumar R Podar, Shekhar Bajaj and D J Balaji Rao retire from the board by rotation this year and being eligible, offer themselves for re-appointment.

Sanjiv Bajaj has been re-appointed as Executive Director for a further term of five years commencing from 1 April 2009 and ending 31 March 2014.

Directors' responsibility statement

As required by sub-section (2AA) of section 217 of the Companies Act, 1956, directors state:

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the directors have selected such accounting policies and applied them consistently and made judgments 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 of the company for that period.

- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- that the annual accounts have been prepared on a going concern basis.

Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, viz. PT. Bajaj Auto Indonesia and Bajaj Auto International Holdings BV, Netherlands and as prepared in compliance with the accounting standards and listing agreement as prescribed by SEBI.

Information in aggregate for each subsidiary company is disclosed in one page of the consolidated balance sheet.



Statutory disclosures

The company has received an exemption from the central government under section 212 (8) of the Companies Act, 1956 with regard to attaching of the balance sheet, profit and loss account and other documents of its subsidiary companies, viz. PT Bajaj Auto Indonesia and Bajaj Auto International Holdings BV, Netherlands for the year 2008-09. The summary of the key financials of the company's subsidiaries is included in this annual report.

The annual accounts of the subsidiary companies and the related detailed information will be made available to the members of the company and its subsidiary companies, seeking such information at any point of time. The annual accounts of the subsidiary companies will be kept for inspection by any member of the company at its registered office and also at the registered office of the concerned subsidiary company.

As required under the provisions of sub-section (2A) of section 217 of the Companies Act,

1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, particulars of the employees are set out in the Annexure to the directors report. As per provisions of section 219 (1)(b)(iv) of the said Act, these particulars will be made available to any shareholder on request.

Particulars regarding technology absorption, conservation of energy and foreign exchange earning and outgo required under section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the report of board of directors) Rules, 1988 have been given in preceding paragraphs.

Directors' Responsibility Statement as required by section 217(2AA) of the Companies Act, 1956 appears in a preceding paragraph.

Certificate from auditors of the company regarding compliance of conditions of corporate governance is annexed to this report as Annexure 1.

A cash flow statement for the year 2008-09 is attached to the balance sheet.

Corporate governance

Pursuant to clause 49 of the listing agreement with stock exchanges, a separate section titled 'Corporate Governance' has been included in this annual report, along with the reports on Management Discussion and Analysis and Additional Shareholder Information.

All 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 specified in clause 49 of the listing agreement and the said certificate is contained in this annual report.

Secretarial standards of ICSI

Secretarial standards issued by the Institute of Company Secretaries of India (ICSI) from time to time are currently recommendatory in nature. Your company is, however, complying with the same.

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 Messers Dalal & Shah, Chartered Accountants, as auditors for the period from the conclusion of the ensuing annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

Your company has applied for government order to conduct the audit of cost accounts, maintained by the company for the year ended 31 March 2010. Mr. A P Raman, cost accountant, Pune has been appointed as cost auditor to conduct the said audit, and the government approval in this regard has been received.

On behalf of the board of directors



Rahul Bajaj

Chairman

21 May 2009

Annexure 1

Certificate by the Auditors on Corporate Governance

To the members of
Bajaj Auto Limited
(Formerly Bajaj Holdings & Investment Limited)

We have reviewed the records concerning the company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the company with the Stock Exchanges of India for the financial year ended on March 31, 2009.

The compliance of conditions of corporate governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

We further state that such compliance is neither an assurance as to the future viability of the company nor to the efficiency with which the management has conducted the affairs of the company.

For and on behalf of
Dalal & Shah
Chartered Accountants

Anish Amin
Membership No. 40451
Partner
Mumbai: 21 May 2009

Annexure 2

Declaration by Chief Executive Officer (CEO)

I, Rajiv Bajaj, Managing Director of Bajaj Auto Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31 March 2009 compliance with the code of conduct of the company laid down for them.

Rajiv Bajaj

Managing Director

Mumbai : 21 May 2009

Annexure 3

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

We, Rajiv Bajaj, Managing Director and Kevin D'Sa, Vice President (Finance) of Bajaj Auto Limited, certify:

1. That we have reviewed the financial statements for the year ended 31 March 2009 and that to the best of our knowledge and belief;
 - these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - these statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of:
 - i. significant changes in internal control during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Rajiv Bajaj

Managing Director

Mumbai : 21 May 2009

Kevin D'sa

Vice President (Finance)

Report of the Auditors to the Members

We have audited the attached Balance Sheet of **BAJAJ AUTO LIMITED**, as at 31 March 2009 and also the annexed Profit and Loss Account and the statement of Cash Flows of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

- (1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annexe hereto a Statement on the matters specified in paragraphs 4 of the said Order;
- (3) Further to our comments in Annexure referred to in paragraph 2 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the Books of the company;
- (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the company;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
- (e) On the basis of the written representations received from the Directors as at 31 March 2009, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Report of the Auditors to the Members (Contd.)

(f) Without qualifying our opinion, we draw reference to

1] Note No. 10 a) – relating to change in the method of accounting for compensation payable for voluntary retirement of workmen by recognising the same as an expense over a period of two years, as against the past practice of recognising the same as an expense in the year of retirement and hence Rs 1,833 million has been carried forward for recognition as an expense in the subsequent year, as detailed in the note.

2] Note No. 10 b) – relating to change in the method of recognising gains and losses of derivative instruments to hedge highly probable forecast transactions, by applying the principles of hedge accounting as detailed in the note.

(g) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read together with the notes thereon, give the

information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of the affairs of the company as at 31 March 2009,

(ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and

(iii) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date

For and on behalf of
DALAL & SHAH
Chartered Accountants

Anish Amin
Partner
Membership No: 40451

Mumbai: 21 May 2009.

Annexure to the Auditors' Report:

Statement referred to in Paragraph 2 of the Auditors' Report of even date to the Members of BAJAJ AUTO LIMITED on the Accounts for the year ended 31 March 2009.

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, in terms of information and explanations given to us on our enquiries, we state that:

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, considering the nature of the Fixed Assets and to ensure minimum disruptions in production schedules, the fixed assets have been physically verified by the management at reasonable intervals during the year in accordance with the verification policy adopted by the company, whereby all the assets are verified, in a phased manner, once in a block of three years. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material and the same have been properly dealt with in the Books of Account.
- (c) As per the information and explanations given to us on our enquiries the disposal of assets during the year were not

substantial and would not have an impact on the operations of the company.

- ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year and partially at the close of the year;
- (b) The procedures of physical verification of inventories followed by the management as explained to us are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) According to the records produced to us for our verification, which in our opinion were adequately maintained, the discrepancies noticed on physical verification of inventories referred to above, as compared to book records, though not material, have been properly dealt with in the books of account;
- iii) (a) As per the information and explanations given to us and the records produced to us for our verification, the company has not granted loans, secured or unsecured, to any company, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Annexure to the Auditors' Report: (Contd.)

- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods and services, if any. As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal audit department of the company during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company;
- v) (a) On the basis of the audit procedures performed by us and according to the information and explanations given to us and on our enquiries on this behalf and the records produced to us for our verification, the particulars of contracts and arrangements required to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) The transactions effected in pursuance of such contracts and arrangements, as the case may be, aggregating in excess of Rs.500,000/- in respect of each party during the year, have been, in our opinion, as per the information and explanations given to us, made at prices which are reasonable having regard to prevailing market prices as available with the company for such transactions or prices at which transactions, if any, for similar goods have been made with other parties at the relevant time;
- vi) In our opinion, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956, other relevant provisions of the said Act including the Companies (Acceptance of Deposits) Rules, 1975, where applicable, with regard to the deposits accepted by it from the public. Since the company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal, does not arise;
- vii) On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the company has an adequate internal audit system commensurate with the size and nature of its business;
- viii) We have broadly reviewed the Books of Account maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;

Annexure to the Auditors' Report: (Contd.)

- ix) (a) According to the records of the company, the company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty, Cess and other Statutory dues with the appropriate authorities;
- (b) According to the records of the company and the information and explanations given to us & upon our enquiries in this regards, disputed dues in respect of Sales Tax, Income-tax, Wealth-tax, Service Tax, Customs Duty, Excise Duty and Cess unpaid as at the last day of the financial year, are as follows

Statutes	FORUM BEFORE WHOM PENDING					Total
	Commissioner Appeals	Tribunal	High Court	Supreme Court		
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	
Sales Tax	2,511.4	0.7	63.0	—	2,575.1	
Income Tax	—	—	—	—	—	
Wealth Tax	—	—	—	—	—	
Service Tax	—	1.9	37.8	—	39.7	
Customs Duty	—	2.4	38.4	—	40.8	
Excise	9.9	154.4	16.9	62.6	243.8	
Octroi	6.9	—	—	18.8	25.7	

- x) The company has not defaulted in repayment of dues to banks. The company has not borrowed any sums from Financial Institutions nor through debentures;
- xi) The company has, not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other investments

- xii) The company, in our opinion, has maintained proper records and contracts with respect to its investments wherein timely entries of transactions are made.
- xiii) No guarantees have been given by the company for loans taken from financial institutions and / or banks by others, are, in our opinion, not prejudicial to the interest of the company;
- xiv) The company has raised working capital funds, which are used for the purpose as and when needed. Internal generations have been mainly deployed in fixed assets and investments and partially ploughed back into the business.
- xv) As per the information and explanations given to us and on our enquiries on this behalf there were no frauds on or by the company which have been noticed or reported during the year,

In view of the nature of business carried on by the company clause no (xiii) of CARO, 2003 is not applicable to the company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (iii) (b), (c), (d), (x), (xvi), (xviii), (xix) and (xx) the said clauses are, at present, not applicable.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Anish Amin
Partner
Membership No: 40451

Mumbai: 21 May 2009.



Balance Sheet as at 31 March

		2009	2008
	Schedule	Rs. In Million	Rs. In Million
I. Sources of Funds			
1. Shareholders' Funds			
a) Share Capital	1	1,446.8	1,446.8
b) Reserves & Surplus	2	17,250.1	14,429.1
			15,875.9
2. Loan Funds			
a) Secured Loans	3	—	69.5
b) Unsecured Loans	4	15,700.0	13,273.9
			13,343.4
3. Deferred Tax Adjustments [See note 14]			
a) Deferred Tax Liabilities		1,647.9	1,419.4
b) Deferred Tax Assets		(1,606.0)	(1,309.6)
			109.8
Total			34,438.8
			29,329.1
II. Application of Funds			
1. Fixed Assets			
a) Gross Block		33,339.4	29,841.5
b) Less: Depreciation and write downs		18,079.1	17,260.7
c) Net Block	5	15,260.3	12,580.8
d) Capital Work in progress, expenditure to date		220.6	347.4
			15,480.9
2. Technical Know-how	6		162.6
3. Investments	7		18,085.2
4. Current Assets, Loans and Advances	8		
a) Inventories		3,388.4	3,496.1
b) Sundry Debtors		3,586.5	2,753.1
c) Cash and Bank Balances		1,368.7	560.7
d) Other Current Assets		1,256.8	799.5
e) Loans and Advances		13,652.3	8,887.7
		23,252.7	16,497.1
Less: Current Liabilities and Provisions	9		
a) Liabilities		12,134.1	10,432.5
b) Provisions		12,241.5	8,340.4
		24,375.6	18,772.9
Net Current Assets			(1,122.9)
5. Miscellaneous Expenditure not written-off Voluntary Retirement Compensation [See note 10)a)]			1,833.0
Total			34,438.8
			29,329.1
Notes forming part of the Financial Statements	14		

As per our attached report of even date
For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451
Mumbai: 21 May 2009

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman
Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

Directors

Profit and Loss Account for the year ended 31 March

		2009	2008
	Schedule	Rs. In Million	Rs. In Million
Income			
Sales		90,496.6	96,899.5
Less: Excise Duty		6,127.2	10,266.6
Net Sales		84,369.4	86,632.9
Other Income	10	4,953.2	5,055.5
		89,322.6	91,688.4
Expenditure			
Materials	11	64,634.7	66,203.7
Other Expenses	12	11,692.2	11,553.0
Interest	13	210.1	51.6
Depreciation and write downs		1,297.9	1,739.6
		77,834.9	79,547.9
Less: Expenses, included in above items, capitalised		144.2	230.4
		77,690.7	79,317.5
Operating profit before taxation and exceptional items		11,631.9	12,370.9
Exceptional items			
Expenditure incurred for Voluntary Retirement of employees [See note 10(a)]		1,833.0	1,023.6
Valuation losses of derivative hedging instruments [See note 10(b)]		218.0	—
		2,051.0	1,023.6
Profit for the period before taxation		9,580.9	11,347.3
Taxation			
Current Tax [including Rs. 29 million (previous year Rs. 7.5 million) for Wealth tax]		3,009.0	3,927.5
Deferred Tax [See note 14]		(67.9)	(173.2)
Fringe Benefit Tax		75.0	33.5
		3,016.1	3,787.8
Profit for the period		6,564.8	7,559.5
Prior Period Expenses		19.8	1.7
		6,545.0	7,557.8
Transfer to General Reserve		2,821.0	4,172.3
Proposed Dividend		3,183.0	2,893.7
Corporate Dividend Tax thereon		541.0	491.8
Balance Carried to Balance Sheet		—	—
Notes forming part of the Financial Statements	14		
Basic and diluted Earnings Per Share (Rs.)		45.2	54.2
Nominal value per share (Rs.)		10.0	10.0
Net Profit (Rs. In Million)		6,545.0	7,557.8
Weighted average number of Shares (In Million)		144.7	139.5

As per our attached report of even date

For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

J. Sridhar
Company Secretary

Mumbai: 21 May 2009

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

Directors

Schedules No 1-14 annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2009

Schedule 1 - Share Capital

	As at 31 March 2008	
	Rs. In Million	Rs. In Million
Authorised		
150,000,000 Equity Shares of Rs.10 each	1,500.0	1,500.0
Issued, Subscribed and Paid up		
*144,683,510 Equity Shares of Rs.10 each	1,446.8	1,446.8
Total	1,446.8	1,446.8

Notes

*Of the above:

- 101,183,510** shares were allotted as fully paid-up pursuant to the scheme of arrangement of demerger of erstwhile Bajaj Auto Limited (now Bajaj Holdings & Investment Limited)
- 1,805,071** Equity Shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 181,775 (768,698)

Schedule 2 - Reserves and Surplus

	As at 31 March 2008		
	Rs. In Million	Rs. In Million	Rs. In Million
General Reserve			
As per last account	14,429.1		—
Created in terms of a scheme of arrangement, being difference between assets and liabilities (including capital) assumed	—		11,160.4
Less: Diminution in the value of Fixed Income securities, Net of deferred tax [See note 12)a]]	—		903.6
	14,429.1		10,256.8
Set aside this year	2,821.0		4,172.3
		17,250.1	14,429.1
Total		17,250.1	14,429.1

Schedule 3 - Secured Loans

	As at 31 March 2008	
	Rs. In Million	Rs. In Million
From Banks, against hypothecation of Stores, Raw Materials Finished Goods, Stock in Process and Book Debts		
Cash Credit	—	69.5
Total	—	69.5

Schedule 4 - Unsecured Loans

	As at 31 March 2008		
	Rs. In Million	Rs. In Million	Rs. In Million
Sales tax deferral Liability / Loan, an incentive under Package Scheme of Incentives 1983,1988,1993 and 1998 - Interest free	13,214.7		13,480.6
Less: deferral attached to the Wind Farm Business, assigned to and availed by the company, passed on to Bajaj Finserv Ltd. under an arrangement during the year	—		207.2
		13,214.7	13,273.4
Fixed Deposits, unclaimed		0.3	0.5
Short term loan In foreign currency, from a bank as packing credit facility against exports		2,485.0	—
Total		15,700.0	13,273.9

Schedule 5 - Fixed Assets

Particulars	Gross Block (a)				Depreciation				Net Block		
	As at 31 March 2008	Additions	Deductions and Adjustments	As at 31 March 2009	Upto 31 March 2008	Deductions and Adjustments	For the Year (c) & (e)	As at 31 March 2009	As at 31 March 2009	As at 31 March 2008	
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	
Land Freehold	311.8	0.2	32.0	280.0	—	—	—	—	280.0	311.8	
Land Leasehold	557.8	6.0	(25.5)	589.3	—	—	—	—	589.3	557.8	
Buildings (b) & (d)	4,709.4	319.1	8.6	5,019.9	956.4	7.3	119.0	1,068.1	3,951.8	3,753.0	
Waterpumps, Reservoirs and Mains	127.6	1.7	—	129.3	40.8	—	6.2	47.0	82.3	86.8	
Plant & Machinery	16,731.1	428.4	462.7	16,696.8	12,201.1	418.1	654.6	12,437.6	4,259.2	4,530.0	
Dies & Jigs	3,573.2	162.8	7.1	3,728.9	2,608.5	6.1	269.2	2,871.6	857.3	964.7	
Electric Installations	636.1	6.3	(2.6)	645.0	234.9	(0.2)	24.6	259.7	385.3	401.2	
Factory Equipments	1,839.4	277.0	2.4	2,114.0	785.7	2.1	88.8	872.4	1,241.6	1,053.7	
Furniture & Fixtures	411.8	54.4	0.8	465.4	166.5	0.4	24.8	190.9	274.5	245.3	
Electric Fittings	138.3	27.8	—	166.1	56.4	—	5.8	62.2	103.9	81.9	
Vehicles & Aircraft (f)	737.0	2,768.5	61.9	3,443.6	142.4	38.8	104.9	208.5	3,235.1	594.6	
Leased Assets :- Dies & Moulds	68.0	—	6.9	61.1	68.0	6.9	—	61.1	—	—	
As at 31 March 2009	Total	29,841.5	4,052.2	554.3	33,339.4	17,260.7	479.5	1,297.9	18,079.1	15,260.3	12,580.8
As at 31 March 2008	Total	27,697.7	3,265.9	1,122.1	29,841.5	16,503.9	982.8	1,739.6	17,260.7	12,580.8	

- (a) At cost, except leasehold land which is at cost, less amounts written off.
(b) Includes Premises on ownership basis in Co-operative Society Rs. 58.4 million and cost of shares therein Rs. 1,750/-
(c) Refer Para 3(A) & (B) of Statement on Significant Accounting Policies annexed to the Accounts.
(d) Includes premises purchased, pending registration amounting to Rs.271.3 million.
(e) Depreciation for the year includes assets written down to the realisable value by Rs. 44.2 million being marked for disposal.
(f) Includes Aircrafts purchased during the year Rs. 2,711.6 million.

Schedule 6 - Technical Know-How

	As at 31 March 2008	
	Rs. In Million	Rs. In Million
(i) Developed by the company		
As per last account	37.3	—
Transferred and vested with the company under the scheme of arrangement, [See note 1]	—	11.7
Add:		
Expenses incurred on development completed during the year (incurred during the year Rs. Nil , previous year- Rs. 9.2 million)	—	25.6
	<u>37.3</u>	<u>37.3</u>
Less:		
Written off / amortised in prior years	18.6	8.4
Written off / amortised during the period	10.2	10.2
	<u>28.8</u>	<u>18.6</u>
	8.5	18.7
Development in Progress	154.1	86.6
Total	162.6	105.3

Schedule 7 - Investments, at Cost (Unless otherwise stated)

As at
31 March 2008

	Rs. In Million	Rs. In Million	Rs. In Million
Long Term Investments :			
In Government and Trust Securities :			
Quoted :			
– 5.69% Government of India Stock 2018 of face value of Rs.550,000,000 (Previous Year Rs. 1,300,000,000)	504.2		1,191.7
– (-) 6.05% Government of India Stock 2019 of face value of Rs.150,000,000	149.9		–
– (-) 6.30% Government of India Stock 2023 of face value of Rs.50,000,000	47.8		–
– 7.40% Government of India Stock 2035 of face value of Rs.300,000,000 (Previous Year Rs. 550,000,000)	302.0		553.7
– 7.50% Government of India Stock 2034 of face value of Rs.50,000,000 (Previous Year Rs. 150,000,000)	49.8		149.3
– 7.95% Government of India Stock 2025 of face value of Rs.NIL (Previous Year Rs. 50,000,000)	–		48.3
– 8.33% Government of India Stock 2036 of face value of Rs.NIL (Previous Year Rs. 50,450,000)	–		54.3
– (-) 8.35% Government of India Stock 2022 of face value of Rs.50,000,000	54.9		–
– 10.71% Government of India Stock 2016 of face value of Rs.1,000,000,000 (Previous Year Rs. 1,550,000,000)	1,438.5		2,229.7
– 11.83% Government of India Stock 2014 of face value of Rs.3,500,000 (Previous Year Rs. 303,500,000)	5.1		450.3
	2,552.2		4,677.3
Less: Amortisation of Premium / Discount on acquisition	87.8		143.1
		2,464.4	4,534.2
Unquoted :			
6 Years National Saving Certificates of the face value of Rs.11,500		–	–
Carried over		2,464.4	4,534.2

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

				As at 31 March 2008
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		2,464.4	4,534.2
In Fully Paid Preference Shares :				
Unquoted :				
1,130,000	12.50% Redeemable Cumulative Preference Shares of Rs.10 each in Durovalves India Private Limited.		11.3	11.3
In Fully Paid Equity Shares :				
In Subsidiary Company :				
Unquoted :				
2,000	Shares of Euro 100 each in Bajaj Auto International Holding B V Amsterdam, Netherlands	7,070.4		5,692.3
121,875	Shares of US \$ 100 each in P T Bajaj Auto Indonesia	566.8		566.8
			7,637.2	6,259.1
In Fully Paid Equity Shares :				
Others :				
Unquoted :				
565,000	Shares of Rs.10 each in Durovalves India Private Limited		5.7	5.7
In Debentures:				
Fully Paid:				
Other :				
Quoted:				
	- (200) 5.85% Redeemable Non Convertible Debentures of Rs.1,000,000 each of Housing Development Finance Corporation Limited	—		197.5
150	7.15% Redeemable Non Convertible Debentures of Rs.1,000,000 each of Housing Development Finance Corporation Limited	150.0		150.0
100	7.75% Unsecured, Redeemable, subordinated Bonds in the nature of Debentures of Rs.1,000,000/- each of HDFC Bank Limited - Series 5/2005	100.0		100.0
	Carried over	250.0		447.5
	Carried over		10,118.6	10,810.3

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

		As at 31 March 2008		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		10,118.6	10,810.3
In Debentures: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	250.0		447.5
100	10.25% Unsecured, Redeemable, subordinated Bonds in the nature of Debentures of Rs.1,000,000/- each of HDFC Bank Limited	100.0		100.0
50	(25) 10.35% Unsecured, Redeemable, subordinated Bonds in the nature of Debentures of Rs.1,000,000/- each of HDFC Bank Limited	49.3		25.0
2,500,000	(-) 6.00% Non convertible Debentures each with detachable warrants of Rs.100/- each of Indian Hotel Limited	226.4		—
2,000	6.70% Secured Non Convertible Debentures of Rs.100,000 each of Reliance Energy Limited - Series 3 (NCD-3)	200.4		200.4
—	(250) 11.49% Secured Redeemable Non Convertible Debentures (PPD-V) of Rs.1,000,000 each of Reliance Utilities & Power Limited	—		278.9
10	10.20% Fixed Rate, Redeemable, Transferable, Secured, Non Convertible Debentures of Rs.10,000,000 each of The Tata Power Company Limited - Balance after first redemption	76.9		115.4
100	6.50% Unsecured Non Convertible Redeemable Debentures of Rs.1,000,000 each of UTI Bank Limited - Series VIII	100.0		100.0
		1,003.0		1,267.2
	Less: Amortisation of Premium / Discount on acquisition	(7.6)		24.5
			1,010.6	1,242.7
	Carried over		11,129.2	12,053.0

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

		As at 31 March 2008		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		11,129.2	12,053.0
In Bonds:				
Fully Paid:				
Other :				
Quoted:				
50	7.50% Unsecured Redeemable Non Convertible Subordinated Bonds of Rs.1,000,000 each of Bank of India - Series VIII	50.0		50.0
50	(-) 9.25% Unsecured Redeemable Non Convertible Bonds of Rs.1,000,000 each of EXIM Bank Limited (Series K-13)	51.4		—
100	5.85% Secured Taxable, Non Convertible Redeemable Bonds with STRPP Series -II of Rs.1,000,000/- each of GAIL (India) Limited.	92.5		92.5
—	(100) 8.25% Unsecured Redeemable Subordinated Bonds in the nature of Debentures of Rs.1,000,000 each of HDFC Bank Limited - Series 6/2005	—		100.0
15	13.05% Subordinated Debentures of Rs.10,000,000 each of The Hongkong and Shanghai Banking Corporation Limited	194.5		194.5
100	6.80% Gujarat Punarnirman Special Taxfree Bonds Series IV B of Rs.1,000,000 each of Housing & Urban Development Corporation Limited (2012)	100.0		100.0
—	(100) 7.90% Bonds Rs.1,000,000 each of Housing & Urban Development Corporation Limited	—		107.5
200	9.25% Gujarat Punarnirman Special Taxfree Bonds Series I of Rs.500,000 each of Housing & Urban Development Corporation Limited	100.0		100.0
	Carried over	588.4		744.5
	Carried over		11,129.2	12,053.0

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

		As at 31 March 2008		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		11,129.2	12,053.0
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	588.4		744.5
200	7.80% Unsecured Redeemable Subordinated Bonds in the nature of Debentures of Rs.1,000,000 each of ICICI Bank Limited	200.0		200.0
30,000	7% Omni Bonds of Rs.5,000 each of Industrial Development Bank of India Limited	154.2		154.2
1,000	8% Omni Bonds of Rs.100,000 each of Industrial Development Bank of India Limited	114.7		114.7
100	(350) 7.15% Secured Non Convertible Redeemable Bonds in the nature of Debentures (Series-VI) of Rs.1,000,000 each of Indian Oil Corporation Limited	101.1		354.3
200	7.40% Secured Non Convertible Redeemable Bonds in the nature of Debentures (Series-VII) of Rs.1,000,000 each of Indian Oil Corporation Limited	200.0		200.0
150	7.63% Taxable Secured Redeemable Non Convertible Bonds of Rs.1,000,000 each of Indian Railway Finance Corporation Limited - 2012- Series 43JJ	165.4		165.4
—	(50) 7.63% Taxable Secured Redeemable Non Convertible Bonds of Rs.1,000,000 each of Indian Railway Finance Corporation Limited - 2013 - Series 43KK	—		55.3
50	7.63% Taxable Secured Redeemable Non Convertible Railway Bonds of Rs.1,000,000 each of Indian Railway Finance Corporation Limited - 2014 - Series 43LL	55.4		55.4
19	(-) 8.68% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of Rs.1,000,000 each of Indian Railway Finance Corporation Limited - Series 53B	16.8		—
	Carried over	1,596.0		2,043.8
	Carried over		11,129.2	12,053.0

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

		As at 31 March 2008		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		11,129.2	12,053.0
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	1,596.0		2,043.8
50	(-) 8.46% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of Rs.1,000,000 each of Indian Railway Finance Corporation Limited -Series 63	49.9		—
50	(-) 8.55% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of Rs.1,000,000 each of Indian Railway Finance Corporation Limited -Series 63A	49.0		—
50	9% Tax Free Secured Redeemable Non Convertible Bonds of Rs.1,000,000 each of Indian Railway Finance Corporation Limited - Series 17 (2015)	50.0		50.0
—	(100) 8.75% Taxable Secured Redeemable Non Convertible Bonds of Rs.1,000,000 each of Indian Railway Finance Corporation Limited	—		100.1
50	8.75% Unsecured Redeemable Subordinated Bonds in the nature of Promissory Notes of Rs.1,000,000 each of ING Vysya Bank Limited	50.0		50.0
500	6.40% Secured Taxable Non Convertible (Central Government Guaranteed) Bonds of Rs.500,000 each of ITI Limited - Series J - Option I	250.0		250.0
—	(2000) 6.35% Redeemable Non Convertible Taxable Bonds in the nature of Debentures of Rs.100,000 each of National Textile Corporation Limited - Series III	—		200.0
—	(100) 9.50% Capital Gain Bonds of Rs.1,000,000 each of National Bank for Agriculture and Rural Development	—		101.2
	Carried over	2,044.9		2,795.1
	Carried over		11,129.2	12,053.0

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

		As at 31 March 2008		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		11,129.2	12,053.0
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	2,044.9		2,795.1
200	9% Tax Free Secured Redeemable Bonds of Nuclear Power Corporation of India Limited of face value of Rs.100,000 each - Series XIV (2015)	20.0		20.0
—	(250) 7% Unsecured Redeemable Non Cumulative Taxable Bonds in the nature of Debentures of Rs.1,000,000 each of Power Finance Corporation Limited - Series XXII	—		250.5
—	(200) 9.22% Unsecured, Redeemable, Non-Convertible, Non-cumulative, Taxable Bonds in the nature of Debentures of Rs.1,000,000 each of Power Finance Corporation Limited	—		201.2
40	8.63% Secured Redeemable Non Convertible Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation Limited - Series 13G - 2012	55.8		55.8
40	8.63% Secured Redeemable Non Convertible Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation Limited - Series 13H - 2013	55.9		55.9
80	8.73% Secured, Non Convertible, Non-cumulative, Redeemable, Taxable Bonds XXI-Issue 2006-07 of Rs.1,250,000 each of Power Grid Corporation of India Limited.	101.5		101.5
80	10.10% Secured, Non Convertible, Non-cumulative, Redeemable, Taxable Bonds Issue 2006-07 of Rs.1,250,000 each of Power Grid Corporation of India Limited.	100.4		100.4
	Carried over	2,378.5		3,580.4
	Carried over		11,129.2	12,053.0

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

		As at 31 March 2008		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		11,129.2	12,053.0
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	2,378.5		3,580.4
40	10.10% Secured, Non Convertible. Non-cumulative, Redeemable, Taxable Bonds Issue 2006-07 of Rs.1,250,000 each of Power Grid Corporation of India Limited.	50.2		50.2
200	7.45% Subordinated Non Convertible Bonds of Rs.1,000,000 each of State Bank of India	200.0		200.0
200	8.96% Subordinated Non Convertible Bonds of Rs.1,000,000 each of State Bank of India	201.4		201.4
—	(300) 10.20% Subordinated Non Convertible Bonds of Rs.1,000,000 each of State Bank of India	—		300.0
135	(100) 9.90% Subordinated Non Convertible Bonds of Rs.1,000,000 each of State Bank of Patiala	142.3		106.3
100	(200) 7.45% Unsecured Redeemable Non Convertible Subordinated Bonds of Rs.1,000,000 each of Union Bank of India - Series VIII	100.0		200.0
—	(7,950,100) 6.75% Tax Free UTI US 64 Bonds Guaranteed by Government of India of Rs.100 each	—		914.1
7,189,170	6.60% Tax Free UTI ARS Bonds Guaranteed by Government of India of Rs.100 each	735.1		735.1
		3,807.5		6,287.5
	Less: Amortisation of Premium / Discount on acquisition	21.9		19.4
			3,785.6	6,268.1
In Mutual Fund Units:				
Quoted:				
25,000,000.000	Units of Rs.10 each of Fortis Fixed Term Plan - Series 12 : Plan A Growth		250.0	250.0
	Carried over		15,164.8	18,571.1

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

			As at 31 March 2008
	Rs. In Million	Rs. In Million	Rs. In Million
	Brought over	15,164.8	18,571.1
Current Investments :			
In Certificate of Deposit :			
Quoted:			
	— (500) Certificate of Deposit of Rs.100,000 each of Corporation Bank - 20.05.2008	—	48.7
	1,000 (-) Certificate of Deposit of Rs.100,000 each of IDBI Bank Ltd. - 25.09.2009	96.3	—
	1,000 (-) Certificate of Deposit of Rs.100,000 each of UCO Bank - 25.06.2009	98.3	—
	1,000 (-) Certificate of Deposit of Rs.100,000 each of Jammu & Kashmir Bank Ltd.- 29.06.2009	98.0	—
		292.6	48.7
	Add: Amortisation of Premium / Discount on acquisition	0.3	0.6
		292.9	49.3
In Mutual Fund Units:			
Quoted:			
	— Units of Rs.10 each of DWS Insta Cash Plus Fund - Super IP-Growth	—	750.0
	38,054,051.011 (-) Units of Rs.10 each of Fortis Money Plus - Institutional - Growth	500.1	—
	70,187,929.034 (-) Units of Rs. 10 each of NLFSGS Canara Robeco Liquid Super Institutional Growth Fund	750.0	—
	96,377,111.804 (-) DWS Insta Cash Plus Fund Super Institutional Plan Growth	1,100.0	—
	— Units of Rs.1,000 each of Standard Chartered Mutual Fund under Standard Chartered Liquidity Manager Plus - Growth Option	—	90.0
	3,735,106.264 (-) IDFC Cash Fund Super Institutional Plan C Growth	40.0	—
	Carried over	2,390.1	840.0
	Carried over	15,457.7	18,620.4

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

		As at 31 March 2008		
		Rs. In Million	Rs. In Million	Rs. In Million
In Mutual Fund Units: (Contd.) Quoted: (Contd.)	Brought over		15,457.7	18,620.4
	Brought over	2,390.1		840.0
40,369,126.403 (-) Sundaram BNP Paribus Money Fund Super Institutional Growth		750.7		—
			3,140.8	840.0
			18,598.5	19,460.4
Less: Provision for diminution in value of Investments			513.3	889.0
			18,085.2	18,571.4
Application Money for Investment in Shares, Bonds & Mutual Fund Units			—	—
			18,085.2	18,571.4

	Book Value as at		Market Value as at	
	31 March 2009 Rs. In Million	31 March 2008 Rs. In Million	31 March 2009 Rs. In Million	31 March 2008 Rs. In Million
Quoted	10,431.0	12,295.4	10,831.5 *	12,565.7 *
Unquoted	7,654.2	6,276.0		
Total	18,085.2	18,571.4		

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

Notes to Investment Schedule :

1. The following investments were purchased and sold during the year

(a) Mutual Funds :

Name of the Company	Quantity Nos	Purchase Cost Rs. In Million	Sale Proceeds Rs. In Million
Birla Cash Plus - Instl.Prem.-Growth	253,758,421.225	3,502.2	3,504.6
Birla Sun Life Savings Fund Instl. - Growth	45,451,216.734	750.1	752.2
Birla Sunlife-Interval Income Fund - Monthly Plan -Series II-Inst.-Growth	71,837,077.420	750.2	755.7
Fortis Money Plus - Institutional - Growth	38,181,498.271	500.1	501.1
Fortis Overnight -Institutional Plus - Growth	92,044,793.589	1,000.0	1,000.2
Grindlays Floating Rate Fund LT - Inst. Plan B - Growth	112,373,202.888	1,420.2	1,424.3
HDFC CMF-Treasury Adv-Wholesale - Growth	39,343,018.576	750.1	751.8
HDFC Liquid Fund - Premium Plus Plan - Growth	129,484,354.585	2,265.0	2,267.0
ICICI Prudential Flexible Income Plan - Growth	19,722,743.737	300.1	300.6
ICICI Prudential Liquid Plan- Super Institutional - Growth	49,436,237.385	600.6	601.7
ICICI Prudential Fixed Maturity Plan- Series 44-One Month Plan A	75,000,000.000	750.0	755.5
IDFC Cash Fund - Super Inst Plan C - Growth	8,012,610,849.418	83,740.0	83,782.4
IDFC Liquidity Manager - Growth	2,202,946,235.607	26,275.0	26,282.7
IDFC Money Manager TP Plan C - Growth	48,153,783.924	500.0	500.5
ING Treasury Management Fund - Growth	95,739,085.845	1,250.0	1,251.1
Kotak Flexi Debt Scheme Institutional - Growth	46,765,474.500	500.1	501.2
Kotak Floater Short Term Fund - Growth	18,088,808.816	250.0	250.3
Kotak Liquid (Institutional Premium) - Growth	42,308,768.621	750.0	750.2
Principal Cash Management Fund - Liquid option Insta.Prem. Plan - Growth	63,931,736.414	810.0	810.2
Principal Floating Rate Fund FMP Insta. Option - Growth Plan	63,305,560.327	810.2	819.1
Reliance Liquid Fund-Cash Plan- Growth Option-Growth Plan	48,969,894.491	700.0	700.7
Reliance liquid Plus Fund- Institutional Option-Growth Plan	1,719,758.896	1,900.4	1,904.6
Reliance Liquidity Fund - Growth option	274,593,469.961	3,450.6	3,452.5
Reliance Money Manager Fund - Institutional Option-Growth Plan	633,437.831	750.1	752.9
Reliance Monthly Interval Fund - Series I-Institutional Growth Plan	67,751,289.533	750.0	755.6

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

Notes to Investment Schedule : (Contd.)

1. The following investments were purchased and sold during the year (Contd.)

(a) Mutual Funds : (Contd.)

Name of the Company	Quantity Nos	Purchase Cost Rs. In Million	Sale Proceeds Rs. In Million
SBI Magnum Insta Cash Fund - Cash Option	39,808,283.308	750.0	751.0
SBNPP Money Fund Super Inst.-Growth	81,015,418.883	1,500.9	1,501.3
SBNPP Ultra ST Fund Super Inst.- Growth	84,949,028.979	1,000.2	1,001.5
Standard Chartered Liquidity Manager - Plus - Growth	16,899,539.993	19,020.0	19,032.1
Tata Dynamic Bond Fund Option B - Growth	18,816,799.639	250.0	251.8
UTI Liquid cash Plan Institutional - Growth Option	756,781.783	821.8	822.0

(b) Bonds :

Name of the Company	Quantity Nos	Purchase Cost Rs. In Million	Sale Proceeds Rs. In Million
8.68% IRFC Ltd.-2021	5	4.4	4.5
7.60% Konkan Railway Corporation Ltd.	50	47.6	51.7
9.85% State Bank of India	14	13.7	13.9
10.10% State Bank of India UPPER TIER II	50	51.7	49.9

(c) Certificate of Deposits :

Name of the Company	Maturity date	Quantity Nos	Purchase Cost Rs. In Million	Sale Proceeds Rs. In Million
Federal Bank Ltd.	3-Jul-08	1,500	148.3	150.0
HDFC Bank Ltd.	13-Mar-08	1,000	95.0	98.1
HDFC Bank Ltd.	15-Sep-08	2,000	194.5	199.7
ING Vysya Bank Ltd.	27-Oct-08	3,000	298.1	299.7
Jammu & Kashmir Bank Ltd.	29-Oct-08	2,500	248.1	249.9
Oriental Bank of Commerce	7-Nov-08	3,000	299.8	300.0
Punjab National Bank	15-Oct-08	2,500	249.5	250.0
Punjab National Bank	6-Jan-09	1,000	93.9	95.4
Punjab National Bank	10-Mar-09	1,000	94.5	98.2
State Bank of Bikaner & Jaipur	11-Nov-08	1,500	149.8	150.0
State Bank of Hyderabad	30-Jun-08	2,500	246.0	248.1

Schedule 7 - Investments, at Cost (Unless otherwise stated) (Contd.)

Notes to Investment Schedule : (Contd.)

1. The following investments were purchased and sold during the year (Contd.)

(c) Certificate of Deposits : (Contd.)

Name of the Company	Maturity date	Quantity Nos	Purchase Cost Rs. In Million	Sale Proceeds Rs. In Million
State Bank of Hyderabad	25-Sep-08	2,500	241.0	244.1
State Bank of Hyderabad	24-Dec-08	1,500	145.5	148.3
State Bank of Indore	10-Nov-08	1,500	149.8	150.0
State Bank of Indore	7-Jan-09	2,500	249.4	250.0
State Bank of Mysore	19-Dec-08	1,000	97.3	99.9
State Bank of Patiala	7-Oct-08	3,000	299.3	300.0
State Bank of Patiala	28-Oct-08	2,500	247.9	249.6
State Bank of Patiala	5-Dec-08	1,000	97.3	99.4
State Bank of Patiala	10-Mar-09	1,000	94.8	98.3
State Bank of Travancore	7-Jul-08	2,000	196.5	199.0
State Bank of Travancore	3-Oct-08	1,000	96.0	98.0
State Bank of Travancore	15-Dec-08	1,500	145.1	149.9
UCO Bank	2-Dec-08	1,000	97.6	99.5
Vijaya Bank	15-Sep-08	1,000	98.5	99.8

2 The following Government Securities have been purchased and sold during the year, through SGL Account with Citibank N.A., Mumbai :

Name of the Company	Purchase Cost Rs. In Million	Sale Proceeds Rs. In Million
7.56% Government of India Loan-2014	109.8	108.2
7.99% Government of India Loan-2017	101.8	92.6
8.24% Government of India Loan-2018	119.5	118.2
8.28% Government of India Loan-2032	56.4	57.3
11.83% Government of India Loan-2014	28.5	26.6
12.25% Government of India Loan-2008	42.0	40.0

3 National Savings Certificates of the face value of Rs. 11,500 deposited with Government Department.

4* Quoted Investments for which quotations are not available have been included in market value at the face value / paid up value , whichever is lower, except in case of Debentures, Bonds and Government Securities, where the Net Present Value at current Yield to Maturity have been considered.

5 See Note '12 ' in Schedule '14 ' to the Accounts.

Schedule 8 - Current Assets, Loans and Advances

As at
31 March 2008

	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
(a) Inventories #				
Stores, at cost *		71.1		56.2
Tools, at cost *		66.3		78.9
Stock-in-trade, at cost or market value whichever is lower :				
Raw Materials and Components *		1,077.5		924.4
Work-in-progress (including factory made components Rs. 75.7 million , previous year Rs.103.6 million)		120.3		179.4
Finished Goods:				
Vehicles		1,286.1		1,694.8
Auto Spare parts, etc.		727.6		504.7
As valued and certified by Management		3,348.9		3,438.4
Goods in transit, at cost to date		39.5		57.7
			3,388.4	3,496.1
(b) Sundry Debtors, Unsecured				
Outstanding for a period exceeding six months :				
Good	5.9			4.0
Doubtful	53.2			22.7
Less: Provision	53.2			22.7
	—			—
		5.9		4.0
Others, Good		3,580.6		2,749.1
			3,586.5	2,753.1
(c) Cash and Bank Balances				
Cash on hand (including cheques on hand Rs. Nil , previous year Rs. Nil)		0.8		0.6
Bank Balances :				
With Scheduled Banks:				
In current account		1,354.1		546.1
In margin deposits		10.2		10.0
In fixed deposits		1.6		3.2
Interest accrued on fixed deposits		0.1		0.1
		1,366.0		559.4
With Other Banks :				
In current account [See note 15]		1.9		0.7
			1,368.7	560.7
Carried over			8,343.6	6,809.9

Schedule 8 - Current Assets, Loans and Advances (Contd.)

	As at 31 March 2008			
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Brought over			8,343.6	6,809.9
(d) Other Current Assets, good (Unless otherwise stated)				
Interest receivable on Investments				
Good (Rs.7,049)	—			8.0
Doubtful	8.0			—
Less: Provision	8.0			—
	—			—
Interest receivable on Loans, Deposits etc:		—		8.0
Export Incentives Receivable		14.6		20.2
		1,242.2		771.3
			1,256.8	799.5
(e) Loans and Advances, unsecured, good (Unless otherwise stated)				
Loan to Bajaj Auto Finance Limited		146.0		405.0
Loan to Suppliers		5.8		283.8
Loan given to former employees		582.3		—
Advances Recoverable in Cash or in kind or for value to be received:				
Due from Subsidiaries	—			—
@ Others, Good	593.6			968.3
Doubtful	36.0			42.5
Less: Provision	36.0			42.5
	—			—
Advances for capital assets		593.6		968.3
VAT refund receivable		844.2		830.8
Excise duty rebate receivable on export		1,408.0		1,310.7
Balances with Customs and Central Excise Departments		2,061.2		398.9
Sundry Deposits		548.9		440.3
Tax paid in Advance		262.8		263.0
		7,199.5		3,986.9
			13,652.3	8,887.7
Total			23,252.7	16,497.1

Refer Clause 6 in Annexure to Note 9 for details of accounting policy followed.

* Except obsolete and slow moving inventory at lower of cost and estimated realisable value.

@ Includes amount due from an Officer of the company **Rs. 52,500** (previous year Rs.67,500)

Maximum balance outstanding during the year **Rs. 67,500** (previous year Rs.82,500)

Schedule 9 - Current Liabilities and Provisions

			As at 31 March 2008
	Rs. In Million	Rs. In Million	Rs. In Million
(a) Liabilities			
Sundry Creditors:			
Dues to Micro and Small enterprises	30.0		13.8
Other than dues to Micro and Small enterprises	7,969.8		8,773.7
		7,999.8	8,787.5
Advances against Orders		1,195.6	948.4
Annuity payable to VRS optees [See note 10)a]		2,813.0	657.1
Investor Education Protection Fund (Rs.29,908) (Previous Year Rs.20,260)			
Unclaimed Dividends		8.7	—
Deposit from Dealers and others		40.0	39.5
Temporary overdraft as per books of accounts only		77.0	—
		12,134.1	10,432.5
(b) Provisions			
Provision for Warranty Claims	232.0		270.0
Provision for Employee Benefits [See note 13]]	1,022.5		723.9
Provision for valuation losses of derivative hedging instruments [See note 10) b)]	218.0		—
Provision for Taxation	7,045.0		3,961.0
Proposed Dividend	3,183.0		2,893.7
Provision for Corporate Dividend Tax on Proposed Dividend	541.0		491.8
		12,241.5	8,340.4
Total		24,375.6	18,772.9

Schedule 10 - Other Income

	Previous Year		
	Rs. In Million	Rs. In Million	Rs. In Million
Technical Know-how Fees Received		2.0	—
Royalty		10.9	13.7
Interest [Gross-Tax Deducted Rs. 80.4 million , (Previous Year Rs.124.2 million)]			
On Government Securities	304.0		486.1
On Debentures and Bonds	438.9		513.8
On Loans	25.9		33.3
Other	277.1		244.9
	1,045.9		1,278.1
Less: Amortisation of premium / discount on acquisition of fixed income securities	2.8		16.4
		1,043.1	1,261.7
Rent		2.4	1.8
Insurance Claims		10.6	5.5
Export Incentives		2,592.9	1,653.4
Miscellaneous Receipts		593.5	1,240.5
Surplus on Sale of Assets		35.0	71.6
Profit on Sale of Investments,net *		454.2	205.6
Surplus on redemption of Securities *		—	2.9
Bad Debts Recovered		—	3.5
Sundry Credit balances appropriated		4.0	11.3
Provisions for Doubtful Debts and Advances written back	8.1		0.5
Less: Write backs on account of amounts written off during the year,as per contra	6.5		0.1
		1.6	0.4
Provisions no longer required		203.0	583.6
Total		4,953.2	5,055.5

* Including on Current Investments **Rs. 175.7 million** (Previous Year Rs. 13.6 million)

Schedule 11 - Materials

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
(a) Raw materials and components consumed		60,672.7	63,980.5
(b) Finished Goods purchases			
Two Wheelers	—		—
Auto Spare-Parts	3,740.8		2,860.0
Engineering Products, for export	2.8		13.2
		3,743.6	2,873.2
(c) Excise duty on increase / (decrease) in stocks of finished goods		(26.5)	28.5
(d) (Increase) / Decrease in Stocks			
Stocks at close			
Work in progress (including factory made components Rs. 75.7 million , Previous Year Rs.103.6 million)	120.3		179.4
Finished Goods	1,286.1		1,694.8
Auto Spare Parts	727.6		504.7
	2,134.0		2,378.9
Less: Stocks at commencement,			
Work in progress (including factory made components Rs. 103.6 million , Previous Year Rs.89.6 million)	179.4		195.8
Finished Goods	1,694.8		1,123.2
Auto Spare Parts	504.7		381.4
	2,378.9		1,700.4
		244.9	(678.5)
Total		64,634.7	66,203.7

Schedule 12 - Other Expenses (Contd.)

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
Brought over		11,499.8	11,450.6
Bad debts and other irrecoverable debit balances written off	8.5		0.5
Less: Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	6.5		0.1
		2.0	0.4
Sundry credit balances earlier appropriated, now paid		0.5	—
Loss on assets sold,demolished,discarded and scrapped		38.7	63.3
Loss on redemption of securities		69.3	—
Provision for Doubtful Debts and Advances		40.1	8.5
Provision for Diminution in Value of Investments, net		25.0	—
Amount written off against Technical Know-how		10.2	12.4
Amount written off against leasehold land		6.6	6.6
Preliminary expenses written off		—	11.2
Total		11,692.2	11,553.0

Schedule 13 - Interest

		Previous Year
	Rs. In Million	Rs. In Million
Interest:		
On Fixed Loans	189.3	49.9
Others	20.8	1.7
Total	210.1	51.6

Schedule 14 - Notes forming part of financial statements

- 1 In the previous year, under a scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 the "Manufacturing Undertaking" of erstwhile Bajaj Auto Ltd. vested with the company from 1st April 2007 on a going concern basis, together with all assets, liabilities and investments pertaining to the undertaking. On the scheme becoming effective, the name of the company was changed to Bajaj Auto Limited.

	As at 31 March 2009	As at 31 March 2008
	Rs. In Million	Rs. In Million
2 (A) Contingent liabilities not provided for in respect of :		
(i) Sales Bills Discounted	—	—
(ii) Claims against the company not acknowledged as debts	4,166.5	5,014.1
(iii) Guarantees given by the company to banks, on behalf of its subsidiary, PT Bajaj Auto Indonesia	263.7	—
(iv) Guarantees given by the company to Housing Development Finance Corporation Ltd. - for loans to Employees	6.6	10.1
(v) Excise and Customs demand - matters under dispute and Claims for refund of Excise Duty, if any, against Excise	775.8	792.8
(vi) Income-Tax matters under dispute - Appeal by company	—	—
Appeal by Department	—	—
(vii) Sales Tax matters under dispute	2,602.0	425.9
(viii) Claims made by temporary workmen Pending before various courts in respect of similar matters adjudicated by the Supreme Court in the past. The matter is contingent on the facts and evidence presented before the courts / adjudicating authorities and not necessarily likely to be influenced by the Supreme Courts order	Liability unascertained	Liability unascertained
(B) The company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports, which have been entirely fulfilled by the close of the year. However, formal discharge from obligation by discharge of license by the appropriate authorities is in progress.		
(C) The Sales tax benefit availed by the company by virtue of assignment of incentives attached to the wind farm business, has been passed-on to the Bajaj Finserv Ltd. The obligation to repay could devolve on the company if not settled by Bajaj Finserv Ltd. Total amount passed on to date aggregates Rs. 3,107.6 million (Previous year Rs. 3,107.6 million).		
3 Estimated amounts of contracts remaining to be executed on capital account and not provided for, Net of Advances.	1,434.9	1,942.4

4 Payments to Auditors :

	Auditors		Cost Auditors	
	2008-2009 Rs. In Million	2007-2008 Rs. In Million	2008-2009 Rs. In Million	2007-2008 Rs. In Million
(i) As Auditors	6.0	4.2	0.3	0.3
(ii) In other capacity:				
For tax audit	0.8	0.7	—	—
For limited review	0.6	—	—	—
Certificates & other matters	0.5	2.7	—	—
Sub-Total	7.9	7.6	0.3	0.3
(iii) For expenses	0.6	0.3	—	—
Total	8.5	7.9	0.3	0.3

Schedule 14 - Notes forming part of financial statements (Contd.)

	As at 31 March 2009	As at 31 March 2008
	Rs. In Million	Rs. In Million
5 C.I.F Value of Imports, Expenditure and Earnings in Foreign Currencies etc:		
(a) C.I.F. Value of Imports *		
(i) Raw materials:		
Steel and Non-Ferrous Material	732.6	465.6
Components	1,668.7	2,277.2
	2,401.3	2,742.8
(ii) Machinery Spares	58.0	74.2
(iii) Capital Goods	3,003.2	416.8
* Excluding C.I.F. Value of Stores, Tools, etc. Rs. 27.7 million (Previous year Rs.34.7 million)		
(b) Expenditure in foreign currencies:		
(i) Travelling expenses	25.4	15.0
(ii) Royalty, net of tax	49.8	36.0
(iii) Technical Consultancy, net of tax	62.9	115.4
(iv) Commission on Exports	—	—
(v) Research and Development Expenses	3.6	11.4
(vi) Advertisement & publicity	18.2	1.9
(vii) Other matters	254.4	118.5
(viii) Capital Expenditure at Dubai Office	0.4	0.6
(ix) Capital Expenditure at Indonesia Office	—	—
(x) Capital Expenditure at Mexico Office	3.1	1.2
(xi) Investment in shares of BAIH BV.	1,378.1	5,692.3
(c) Earnings in foreign currencies:		
(i) F.O.B.Value of exports	26,384.0	20,458.0
(ii) F.O.B.Value of exports - goods traded in	20.0	20.1
(iii) Forwarding charges exports recovered	344.4	265.6
(iv) Interest	57.7	16.3
(v) Royalty	10.9	13.7
(vi) Technical Know how	2.0	—
(vii) Asset sale	—	3.4
(viii) Others	0.1	0.6
(d) Exchange differences on account of fluctuations in foreign currency rates		
(a) Exchange difference gains / (loss) recognised in the Profit and Loss account.		
(i) Relating to Exports during the year as a part of "Sales"	(2,797.7)	534.5
(ii) On settlement of Export receivables carried forward from the previous accounting period as a part of : "Other Income"	24.5	(20.6)
(iii) On settlement of other transactions as a part of : "Other Income / other expenses"	77.9	181.7
(iv) Gain / (Loss) on Cancellation of Forward Contracts as a part of "Other Income / other expenses"	—	586.0
(v) On realignment of open forward contracts against exports of the year	(203.4)	(0.1)
(vi) On realignment of open forward contracts against future exports	—	(167.0)
(vii) Marked to Market Gain / (Loss) (net) on change in value of derivative hedging Instruments [Refer note 10)b]	(218.0)	—
(b) amount of premium / (discount) on open forward contracts		
(i) recognised for the year in the profit and loss account	12.0	45.9
(ii) to be recognised in the subsequent accounting period	1.1	104.1

Schedule 14 - Notes forming part of financial statements (Contd.)

- (e) Foreign exchange derivatives and exposures outstanding at close of the year:
(disclosed in equivalent US Dollars for sake of brevity, uniformity and comparability)

Nature of Instrument	Aggregate amount in US Dollars (Millions)		Purpose of Hedging / Speculations
	2009	2008	
(I) Foreign Exchange Derivatives			
(a) Forward contracts			
Forward purchase	Nil	Nil	
Forward sale	21.0	350.0	Hedging
Option sale	Nil	12.0	Hedging
Option sale - Range Forward	537.0	Nil	Hedging
Spot Sale Contracts	7.5	Nil	Hedging
(II) Open Foreign Exchange Exposures			
(a) Receivables	3.7	4.8	
(b) Payables	20.7	19.4	
(c) Loans	50.0	—	
(d) Others	—	—	

	2008-2009	
	Rs. In Million	Rs. In Million
6 Managerial Remuneration:		
(a) Computation of Net Profits in accordance with Section 198(1) and Section 349 of Companies Act, 1956		
(i) Profit as per Profit and loss Account		6,545.0
Add: Managing Directors' Remuneration (including perquisites)	33.1	
Wholtime Directors' Remuneration (including perquisites)	113.0	
Commission to Non-Executive Directors	4.3	
Provision for Taxation	3,016.1	
		3,166.5
Less: Excess of Sales price over cost of assets sold	7.4	
Provision for doubtful debts and advances written back	8.1	
Provisions no longer required	203.0	
		218.5
Profit on which commission is payable		9,493.0
(ii) Commission to Chairman - Shri Rahul Bajaj Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		36.0

Schedule 14 - Notes forming part of financial statements (Contd.)

	2008-2009	
	Rs. In Million	Rs. In Million
6 Managerial Remuneration: (Contd.)		
(iii) Commission to Wholetime Director - Shri Madhur Bajaj Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		25.2
(iv) Commission to Managing Director - Shri Rajiv Bajaj Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		21.6
(v) Commission to Executive Director - Shri Sanjiv Bajaj Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		6.3
(vi) Commission to Non-Executive Directors Commission @ 1% on Rs. 9,493 million Maximum Commission restricted to Rs.50,000/- per Board meeting or committee thereof attended, per person.		94.9
		4.3

(b) The Profit & Loss Account includes payments and provisions on account of remuneration to the Managing Director and Wholetime Directors as under

	Managing Director		Whole Time Directors (a)	
	2008-2009 Rs. In Million	2007-2008 Rs. In Million	2008-2009 Rs. In Million	2007-2008 Rs. In Million
(i) Salary	7.2	4.5	22.5	16.1
(ii) Commission	21.6	13.5	67.5	46.8
(iii) Privilege Leave Entitlement	1.7	0.5	4.2	1.3
(iv) Contribution to Provident Fund, Superannuation & Gratuity	2.6	1.7	8.0	5.7
(v) Other perquisites	—	0.1	3.2	2.1
(vi) Estimated monetary value of perquisite in form of:				
Unfurnished Accommodation	—	—	5.9	5.0
Furniture at Residence	—	—	1.7	1.7
	<u>33.1</u>	<u>20.3</u>	<u>113.0</u>	<u>78.7</u>

(a) Mr. Sanjiv Bajaj, an Executive Director of the company is also a Managing Director of Bajaj Finserv Limited. His remuneration as an Executive Director from this company and as a Managing Director from Bajaj Finserv Limited, both together, are subject to the higher of the maximum admissible limits of any one of the two companies.

Schedule 14 - Notes forming part of financial statements (Contd.)

7 Details of raw materials consumption, goods traded in and Machinery Spares Consumption

Unit	2008-2009		2007-2008		
	Qty	Rs. In Million	Qty	Rs. In Million	
(i) Raw materials (including components) consumed					
(a) Ferrous Metal	M.T.	13,754	573.4	15,366	568.6
	Mtrs.	292	—	1,087	0.1
(b) Non-Ferrous Metal	M.T.	1,292	155.1	2,688	296.7
(c) Tyres & tubes	Nos.	6,096,951	1,191.3	6,173,713	1,252.3
(d) Other Components			58,380.7		61,453.5
(e) Others			372.2		409.3
Total			60,672.7		63,980.5
(ii) Imported and indigenous raw material consumption (including components)					
		<u>Rs. In Million</u>	<u>Percentage</u>	<u>Rs. In Million</u>	<u>Percentage</u>
(a) Imported (including Customs Duty and other related charges)		1,426.6	2.4	1,504.2	2.4
(b) Indigenous		59,246.1	97.6	62,476.3	97.6
Total		60,672.7	100.0	63,980.5	100.0
(iii) Imported and indigenous Machinery Spares Consumed					
		<u>Rs. In Million</u>	<u>Percentage</u>	<u>Rs. In Million</u>	<u>Percentage</u>
(a) Imported (including Customs Duty and other related charges)		22.5	8.9	20.5	7.4
(b) Indigenous		231.5	91.1	254.8	92.6
Total		254.0	100.0	275.3	100.0
(iv) Details of goods traded in-Purchases					
		<u>Nos.</u>	<u>Rs. In Million</u>	<u>Nos.</u>	<u>Rs. In Million</u>
Two Wheelers		—	—	—	—
Auto Spare Parts			3,740.8		2,860.0
Engineering products, for exports			2.8		13.2
Total			3,743.6		2,873.2

Schedule 14 - Notes forming part of financial statements (Contd.)

8 Details of Licensed & Installed Capacity, Production, Stocks and Turnover Class of Goods

	2008-2009		2007-2008	
	Nos.	Rs. In Million	Nos.	Rs. In Million
(I) Motorised Two Wheelers & Three Wheelers upto 350 cc Engine capacity				
(i) Licensed Capacity (including two Wheelers c.k.d packs- 200,000 Nos.) (a)	1,639,350		1,639,350	
(ii) Installed Capacity (b)	3,960,000		3,960,000	
(iii) Production	2,175,216		2,477,151	
(iv) Stocks:				
At commencement: (See note 1)				
Two & Three-Wheelers	62,396	1,694.8	36,656	1,123.2
Goods Traded in:				
Two Wheelers		—		—
Auto Spare Parts (c)		504.7		381.4
Engineering Products, for export		—		—
Total		2,199.5		1,504.6
At Close				
Two & Three-Wheelers	43,329	1,286.1	62,396	1,694.8
Goods Traded in:				
Two Wheelers		—		—
(Rs. Nil - Previous year Rs. Nil)				
Auto Spare Parts (c)		727.6		504.7
Engineering Products, for export		—		—
Total		2,013.7		2,199.5
(v) Turnover				
Two & Three-Wheelers	2,194,154	83,168.7	2,451,407	91,108.1
Goods Traded in:				
Two Wheelers		—		—
Auto Spare Parts (including factory made parts)		7,321.0		5,776.3
Engineering Products, for export		6.9		15.1
Total		90,496.6		96,899.5
(vi) Other:				
Dismantled, Scrapped, Free of Charge	129		4	
(vii) Details of c.k.d.packs included in above				
Stocks at commencement	14,938		5,317	
Production	358,967		291,327	
Turnover:				
Export	369,109		281,706	
Stocks at Close	4,796		14,938	
(II) Special Purpose Machine Tools				
(i) Licensed Capacity (a)	80		80	
(ii) Installed Capacity (b)	80		80	
(iii) Production	24		66	
(iv) Capitalised	24		66	

Schedule 14 - Notes forming part of financial statements (Contd.)

Notes:

- (a) Licensed Capacity is stated as per the Original License held by the erstwhile Bajaj Auto Ltd. (pre-merger). However, the company's products are exempt from Licensing requirements under New Industrial Policy in terms of notification no. s.o. 477 (E) dated 25th July, 1991.
- (b) As certified by the President (Engg) and being a technical matter, accepted by the Auditors as correct.
- 9) Significant Accounting Policies followed by the company are as stated in the Statement annexed to this schedule.
- 10) Changes in Accounting Policies
- a) Voluntary Retirement:
The company had announced a Voluntary Retirement Scheme (VRS) on 19 July 2008 for the workmen of its Akurdi plant. The scheme was open till 25 July 2008. In response to the VRS, 2331 workmen opted for the same. Upto previous year, expenditure incurred on voluntary early separation was entirely expensed to Profit and Loss Account in the year of retirement. The company has this year decided to recognise such expenditure aggregating to Rs. 3,666 million over a period of two years in line with the option of the special transitional provision introduced in the Accounting Standard - 15 "Employee Benefits" allowing such expenditure to be deferred for recognition over the payback period but not extending beyond 1st April 2010. Accordingly, the company has recognised a charge for the year of Rs. 1,833 million and the balance Rs. 1,833 million will be recognised as an expense in the subsequent year.
- b) Instruments acquired to hedge highly probable forecast transaction:
In order to recognise the impact of fluctuation in foreign currency rates arising out of instruments acquired to hedge highly probable forecast transaction, in appropriate accounting periods, the company has from this year decided to apply the principles of recognition set out in the Accounting Standard 30 - Financial Instruments-Recognition and Measurement (AS-30) as suggested by the Institute of Chartered Accountants of India.
- Accordingly, the unrealised loss (net) consequent to foreign currency fluctuations, in respect of effective hedging instruments, represented by simple forward covers, to hedge future exports, were carried as a Hedging Reserve, during the year, and to be ultimately set off in the profit and loss account when the underlying transaction arises, as against the past practice of recognising the losses, in respect of such derivatives, in the profit and loss account at the end of each period determined with reference to the foreign exchange rates at the close of the period. However, the amount outstanding in the hedge reserve at the close of the year is Rs. Nil.
- The company has also, during the year, entered into range forward contracts to hedge highly probable forecast transactions, where the export realisations of the company are protected below a minimum pre-determined foreign exchange rate whereas the realisation advantages are available to the company there from up to a higher pre-determined foreign exchange rate. Though these instruments meet the management's Foreign exchange risk management objectives, they do not meet the test of effectiveness as per the principles of hedge accounting. Hence valuation losses aggregating Rs. 218 million, have been recognised in the profit and loss account.
- 11) Transfer of some of the titles to the assets vested with the company consequent to the Scheme of arrangement (de-merger) could not, where necessary, be transferred, as at 31st March 2009 pending adjudication of stamp duty. Hence the same were held in trust for the company by Bajaj Holdings and Investment Ltd.

Schedule 14 - Notes forming part of financial statements (Contd.)

12) Investments:

- a. Fixed Income Securities transferred to and vested with the company, consequent to the demerger of erstwhile bajaj auto ltd. were as per the scheme of arrangement (de-merger) recognised at their fair market values, where the carrying cost on **1st April 2007** was higher. The resulting diminution (net of deferred tax aggregating Rs. 323.7 million) amounting to **Rs. 903.6 million**, as per the said scheme, was provided for by a debit to the General Reserve.
- b. Investments made by the company other than those with a maturity of and those intended to be held for less than one year, being of long-term nature, diminution in the value of quoted Investments are not considered to be of a permanent nature. On an assessment of non-performing investments (quoted and unquoted) as per guidelines adopted by the company during the period ended 31st March 2009, the management has determined further provisions for possible diminution / losses aggregating Rs. 25.0 million during the year.
- c. PT. Bajaj Auto Indonesia (PT. BAI), a subsidiary of the company, in which the company holds 97.5%, has registered accumulated losses which exceed its paid-up capital. The company thru PT. BAI made a foray into the Indonesian market, which is very competitive but promising. Considering the challenges in setting up an appropriate dealer and service network, creation of brand awareness, appropriate tie ups with finance agencies, understanding customer behavior and preferences, in addition to setting up an assembly plant, the gestation period is expected to be long but eventually profitable. Hence diminution in the value of the investments made in PT. BAI are not considered to be of a permanent nature and hence no provisions are required to be made in this regard, as per the policy followed by the company, at this point of time.

Schedule 14 - Notes forming part of financial statements (Contd.)

- 13) Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as hereunder.

Funded Scheme (Rs. In Million)

Amount To Be Recognised in Balance Sheet	As at	As at
	31 March 2009	31 March 2008
	Gratuity	Gratuity
Present Value of Funded Obligations	959.2	1,006.3
Fair Value of Plan Assets	(281.3)	(569.1)
Net Liability	677.9	437.2
Amounts in Balance Sheet		
Liability	677.9	437.2
Assets	—	—
Net Liability	677.9	437.2

Expense To Be Recognised in the Statement of P&L

Current Service Cost	49.4	45.2
Interest on Defined Benefit Obligation	77.3	68.9
Expected Return on Plan Assets	(42.8)	(39.8)
Net Actuarial Losses / (Gains) Recognised in Year	151.9	104.2
Losses / (Gains) on "Curtailements & Settlements"	90.2	13.7
Premium allocation difference transferred	(13.7)	—
Total, Included in "Employee Benefit Expense"	312.3	192.2
Actual Return on Plan Assets	15.4	45.0

Reconciliation of Benefit Obligations & Plan Assets For the Period

Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,006.3	872.9
Current Service Cost	49.4	45.2
Interest Cost	77.3	68.9
Actuarial Losses / (Gain)	124.4	109.4
Actuarial Losses / (Gain) due to Curtailment	—	13.7
Liabilities Extinguished on Settlements	(261.2)	—
Benefits Paid	(37.0)	(103.8)
Closing Defined Benefit Obligation	959.2	1,006.3
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	569.1	521.2
Expected Return on Plan Assets	42.8	39.8
Actuarial Gain / (Losses)	(27.5)	5.2
Assets Distributed on Settlements	(351.4)	—
Contributions by Employer	85.3	106.7
Benefits Paid	(37.0)	(103.8)
Closing Fair Value of Plan Assets	281.3	569.1

Principal Actuarial Assumptions (Expressed as Weighted Averages)

Discount Rate (p.a.)	7.00%	7.65%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.) - Senior Staff	7.00%	7.00%
Salary Escalation Rate (p.a.) - Junior Staff	6.00%	6.00%

Unfunded Schemes

(Rs. In Million)

Particulars	As at 31 March 2009		As at 31 March 2008	
	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present Value of Unfunded Obligations	298.8	45.8	286.7	—
Expense recognised in the Statement of P&L	97.3	45.8	81.6	—
Discount Rate (p.a.)	7.00%	7.00%	7.65%	7.00%
Salary Escalation Rate (p.a.) - Senior Staff	7.00%	7.00%	7.00%	7.00%
Salary Escalation Rate (p.a.) - Junior Staff	6.00%	6.00%	6.00%	6.00%

Schedule 14 - Notes forming part of financial statements (Contd.)

14) Deferred Tax adjustments recognised in the financial statements are as under:

(Rs. In Million)

Particulars	Balance carried as at 31 March 2008	Arising during the year ended 31 March 2009	Balance carried as at 31 March 2009
Deferred Tax Liabilities:			
On account of timing difference in			
a) Depreciation and Amortisation	1,419.4	228.5	1,647.9
Total	1,419.4	228.5	1,647.9
Deferred Tax Assets:			
On account of timing difference in			
a) Voluntary Retirement Scheme costs	418.7	349.4	768.1
b) Inventory Valuation (Section 145 A of the Income Tax Act ,1956)	184.6	(26.2)	158.4
c) Diminution in the value of investments	9.2	(6.4)	2.8
d) Provision for bad and doubtful debts, DEPB, ICDs etc.	25.4	10.9	36.3
e) Provision for privilege leave etc.	136.7	4.2	140.9
f) Taxes, duties etc	124.5	—	124.5
g) Amortisation of premium / discount on acquisition of fixed income securities	63.4	(28.8)	34.6
h) Adjustments on account of gratuity provisions	148.6	81.8	230.4
i) Transitional provision for diminution in value of investments	198.5	(88.5)	110.0
Total	1,309.6	296.4	1,606.0
Net	109.8	(67.9)	41.9

15) Balances with Non-scheduled foreign banks (Current Accounts):

Name of Bank	Country	Balance as at 31st March (Rs. In Million)		Maximum Balance outstanding during the year (Rs. In Million)	
		2009	2008	2009	2008
1 CitiBank	Indonesia	—	0.1	0.1	2.2
2 Standard Chartered Bank	Sri Lanka	0.2	0.3	0.8	1.7
3 Danamon	Indonesia	—	0.1	0.1	0.1
4 Standard Chartered Bank	Dubai	0.5	0.2	1.8	1.1
5 HSBC Bank	Mexico	1.2	—	1.7	—
Total		1.9	0.7		

16) Deposits include a sum of **Rs. 80 million** (Previous year Rs. 80 million) against use of premises on a Leave License basis, placed with Directors and their relatives, jointly and severally.

Schedule 14 - Notes forming part of financial statements (Contd.)

17) Future minimum lease rental in respect of assets

(i) given on operating lease in the form of office premises after April 1, 2001 Minimum future lease payments as on March 31, 2009:

- (a) Receivable within one year - **Rs. 0.1 million** (Rs. 2.3 million)
- (b) Receivable between one year and five years - **Rs. Nil** (Rs. 6.8 million)
- (c) Receivable after five years - **Rs. Nil** (Rs. Nil)

(ii) taken on operating lease in the form of office premises after April 1, 2001 Minimum future lease payments as on March 31, 2009:

- (a) Payable within one year- **Rs. 58.6 million** (Rs. 30.1 million)
- (b) Payable between one year and five years- **Rs. 123.3 million** (Rs. 48.5 million)
- (c) Payable after five years - **Rs. 189.4 million** (Rs. 113.9 million)

18) Disclosure of transactions with Related Parties, as required by Accounting Standard 18 'Related Party Disclosures' has been set out in a separate statement annexed to this Schedule. Related parties as defined under clause 3 of the Accounting Standard have been identified based on representations made by key managerial personnel and information available with the company.

19) Segment Information based on the Consolidated Financial Statements attached to the Independent Financial Statements has been disclosed in the Statement annexed to this Schedule.

20) Considering the company has been extended credit period of 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under "The Micro, Small and Medium Enterprises Development Act 2006" during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. The above information is on basis of intimation received, on requests made by the company, with regards to vendors registration under the said Act.

21) Amounts less than Rs. 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

22) Previous year figures have been regrouped, wherever necessary, to make them comparable with those of the current year.

Signature to Schedules "1" to "14"

As per our attached report of even date

For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

J. Sridhar
Company Secretary

Mumbai: 21 May 2009

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

} Directors

Annexure referred to in Note 9 in Schedule 14 to the Financial Statements for the year ended 31 March 2009

Statement of Significant Accounting Policies

1) System of Accounting

- i) The company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial Statements are prepared under the Historical cost convention. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- iii) Estimates and Assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date.

2) Revenue recognition:

a) Sales:

- i) Domestic Sales are accounted for on despatch from the point of sale.
- ii) Export sales are recognised on the date of the Mate's Receipt and initially recorded at the relevant exchange rates prevailing on the date of the transaction.

b) Income:

The company recognises income on accrual basis. However where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

- (1) Interest income is accrued over the period of the loan / investment and net of amortisation of premium / discount with respect to fixed income securities, thereby recognising the implicit yield to maturity.
- (2) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- (3) Profit / loss on sale of investments is recognised on the contract date.
- (4) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book Scheme" is accounted in the year of export if the same can be measured with reasonable accuracy.

3) Fixed Assets and Depreciation

(A) Fixed Assets

Fixed Assets except freehold land are carried at cost of acquisition, construction or at manufacturing cost, as the case may be, including pre-operative expenses in the case of self manufactured assets / plants / undertakings, less accumulated depreciation and amortisation.

(B) Depreciation and Amortisation:

(a) Leasehold land:

Premium on leasehold land is amortised over the period of lease.

(b) On Plant & Machinery given on Lease:

Depreciation on Plant & Machinery and Dies and Moulds given on lease is being provided at the rates worked out on Straight Line Method over the primary period of lease as stated in the Lease Agreement or at the rates specified in Schedule XIV to the Companies Act, 1956 whichever is higher, on pro-rata basis with reference to the month of commencement of lease period. These dies have been fully written off.

Annexure referred to in Note 9 in Schedule 14 to the Financial Statements for the year ended 31 March 2009 (Contd.)

(c) On Pressure Die Casting (PDC) Dies:

Depreciation on certain PDC Dies is provided over the estimated economic life of the dies or at the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher, proportionate from the month they are put to use.

(d) On other Fixed Assets

Depreciation on all assets is provided on 'Straight Line basis' in accordance with the provisions of Section 205 (2) (b) of the Companies Act 1956, in the manner and at the rates specified in Schedule XIV to the said Act.

- i. Depreciation on additions is being provided on prorata basis from the month of such additions.
- ii. Depreciation on assets sold, discarded or demolished during the year is being provided at their rates upto the month in which such assets are sold, discarded or demolished.

4) Intangible Assets

a) Technical know-how acquired

Expenditure on technical know-how acquired (including Income-tax and R&D cess) is being amortised equally over a period of six years.

b) Technical know-how developed by the company

- i) Expenditure incurred on know-how developed by the company, post research stage, is recognised as an intangible asset, if and only if the future economic benefits attributable are probable to flow to the company and the costs can be measured reliably.
- ii) The cost of Technical Know-how developed is amortised equally over its estimated life i.e. generally three years.

5) Investments

- a) Investments transferred to and vested with the company consequent to the demerger of erstwhile Bajaj Auto Ltd. discussed in note 1 in Schedule 14 above, are carried at their fair market values with reference to the yield prevailing in the market for similar types of securities as at 1st April 2007 where the carrying cost of such investments were higher than the so arrived fair market value, less amortisation of premium / discount thereafter, as the case may be. The provision for such diminution had been debited to the General Reserve as per the said scheme.
- b) Fixed income securities are carried at cost, less amortisation of premium / discount, as the case may be, and provision for diminution, if any, as considered necessary.
- c) Investments other than fixed income securities are valued at cost of acquisition, less provision for diminution as necessary.
- d) Investments made by the company are, generally, of a long-term nature, hence diminutions in value of quoted and unquoted Investments are not considered to be of a permanent nature. However, current investments, representing fixed income securities with a maturity less than 1 year and investment not intended to be held for a period more than 1 year, are stated at lower of cost or fair value.
- e) The management has laid out guidelines for the purpose of assessing likely impairments in investments and for making provisions based on given criteria. Appropriate provisions are accordingly made, which in the opinion of the management are considered adequate.

6) Inventories

Cost of inventories have been computed to include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Annexure referred to in Note 9 in Schedule 14 to the Financial Statements for the year ended 31 March 2009 (Contd.)

- a) Finished stocks, Auto spare parts and Work-in-progress are valued at cost or net realisable value whichever is lower. Finished stocks lying in the factory premises, Branches, Depots are valued inclusive of excise duty.
- b) Stores and Tools are valued at cost arrived at on weighted average basis. However, obsolete and slow moving items are valued at cost or estimated realisable value whichever is lower.
- c) Raw materials and components are valued at cost arrived at on weighted average basis or lower of cost and net realisable value, as circumstances demand. However, obsolete and slow moving items are valued at cost or estimated realisable value whichever is lower.
- d) Machinery spares and Maintenance materials are charged out as expense in the year of purchase. However, Machinery spares forming key components specific to a machinery and held as insurance spares are capitalised along with the cost of the Asset.
- e) Goods in transit are stated at actual cost incurred upto the date of Balance Sheet.

7) Foreign Currency Transactions

- a) Current Assets and Liabilities in foreign currency outstanding at the close of financial year are revalued at the appropriate exchange rates prevailing at the close of the year.
- b) The gain or loss on decrease / increase in reporting currency due to fluctuations in foreign exchange rates, in case of current assets and liabilities in foreign currency, are recognised in the profit and loss account in the manner detailed in note 5 (d) in Schedule 14 to the accounts.
- c) Fixed Assets purchased at Overseas Branches in foreign exchange are recorded at their historical cost computed with reference to the average rate of foreign exchange remitted to the Branch.
- d) Foreign Exchange Contracts / Derivatives (as Hedging instruments):
 - i) Premium / Discounts are recognised over the life of the contract.
 - ii) Profits and losses arising from either cancellation or utilisation of contracts and on revaluing contracts to cover foreign exchange receivables and liabilities at the close of the year are recognised in the profit and loss account as detailed in note 5 (d) in Schedule 14 to the accounts.
 - iii) Losses & gains of outstanding foreign exchange contracts / derivatives to hedge highly probable forecast transactions are from this year, if determined effective, as per the principles of hedge accounting, recognised in the "Hedge Reserve" and to ultimately flow into the profit and loss account when the underlying transactions occur. Losses and gains on ineffective hedging instruments are recognised in the profit and loss account. Refer note 10(b) Schedule 14 to the accounts.

8) Research & Development Expenditure

Research & Development Expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Payments for R&D work by contracted agency are being expensed out upto the stage of completion. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the company, is considered as an Intangible asset and accounted in the manner specified in clause 4 b) above.

9) Employee Benefits

a) Privilege Leave entitlements

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the company. As accumulated leave can be availed and / or encashed at any time during the tenure of employment the liability is recognised at the actuarially determined value by an Appointed Actuary.

Annexure referred to in Note 9 in Schedule 14 to the Financial Statements for the year ended 31 March 2009 (Contd.)

b) **Gratuity**

Payment for present liability of future payment of gratuity is being made to approved Gratuity Fund, which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India. However, any deficit in Plan Assets managed by LIC as compared to the actuarial liability, determined by an appointed actuary, is recognised as a liability immediately.

c) **Superannuation**

Defined Contribution to Superannuation fund is being made as per the Scheme of the company.

d) **Provident Fund Contributions** are made to company's Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the company and recognised as an expense.

e) **Defined Contribution to Employees Pension Scheme 1995** is made to Government Provident Fund Authority.

10) **Taxation**

- a) Provision for Taxation is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income Tax Act, 1961.
- b) Deferred Tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax assets and liabilities are expected to crystallise with reasonable certainty. However, in case of deferred tax assets, representing unabsorbed depreciation or carried forward losses, are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred tax is recognised on adjustments to revenue reserves to the extent the adjustments are allowable as deductions in determination of taxable income and they would reverse out in future periods.

11) **Provisions**

Necessary provisions are made for present obligations that arise out of events prior to the balance sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

Disclosure of Transactions with Related Parties as required by the Accounting Standard -18

Name of related party and Nature of relationship	Nature of transaction	2008-09		2007-08	
		Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction Value	Outstanding amounts carried in the Balance Sheet
		Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
[a] Subsidiaries:					
Bajaj Auto International Holdings BV Amsterdam Netherlands (Fully owned subsidiary)	Contribution to Equity and Share Premium (2,000 Shares of Euro 100 each)	1,378.1	7,070.4	5,692.3	5,692.3
PT. Bajaj Auto Indonesia (97.5% shares held by Bajaj Auto Ltd.)	Contribution to Equity (121,875 shares of USD 100 each)	—	566.8	12.8	566.8
	Sale of Spare Parts & Vehicles SKD	960.9	782.4	474.3	227.9
	Interest received	52.8	—	12.6	—
	Warranty paid	2.4	—	2.3	—
	Sale of capital goods & other material	—	—	3.6	—
[b] Associates, Joint Ventures and investing parties:					
Bajaj Holdings & Investment Ltd. [BHIL] (Enterprise controlling Bajaj Auto Ltd.)	Purchase of shares by BHIL [44,400,000 shares of Rs. 10 each (Previous year 43,500,000 shares of Rs.10 each)]	9.0	444.0	435.0	435.0
	Preliminary expenses incurred by Bajaj Holdings & Investment Ltd.	—	—	10.6	—
	Sale of securities against inter company borrowing	—	—	1,528.2	—
	Dividend paid by BAL to BHIL	870.0	—	—	—
	Business Support Service —paid by BAL to BHIL	4.6	(0.3)	—	—
	Business Support Service —paid by BHIL to BAL	0.7	—	—	—
[c] Directors & Relatives:					
Mr. Rahul Bajaj — Chairman (Also key management personnel)	Remuneration	26.7	—	16.5	—
	Commission	36.0	36.0	21.6	21.6
	Rent paid for premises	0.3	—	0.2	—
	Deposit paid against premises taken on lease	—	9.0	9.0	9.0
	Deposit refunded against premises taken on lease	—	—	4.3	—
Mr. Madhur Bajaj — Vice Chairman (Also key management personnel)	Remuneration	16.2	—	10.0	—
	Commission	25.2	25.2	15.3	15.3
	Rent paid for premises	0.2	—	0.2	—
	Deposit paid against premises taken on lease	—	8.8	8.8	8.8
	Deposit refunded against premises taken on lease	—	—	4.1	—
Mr. Rajiv Bajaj — Managing Director (Also key management personnel)	Remuneration	11.5	—	6.7	—
	Commission	21.6	21.6	13.5	13.5
	Rent paid for premises	0.3	—	0.2	—
	Deposit paid against premises taken on lease	—	9.0	9.0	9.0
	Deposit refunded against premises taken on lease	—	—	4.3	—
Mr. Sanjiv Bajaj — Executive Director (Also key management personnel)	Remuneration	2.6	—	4.9	—
	Commission	6.3	6.3	9.9	9.9
Rahul Kumar Bajaj (HUF)	Rent paid for premises	0.3	—	0.2	—
	Deposit paid against premises taken on lease	—	18.0	9.0	9.0
	Deposit refunded against premises taken on lease	—	—	4.3	—

Disclosure of Transactions with Related Parties as required by the Accounting Standard -18 (Contd.)

Name of related party and Nature of relationship	Nature of transaction	2008-09		2007-08	
		Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction Value	Outstanding amounts carried in the Balance Sheet
		Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Rahul Kumar Bajaj Jt. (A/c Kamalnayan Bajaj (HUF))	Rent paid for premises	0.2	—	0.2	—
	Deposit paid against premises taken on lease	—	—	9.0	9.0
	Deposit refunded against premises taken on lease	—	—	4.3	—
Mr. Shekhar Bajaj —Non Executive Director	Commission	0.3	0.3	0.3	0.3
	Sitting Fees (Previous year Rs.20,000)	0.1	—	—	—
	Rent paid for premises	0.2	—	0.2	—
	Deposit paid against premises taken on lease	—	8.8	8.8	8.8
	Deposit refunded against premises taken on lease	—	—	4.1	—
Shekhar Bajaj (A/c Shekhar Bajaj (HUF))	Rent paid for premises	0.2	—	0.2	—
	Deposit paid against premises taken on lease	—	8.8	8.8	8.8
	Deposit refunded against premises taken on lease	—	—	4.1	—
Ramkrishna Bajaj (HUF)	Rent paid for premises	0.2	—	0.2	—
	Deposit paid against premises taken on lease	—	8.8	8.8	8.8
	Deposit refunded against premises taken on lease	—	—	4.1	—
Mr. Niraj Bajaj —Non Executive Director	Commission	0.3	0.3	0.2	0.2
	Sitting fees	0.1	—	—	—
Mr. Manish Kejriwal —Non Executive Director	Commission	0.3	0.3	0.3	0.3
	Sitting Fees (Previous year Rs.20,000)	0.1	—	—	—
Niraj Bajaj (HUF)	Rent paid for premises	0.2	—	0.2	—
	Deposit paid against premises taken on lease	—	8.8	8.8	8.8
	Deposit refunded against premises taken on lease	—	—	4.1	—
[d] Key Management Personnel:					
Mr. D. S. Mehta (Key management personnel upto 31.07.2007)	Remuneration	—	—	0.5	—
	Commission	0.3	0.3	0.2	—
	Sitting Fees (Previous year Rs.20,000)	0.1	—	—	—
[e] Enterprise over which any person described in (c) or (d) above is able to exercise significant influence:					
Bajaj Finserv Ltd.	Windpower sale by BFSL to BAL	261.1	(24.5)	—	—
	Business Support Service —paid by BFSL to BAL	4.7	—	—	—
	Interest paid by BAL to BFSL	8.5	—	—	—
	Aviation Charges —paid by BFSL to BAL	1.7	1.7	—	—
	Sale of asset by BAL to BFSL	3.0	—	—	—
Mukand Ltd.	Scrap Sale	—	—	4.3	0.2
	Other Debits (Rs.14,137)	—	—	0.2	—
	Other Credits	0.1	—	—	—
	Advance paid	230.0	—	—	—
	Advance Recovered	230.0	—	—	—
	Interest Received	3.8	0.8	—	—

Disclosure of Transactions with Related Parties as required by the Accounting Standard -18 (Contd.)

Name of related party and Nature of relationship	Nature of transaction	2008-09		2007-08	
		Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction Value	Outstanding amounts carried in the Balance Sheet
		Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Bajaj Electricals Ltd.	Rent paid	0.1	—	0.1	—
	Purchases	2.1	—	1.3	—
	Other Credits	0.1	—	0.6	—
Hind Musafir Agency Pvt. Ltd.	Services received	79.1	(2.1)	44.4	(0.7)
Varroc Engg Pvt. Ltd.	Purchases	6,373.9	(395.3)	8,819.8	(604.0)
	Sale of Material	131.7	—	121.5	—
	Other Debits	2.4	—	44.1	—
	Other Credits	1.3	—	3.5	—
	Advance paid	5.9	0.7	—	—
	Advance Recovered	5.2	—	150.0	—
	Interest received	—	—	9.4	—
	Warranty debits	38.3	—	25.7	—
Varroc Lighting Pvt. Ltd.	Purchases	—	—	803.7	(29.0)
	Sale of Material	—	—	4.7	—
	Other Debits	—	—	0.2	—
	Tooling advance recovered	—	—	1.5	—
	Warranty Debits	—	—	9.5	—
	Other Credits	—	—	0.3	—
Endurance Systems (India) Pvt. Ltd.	Equity Shares sold [300,000 shares of Rs.10 each]	—	—	(3.0)	—
	Purchases	3,213.9	(162.8)	3,640.0	(229.8)
	Sale of Material	11.2	—	83.1	—
	Other Debits	0.7	—	0.1	—
	Other Credits	1.2	—	—	—
	Warranty debits	3.0	—	2.2	—
Endurance Technologies Pvt. Ltd.	Purchases	9,361.6	(342.1)	10,315.1	(428.1)
	Sale of Material	2,045.2	—	2,462.0	—
	DEPB License sale	315.8	—	58.6	—
	Other Debit	4.8	—	11.1	—
	Advance paid	3.9	1.8	—	—
	Advance Recovered	2.1	—	—	—
	Warranty Debits	2.8	—	1.7	—
	Other Credits	0.5	—	1.1	—
Durovalves (I) Pvt. Ltd.	Contribution to Equity [565,000 shares of Rs.10 each]	—	5.7	—	5.7
	Contribution to 12.5% Preference Shares [1,130,000 Shares of Rs. 10 each]	—	11.3	—	11.3
	Purchases	280.6	(17.9)	277.6	(28.0)
	Sale of Materials	0.2	—	—	—
	Warranty debits	0.3	—	0.2	—
	Other Debit	0.1	—	0.3	—

Disclosure of Transactions with Related Parties as required by the Accounting Standard -18 (Contd.)

Name of related party and Nature of relationship	Nature of transaction	2008-09		2007-08	
		Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction Value	Outstanding amounts carried in the Balance Sheet
		Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Varroc Polymers Pvt. Ltd.	Purchases	2,826.2	(247.0)	424.4	(42.9)
	ED on Loan Materials	1.4	—	1.5	—
	Chakan plant land sale refund including interest	55.9	—	50.2	—
	Other Debits	0.5	—	0.1	—
	Sale of Materials	4.2	—	0.6	—
	Warranty Debits	0.8	—	—	—
	Interest Received	—	—	3.8	—
	Other Credits	1.5	—	—	—
High Technology Transmission Systems (India) Pvt. Ltd.	Purchases	1,370.0	(78.0)	1,444.6	(92.8)
	Sale of Materials	195.0	—	298.4	—
	Sale of DEPB License	0.9	—	1.1	—
	Warranty	0.7	—	0.7	—
	Other Debits	0.5	—	1.2	—
	Other Credits	0.6	—	7.3	—
Varroc Exhaust Systems Pvt. Ltd.	Purchases	402.4	(17.5)	450.2	(19.8)
Varroc Elastomers Pvt. Ltd.	Purchases	18.2	(0.8)	17.9	(1.8)
	Warranty Debits	0.1	—	—	—
Bajaj Ventures Ltd.	Purchases	—	—	—	—
KTM Power Sports AG	Nil	—	—	—	—
KTM Sportmotorcycle AG	Purchase of Accessories	1.5	—	0.7	—
	Other Credit	0.1	—	—	—
	Sales of Accessories / Parts	0.1	—	—	—

Following is the list of related parties coming under (e) above, with whom Bajaj Auto Ltd. does not have any transactions during the year 2008-09

Anant Trading Co.
 Bachhraj & Co. Pvt. Ltd.
 Bachhraj Factories Pvt. Ltd.
 Bajaj Financial Solutions Ltd.
 Bachhraj Trading Co.
 Bajaj International Pvt. Ltd.
 Bajaj Sevashram Pvt. Ltd.
 Bajaj Trading Co.
 Baroda Industries Pvt. Ltd.
 Hercules Hoists Ltd.
 Hospet Steels Ltd.
 Jamnalal Sons Pvt. Ltd.
 Kamalnayan Investments & Trading Pvt. Ltd.
 Madhur Securities Pvt. Ltd.
 Mukand Engineers Ltd.
 Mukand International Ltd.
 Niraj Holdings Pvt. Ltd.
 Rahul Securities Pvt. Ltd.
 Rishabh Trading Co.
 Sanraj Nayan Investments Pvt. Ltd.
 Shekhar Holdings Pvt. Ltd.
 Shishir Holdings Pvt. Ltd.
 Varroc Trading Pvt. Ltd.

Segment wise Revenue, Results and Capital employed for the year ended
31 March 2009

(a) Primary Segment : Business Segment

	Automotive Rs. In Million	Investments Rs. In Million	Consolidated Rs. In Million
Revenue			
External Sales and Other Income	88,148.1	1,219.0	89,367.1
Inter segment Sales and Other Income	—	—	—
Total Revenue	88,148.1	1,219.0	89,367.1
Segment Result	7,365.8	1,116.7	8,482.5
Interest Expense	218.9	—	218.9
Income Taxes	—	—	2,888.8
Net Profit	7,146.9	1,116.7	5,374.8
Segment Assets	38,748.5	10,615.3	49,363.8
Unallocated Corporate Assets	—	—	7,244.0
Total Assets	38,748.5	10,615.3	56,607.8
Segment Liabilities	16,550.6	—	16,550.6
Unallocated Corporate Liabilities	—	—	10,769.0
Total Liabilities	16,550.6	—	27,319.6
Capital Employed	22,197.9	10,615.3	29,288.2
Capital Expenditure	4,055.4	—	4,055.4
Depreciation and write downs	1,306.2	—	1,306.2
Non Cash Expenses other than Depreciation	16.8	—	16.8

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Automotive and Investments have been identified as the business segments.

(b) Secondary Segment: Geographic Segment

	India	Rest of the world	Consolidated
Segment Revenue			
External Sales and Other Income	62,865.9	26,501.2	89,367.1
Segment assets	48,498.9	8,108.9	56,607.8
Capital expenditure	4,048.7	6.7	4,055.4

Segment wise Revenue, Results and Capital employed for the year ended
31 March 2008

(a) Primary Segment : Business Segment

	Automotive Rs. In Million	Investments Rs. In Million	Consolidated Rs. In Million
Revenue			
External Sales and Other Income	90,413.1	1,226.9	91,640.0
Inter segment Sales and Other Income	—	—	—
Total Revenue	90,413.1	1,226.9	91,640.0
Segment Result	9,999.7	1,226.9	11,226.6
Interest Expense	51.6	—	51.6
Income Taxes	—	—	3,684.2
Net Profit	9,948.1	1,226.9	7,490.8
Segment Assets	32,020.0	12,504.0	44,524.0
Unallocated Corporate Assets	—	—	3,986.9
Total Assets	32,020.0	12,504.0	48,510.9
Segment Liabilities	11,612.2	—	11,612.2
Unallocated Corporate Liabilities	—	—	7,346.5
Total Liabilities	11,612.2	—	18,958.7
Capital Employed	20,407.8	12,504.0	29,552.2
Capital Expenditure	3,286.0	—	3,286.0
Depreciation and write downs	1,746.1	—	1,746.1
Non Cash Expenses other than Depreciation	19.0	—	19.0

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Automotive and Investments have been identified as the business segments.

(b) Secondary Segment: Geographic Segment

	India	Rest of the world	Consolidated
Segment Revenue			
External Sales and Other Income	71,210.3	20,429.7	91,640.0
Segment assets	41,591.1	6,919.8	48,510.9
Capital expenditure	3,264.0	22.0	3,286.0

Cash Flow Statement

2008-2009

	Rs. In Million	Rs. In Million
I) OPERATING ACTIVITIES		
A) Profit before Taxation		9,580.9
B) Adjustments:		
Add:		
i) Depreciation	1,297.9	
ii) VRS compensation charged off	1,833.0	
iii) Valuation losses of derivative hedging instruments	218.0	
iv) Amount written off against Technical Know-how	10.2	
v) Amount written off against leasehold land	6.6	
vi) Loss on Assets sold, demolished, discarded and scrapped	38.7	
vii) Provision for Diminution in Value of Investments	25.0	
viii) Provision for Doubtful Debts and Advances	40.1	
ix) Interest on Fixed Term Loan	189.3	
x) Interest - others	20.8	
		<u>3,679.6</u>
		13,260.5
Less:		
i) Investment and Other Non-operating Income included in above:		
Interest on Debentures and Bonds	438.9	
Interest on Government Securities	304.0	
Interest on Inter-Corporate Deposits, Loans	25.9	
Profit / (Loss) on Sale of Investments, net	454.2	
Surplus / (Loss) on Redemption of Securities	(69.3)	
Provision for Diminution in value of Investments, net	(25.0)	
Provision for Doubtful Debts and Advances written back	8.1	
	<u>1,136.8</u>	
ii) Surplus on Sale of Assets	35.1	
iii) Prior Period Expenses	19.8	
iv) Amortisation of premium / discount on acquisition of fixed income securities	(2.8)	
		<u>(1,188.9)</u>
Carried over		12,071.6

Cash Flow Statement (Contd.)

		2008-2009	
		Rs. In Million	Rs. In Million
	Brought over		12,071.6
C) (Increase) / Decrease in Current Assets			
i) Inventories		107.7	
ii) Sundry Debtors		(864.4)	
iii) Other Current Assets and Loans and Advances		(1,692.6)	
		(2,449.3)	
Increase / (Decrease) in Current Liabilities			
i) Liabilities		(200.8)	
			(2,650.1)
			9,421.5
D) VRS payout (predominantly Akurdi plant)			(2,094.0)
CASH FROM OPERATIONS			7,327.5
Income Tax, Wealth Tax paid			(3,212.6)
NET CASH FROM OPERATIONS			4,114.9
II) INVESTMENT ACTIVITIES			
i) (Increase) / Decrease in Investment in subsidiaries, joint ventures and associates, etc.		(1,378.1)	
ii) (Increase) / Decrease in other investments, net		1,836.5	
iii) Capital Expenditure		(3,925.4)	
iv) Sales Proceeds of Assets / Adjustment to Gross block		64.6	
v) Technical Know-how		(67.5)	
vi) (Increase) / Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Auto Finance Ltd		259.0	
		(3,210.9)	
vii) Investment and other Non-operating Income:			
Interest on Debentures and Bonds		438.9	
Interest on Government Securities		304.0	
Interest on Inter-Corporate Deposits, Loans		25.9	
Profit / (Loss) on Sale of Investments, net		454.2	
Surplus / (Loss) on Redemption of Securities		(69.3)	
Provision for Diminution in value of Investments, net		(25.0)	
(Increase) / decrease in non-operating income receivable & dues		5.6	
		1,134.3	
NET CASH FROM INVESTMENT ACTIVITIES			(2,076.6)
	Carried over		2,038.3

Cash Flow Statement (Contd.)

		2008-2009	
		Rs. In Million	Rs. In Million
Brought over			2,038.3
III) FINANCING ACTIVITIES			
i) Short term bank Loan taken		2,485.0	
ii) Cash Credit from Banks		(69.5)	
iii) Interest on cash credit		(189.3)	
iv) Interest on Inter Corporate Advances		(20.8)	
v) Repayment of Fixed Deposits		(0.2)	
vi) Repayment of Unsecured Loans -Sales tax deferral liability		(58.7)	
vii) Dividend Paid		(2,885.0)	
viii) Corporate Dividend Tax Paid		(491.8)	
NET CASH FROM FINANCING ACTIVITIES			(1,230.3)
NET CHANGE IN CASH & CASH EQUIVALENTS			808.0
Cash and Cash Equivalents as at 01.04.2008 [Opening Balance]			560.7
Cash and Cash Equivalents as at 31.03.2009 [Closing Balance]			1,368.7

Note:

This being the second financial year since incorporation, the cash flow statement has been drawn up only for the current year under the indirect method adopted by the company. Hence previous years comparatives are not available.

As per our attached report of even date	Rahul Bajaj	Chairman	
For and on behalf of Dalal and Shah	Madhur Bajaj	Vice Chairman	
Chartered Accountants	Rajiv Bajaj	Managing Director	
	Sanjiv Bajaj	Executive Director	
Anish Amin	D.S. Mehta	Suman Kirloskar	} Directors
Partner	Kantikumar R. Podar	Naresh Chandra	
Membership No. 40451	Shekhar Bajaj	Nanoo Pamnani	
	D. J. Balaji Rao	Manish Kejriwal	
	S.H. Khan	Niraj Bajaj	
Mumbai: 21 May 2009	J. Sridhar Company Secretary		

Statement showing particulars as prescribed in the amendment to Schedule VI to the Companies Act, 1956 vide Notification No.G.S.R.388 (E) dated May 15, 1995:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (PART IV)

I REGISTRATION DETAILS

Registration No.	U65993PN2007PLC130076
State Code	25
Balance Sheet date	31 March 2009

Rs. In Thousands

II CAPITAL RAISED DURING THE YEAR ENDED 31 March 2009

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—
Others	—

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31 March 2009

Total liabilities	34,438,851
Total assets	34,438,851

SOURCES OF FUNDS:

Paid-up capital	1,446,835
Reserves and surplus	17,250,207
Secured loans	—
Unsecured loans	15,699,927
Deferred Tax Adjustments	41,882
	<u>34,438,851</u>

APPLICATION OF FUNDS:

Net Fixed Assets	15,480,873
Investments	18,085,192
Net Current Assets	(1,122,846)
Misc.Expenditure-Technical Know-how & Unamortised VRS Compensation	1,995,632
	<u>34,438,851</u>

IV PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31 March 2009

Rs. In Thousands

i) Turnover (sale of products and other income)	89,322,609
ii) Total Expenditure	79,741,659
iii) Profit before tax and extraordinary items	9,580,950
iv) Profit after tax	6,564,880
v) Expenses for earlier years	19,864
vi) Net Profit	6,545,016
vii) Earning per share Rs.(See Note 2)(Face Value Rs.10/-)	45.2
viii) Dividend Rate (%)	220%

V PRODUCTS OF THE COMPANY

Item Code No.:	
(ITC Code) : 8711	
Product Description :	Scooters, Autorickshaws, Motorcycles and Mopeds

Notes:

- The above particulars should be read along with the balance sheet as at 31 March 2009, the profit and loss account for the year ended on that date and the schedules forming part thereof.
- Earning per share is arrived at by dividing the Net Profit by weighted average number of shares.

As per our attached report of even date

For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

J. Sridhar
Company Secretary

Mumbai: 21 May 2009

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

Directors

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1	Name of the Subsidiary	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV.
2	Financial year of the Subsidiary ended on	31 March 2009	31 March 2009
3	Holding Company's interest : Equity Share Capital	97.5%	100%
4	Profit or Loss for the current financial year so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the holding company	Loss Rs. 475.3 million	Loss Rs. 14.6 million
5	Net aggregate Profits or Losses for the previous financial years since becoming subsidiary so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the Holding Company	Loss Rs. 329.2 million	Profit Rs. 32.3 million
6	Net aggregate amounts received as dividends for previous financial years since becoming subsidiary dealt with in the accounts of the Holding Company in relevant years	Nil	Nil

As per our attached report of even date
For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451
Mumbai: 21 May 2009

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman
Vice Chairman
Managing Director
Executive Director
Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

} Directors



Consolidated Financial Statements

Report of the Auditors on the Consolidated Financial Statements.

To the Board of Directors
Bajaj Auto Limited

We have examined the attached Consolidated Balance sheet of Bajaj Auto Ltd. and its Subsidiaries as at 31 March 2009, and the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of Bajaj Auto Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of PT Bajaj Auto Indonesia, a subsidiary, whose financial statements for the year ended 31 March 2009

reflect total assets of IDR (-) 72,788 million (Previous year IDR 33,877 million) and total revenues of IDR 230,578 million (Previous year IDR 113,549 million), have been audited by an independent firm of Registered Public Accountants. Our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based on their report.

We have audited the financial statements of Bajaj Auto International Holdings BV, a subsidiary, whose financial statements for the year ended 31 March 2009 reflect total consolidated assets of Euro 110.7 million (Previous year Euro 102.1 million) and total consolidated revenues of Euro (-) 9.5 million (Previous year Euro 3.7 million)

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards issued by the Institute of Chartered Accountants of India viz. Accounting Standard (AS) 21, Consolidated Financial Statements, (AS) 11 Accounting for the effects of change in Foreign Exchange Rates, the Accounting Standard Interpretations and amendments issued thereto, to the extent applicable for the year ended 31 March 2009 and on the basis of the separate audited statements of Bajaj Auto Limited and its subsidiaries included in the consolidated financial statements.

Report of the Auditors on the Consolidated Financial Statements (Contd.)

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Bajaj Auto Ltd. and its aforesaid subsidiaries:

- a) The Consolidated Balance sheet read together with notes thereon, gives a true and fair view of the consolidated state of affairs of Bajaj Auto Ltd. and its subsidiaries as at 31 March 2009
- b) The Consolidated Profit & Loss account read together with notes thereon, gives a true and fair view of the consolidated results of operations of Bajaj Auto Ltd. and its subsidiaries for the year then ended and

- c) The Consolidated Cash Flow Statement read together with notes thereon, gives a true and fair view of the consolidated cash flows of Bajaj Auto Ltd. and its subsidiaries for the year then ended.

For and on behalf of
Dalal & Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

Mumbai: 21 May 2009

Consolidated Balance Sheet as at 31 March

		2009	2008
	Schedule	Rs. In Million	Rs. In Million
I. Sources of Funds			
1. Shareholders' Funds			
a) Share Capital	1	1,446.8	1,446.8
b) Reserves & Surplus	2	16,681.1	14,788.9
			16,235.7
2. Minority Interest			4.2
3. Loan Funds			
a) Secured Loans	3	—	69.5
b) Unsecured Loans	4	15,953.6	13,394.3
			13,463.8
4. Deferred Tax liability (net)			109.8
			41.9
	Total		34,123.4
			29,813.5
II. Application of Funds			
1. Fixed Assets			
a) Gross Block		33,395.1	29,895.8
b) Less: Depreciation and write downs		18,093.9	17,267.9
c) Net Block	5	15,301.2	12,627.9
d) Capital Work in progress, expenditure to date		220.6	347.4
			15,521.8
2. Goodwill on investments in associate of subsidiary			3,672.3
3. Technical Know-how	6		162.6
4. Investments	7		14,231.9
5. Deferred tax asset (net)			263.6
6. Current Assets, Loans and Advances	8		
a) Inventories		3,717.6	3,661.3
b) Sundry Debtors		2,809.4	2,528.5
c) Cash and Bank Balances		1,426.4	712.4
d) Other Current Assets		1,256.8	799.5
e) Loans and Advances		13,809.0	8,978.8
		23,019.2	16,680.5
Less: Current Liabilities and Provisions	9		
a) Liabilities		12,339.5	10,497.0
b) Provisions		12,241.5	8,341.3
		24,581.0	18,838.3
Net Current Assets			(1,561.8)
7. Miscellaneous Expenditure not written-off Voluntary Retirement Compensation			1,833.0
	Total		34,123.4
			29,813.5
Notes forming part of the Financial Statements	14		

As per our attached report of even date
For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

J. Sridhar
Company Secretary

Mumbai: 21 May 2009

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman
Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

Directors

Consolidated Profit and Loss Account for the year ended 31 March

		2009	2008
	Schedule	Rs. In Million	Rs. In Million
Income			
Sales including excise duty		90,587.5	96,925.8
Less: Excise Duty		6,127.2	10,266.6
Net Sales		84,460.3	86,659.2
Other Income	10	4,906.8	4,980.8
			89,367.1
			91,640.0
Expenditure			
Materials	11	64,615.7	66,192.9
Other Expenses	12	12,433.5	11,912.4
Interest	13	218.9	51.6
Depreciation and write downs		1,306.2	1,746.1
		78,574.3	79,903.0
Less: Expenses, included in above items, capitalised		144.2	230.4
			78,430.1
			79,672.6
Operating profit before taxation and exceptional items			10,937.0
Exceptional items			11,967.4
Expenditure incurred for Voluntary Retirement of employees		1,833.0	1,023.6
Valuation losses of derivative hedging instruments		218.0	—
			2,051.0
			1,023.6
Profit for the year before income from associate & taxation			8,886.0
Income from associate of subsidiary		(622.4)	231.2
Profit for the year before taxation			8,263.6
Taxation			11,175.0
Current Tax [including Rs. 29 million (previous year Rs.7.5 million) for Wealth tax]		3,009.0	3,927.5
Deferred Tax		(195.2)	(276.8)
Fringe Benefit Tax		75.0	33.5
			2,888.8
			3,684.2
Profit for the year			5,374.8
Prior Period Expenses		21.4	1.7
			5,353.4
Minority Interest		(4.5)	(6.5)
			5,357.9
Transfer to General Reserve		1,633.9	4,110.1
Proposed Dividend		3,183.0	2,893.7
Corporate Dividend Tax thereon		541.0	491.8
Balance Carried to Balance Sheet		—	—
Notes forming part of the Financial Statements	14		
Basic and diluted Earnings Per Share (Rs.)			37.0
Nominal value per share (Rs.)			10.0
Net Profit (Rs. In Million)			5,357.9
			7,495.6
Weighted average number of Shares (In Millions)			144.7
			139.5

As per our attached report of even date

For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

J. Sridhar
Company Secretary

Mumbai: 21 May 2009

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

Directors

Schedules No 1-14 annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2009

Schedule 1 - Share Capital

	As at 31 March 2008	
	Rs. In Million	Rs. In Million
Authorised		
150,000,000 Equity Shares of Rs.10 each	1,500.0	1,500.0
Issued,Subscribed and Paid up		
*144,683,510 Equity Shares of Rs.10 each	1,446.8	1,446.8
Total	1,446.8	1,446.8

Notes

*Of the above:

1. **101,183,510** shares were allotted as fully paid-up pursuant to the scheme of arrangement of demerger of erstwhile Bajaj Auto Limited (now Bajaj Holdings & Investment Limited)
2. **1,805,071** Equity Shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 181,775 (768,698)

Schedule 2 - Reserves and Surplus

	As at 31 March 2008		
	Rs. In Million	Rs. In Million	Rs. In Million
Foreign exchange difference on paid-up capital of subsidiary		(10.9)	(10.8)
General Reserve			
As per last account	14,314.3		—
Created in terms of a scheme of arrangement, being difference between assets and liabilities (including capital) assumed	—		11,085.8
Less: Diminution in the value of Fixed Income securities, Net of deferred tax	—		903.6
	14,314.3		10,182.2
Add: Adjustments on account of change in share of net assets of associate	(180.9)		22.0
Add: Set aside this year	1,633.9		4,110.1
		15,767.3	14,314.3
Foreign currency translation reserve		924.7	485.4
Total		16,681.1	14,788.9

Schedule 3 - Secured Loans

	As at 31 March 2008	
	Rs. In Million	Rs. In Million
From Banks, against hypothecation of Stores, Raw Materials Finished Goods, Stock in Process and Book Debts Cash Credit	—	69.5
Total	—	69.5

Schedule 4 - Unsecured Loans

	As at 31 March 2008		
	Rs. In Million	Rs. In Million	Rs. In Million
Sales tax deferral Liability / Loan, an incentive under Package Scheme of Incentives 1983,1988,1993 and 1998 - Interest free	13,214.7		13,480.6
Less: deferral attached to the Wind Farm Business, assigned to and availed by the company, passed on to Bajaj Finserv Ltd. under an arrangement	—		207.2
		13,214.7	13,273.4
Fixed Deposits, unclaimed		0.3	0.5
Short term bank loan		2,738.6	120.4
Total		15,953.6	13,394.3

Schedule 5 - Fixed Assets

Particulars	Gross Block (a)				Depreciation				Net Block	
	As at 31 March 2008	Additions	Deductions and Adjustments	As at 31 March 2009	Upto 31 March 2008	Deductions and Adjustments	For the Year (c) & (e)	As at 31 March 2009	As at 31 March 2009	As at 31 March 2008
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Land Freehold	311.8	0.2	32.0	280.0	—	—	—	—	280.0	311.8
Land Leasehold	557.8	6.0	(25.5)	589.3	—	—	—	—	589.3	557.8
Buildings (b) & (d)	4,709.4	319.1	8.6	5,019.9	956.4	7.3	119.0	1,068.1	3,951.8	3,753.0
Waterpumps, Reservoirs and Mains	127.6	1.7	—	129.3	40.8	—	6.2	47.0	82.3	86.8
Plant & Machinery	16,761.3	429.1	464.4	16,726.0	12,205.1	418.3	659.0	12,445.8	4,280.2	4,556.2
Dies & Jigs	3,573.2	162.8	7.1	3,728.9	2,608.5	6.1	269.2	2,871.6	857.3	964.7
Electric Installations	641.0	6.3	(2.6)	649.9	235.4	(0.2)	25.2	260.8	389.1	405.6
Factory Equipments	1,844.4	278.0	2.4	2,120.0	786.3	2.1	89.5	873.7	1,246.3	1,058.1
Furniture, Fixtures, Office equipment etc	414.1	55.0	0.8	468.3	166.8	0.4	25.4	191.8	276.5	247.3
Electric Fittings	138.3	27.8	(1.8)	167.9	56.4	(0.1)	6.0	62.5	105.4	81.9
Vehicles & Aircraft (f)	748.9	2,769.4	63.8	3,454.5	144.2	39.4	106.7	211.5	3,243.0	604.7
Leased Assets : - Dies & Moulds	68.0	—	6.9	61.1	68.0	6.9	—	61.1	—	—
Total	29,895.8	4,055.4	556.1	33,395.1	17,267.9	480.2	1,306.2	18,093.9	15,301.2	12,627.9
Share of fixed assets of joint ventures	—	—	—	—	—	—	—	—	—	—
Previous Year Total	27,731.9	3,286.0	1,122.1	29,895.8	16,504.6	982.8	1,746.1	17,267.9	12,627.9	
Share of fixed assets of joint ventures - Previous Year	—	—	—	—	—	—	—	—	—	—

(a) At cost, except leasehold land which is at cost, less amounts written off.

(b) Includes Premises on ownership basis in Co-operative Society Rs. 58.4 million and cost of shares therein Rs. 1,750/-

(c) Refer Para 3(A) & (B) of Statement on Significant Accounting Policies annexed to the stand alone accounts.

(d) Includes premises purchased during the year, pending registration amounting to Rs.271.3 million.

(e) Depreciation for the year includes assets written down to the realisable value by Rs. 44.2 million being marked for disposal.

(f) Includes Aircrafts purchased during the year Rs. 2,711.6 million.

Schedule 6 - Technical Know-How

	As at 31 March 2008	
	Rs. In Million	Rs. In Million
(i) Developed by the company		
As per last account	37.3	—
Transferred and vested with the company under the scheme of arrangement	—	11.7
Add: Expenses incurred on development completed during the year (incurred during the year Rs. Nil , previous year- Rs. 9.2 million)	—	25.6
	<u>37.3</u>	<u>37.3</u>
Less: Written off / amortised upto date of transfer	18.6	8.4
Written off / amortised during the year	10.2	10.2
	<u>28.8</u>	<u>18.6</u>
Development in Progress	8.5	18.7
	<u>154.1</u>	<u>86.6</u>
Total	162.6	105.3

Schedule 7 - Investments, at Cost (Unless otherwise stated)

As at
31 March 2008

	Rs. In Million	Rs. In Million	Rs. In Million
In Government and Trust Securities		2,464.4	4,534.2
In fully Paid Preference Shares		11.3	11.3
In Equity Shares			
Long Term: Associate Company	3,783.9		3,320.2
Others	5.7		5.7
		3,789.6	3,325.9
In Debentures, Bonds and Secured Premium Notes		1,010.6	1,242.7
In Bonds		3,785.6	6,268.0
In Mutual Fund Units		3,390.8	1,090.0
In Certificate of Deposits		292.9	49.4
		14,745.2	16,521.5
Less : Provision for diminution in value of Investments		513.3	888.9
		14,231.9	15,632.6
Add : Application Money for investment in Shares and Bonds		—	—
Total		14,231.9	15,632.6

Schedule 8 - Current Assets, Loans and Advances

	As at 31 March 2008			
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
(a) Inventories #				
Stores, at cost *		71.1		56.2
Tools, at cost *		66.3		78.9
Stock-in-trade, at cost or market value whichever is lower :				
Raw Materials and Components *		1,077.9		1,038.1
Work-in-progress (including factory made components Rs. 75.7 million , previous year Rs.103.6 million)		120.3		179.4
Finished Goods:				
Vehicles		1,462.7		1,673.7
Auto Spare parts, etc.		743.7		504.7
As valued and certified by Management		3,542.0		3,531.0
Goods in transit, at cost to date		175.6		130.3
			3,717.6	3,661.3
(b) Sundry Debtors, Unsecured				
Outstanding for a period exceeding six months :				
Good	5.9			4.0
Doubtful	53.2			22.7
Less: Provision	53.2			22.7
	—			—
		5.9		4.0
Others, Good		2,803.5		2,524.5
			2,809.4	2,528.5
(c) Cash and Bank Balances				
Cash on hand (including cheques on hand Rs. Nil)		1.0		0.7
Bank Balances :				
With Scheduled Banks:				
In current account		1,354.1		546.1
In margin deposits		10.2		10.0
In fixed deposits		1.6		3.2
Interest accrued on fixed deposits		0.1		0.1
		1,366.0		559.4
With Other Banks :				
In current account		59.4		152.3
			1,426.4	712.4
Carried over			7,953.4	6,902.2

Schedule 8 - Current Assets, Loans and Advances (Contd.)

	As at 31 March 2008			
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Brought over			7,953.4	6,902.2
(d) Other Current Assets, good				
(Unless otherwise stated)				
Dividend and Interest receivable on Investments Good (Rs.7,049)	—			8.0
Doubtful	8.0			—
Less: Provision	8.0			—
	—			—
		—		—
Interest receivable on Loans, Deposits etc:		14.6		20.2
Export Incentives Receivable		1,242.2		771.3
			1,256.8	799.5
(e) Loans and Advances, unsecured, good				
(Unless otherwise stated)				
Loan to Bajaj Auto Finance Limited		146.0		405.0
Loan to Suppliers		5.8		283.8
Loan given to former employees		582.3		—
Advances Recoverable in Cash or in kind or for value to be received:				
Due from Subsidiaries	—			—
@ Others, Good	648.8			1,012.6
Doubtful	36.0			42.5
Less: Provision	36.0			42.5
	—			—
		648.8		1,012.6
Advances for capital assets		844.2		830.8
VAT refund receivable		1,461.8		1,335.6
Excise duty rebate receivable on export		2,061.2		398.9
Balances with Customs and Central Excise Departments		548.9		440.3
Sundry Deposits		266.0		265.7
Tax paid in Advance		7,244.0		4,006.1
			13,809.0	8,978.8
Total			23,019.2	16,680.5

Refer Clause 6 in Annexure to Note 9 for details of accounting policy followed.

* Except obsolete and slow moving inventory at estimated realisable value

@ Includes amount due from an Officer of the company **Rs. 52,500** (previous year Rs.67,500)
Maximum balance outstanding during the year **Rs. 67,500** (previous year Rs.82,500)

Schedule 9 - Current Liabilities and Provisions

As at
31 March 2008

	Rs. In Million	Rs. In Million	Rs. In Million
(a) Liabilities			
Sundry Creditors:			
Dues to Micro and Small enterprises	30.0		13.8
Other than dues to Micro and Small enterprises	8,173.3		8,838.2
		8,203.3	8,852.0
Advances against Orders		1,195.6	948.4
Annuity payable to VRS optees		2,813.0	657.1
Investor Education Protection Fund (Rs. 29,908) (Previous Year Rs. 20,260)			
Unclaimed Dividends		8.7	—
Deposit from Dealers and others		41.9	39.5
Temporary overdraft with bank as per books		77.0	—
		12,339.5	10,497.0
(b) Provisions			
Provision for Warranty Claims	232.0		270.9
Provision for Employee Benefits	1,022.5		723.9
Provision for valuation losses of derivative hedging instruments	218.0		—
Provision for Taxation	7,045.0		3,961.0
Proposed Dividend	3,183.0		2,893.7
Provision for Corporate Dividend Tax on Proposed Dividend	541.0		491.8
		12,241.5	8,341.3
Total		24,581.0	18,838.3

Schedule 10 - Other Income

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
Technical Know-how Fees Received		2.0	—
Royalty		10.9	13.7
Interest			
On Government Securities	304.0		486.1
On Debentures and Bonds	438.9		513.8
On Loans	25.9		33.3
Other	226.4		248.1
	995.2		1,281.3
Less: Amortisation of premium / discount on acquisition of fixed income securities	2.8		16.4
		992.4	1,264.9
Rent		2.4	1.8
Insurance Claims		10.6	5.5
Export Incentives		2,592.9	1,653.4
Miscellaneous Receipts		597.7	1,162.6
Surplus on Sale of Assets		35.1	71.6
Profit on Sale of Investments, net		454.2	205.6
Surplus on redemption of Securities		—	2.9
Bad Debts Recovered		—	3.5
Sundry Credit balances appropriated		4.0	11.3
Provisions for Doubtful Debts and Advances written back	8.1		0.5
Less: Write backs on account of amounts written off during the year, as per contra	6.5		0.1
		1.6	0.4
Provisions no longer required		203.0	583.6
Total		4,906.8	4,980.8

Schedule 11 - Materials

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
(a) Raw materials and components consumed		60,653.7	63,969.7
(b) Finished Goods purchases			
Two Wheelers	—		—
Auto Spare-Parts	3,740.8		2,860.0
Engineering Products, for export	2.8		13.2
		3,743.6	2,873.2
(c) Excise duty on increase / (decrease) in stocks of finished goods		(26.5)	28.5
(d) (Increase) / Decrease in Stocks			
Stocks at close			
Work in progress (including factory made components Rs. 75.7 million - Previous year Rs.103.6 million)	120.3		179.4
Finished Goods	1,286.1		1,694.8
Auto Spare Parts	727.6		504.7
	2,134.0		2,378.9
Less: Stocks at commencement, transferred under the scheme of arrangement			
Work in progress(including factory made components Rs. 103.6 million - Previous year Rs.89.6 million)	179.4		195.8
Finished Goods	1,694.8		1,123.2
Auto Spare Parts	504.7		381.4
	2,378.9		1,700.4
		244.9	(678.5)
Total		64,615.7	66,192.9

Schedule 12 - Other Expenses

	Previous Year		
	Rs. In Million	Rs. In Million	Rs. In Million
Stores and tools consumed		604.7	753.1
Power,fuel and water		609.2	692.6
Repairs			
Buildings and Roads	172.2		210.9
Machinery	515.6		499.3
Other	21.7		26.9
		709.5	737.1
Employees' Emoluments			
Salaries,wages,bonus etc.	2,781.8		2,775.3
Contribution to Provident and other funds and schemes	494.2		395.1
Welfare expenses	324.9		296.9
		3,600.9	3,467.3
Rent		88.2	73.1
Rates and taxes		45.2	11.2
Insurance		16.4	19.3
Auditors' Remuneration		8.5	7.9
Directors' fees and travelling expenses		2.7	0.5
Managing Directors' remuneration			
Salary	7.2		4.5
Commission	21.6		13.5
		28.8	18.0
Wholetime Directors' remuneration			
Salary	22.5		16.1
Commission	67.5		46.8
		90.0	62.9
Commission to Non Executive Directors		4.3	3.8
Miscellaneous expenses		1,862.7	1,398.8
Sales tax / VAT expenses		192.9	368.6
Packing,forwarding etc.		1,681.5	1,487.9
Advertisement		1,045.5	1,399.1
Vehicle service charges and other expenses		800.2	767.1
Commission and Discount		140.6	108.7
Incentives & Sales Promotion		649.0	344.7
Royalty		55.3	35.8
Donations		5.0	52.5
Bad debts and other irrecoverable debit balances written off	8.5		0.5
Less: Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	6.5		0.1
		2.0	0.4
Sundry credit balances earlier appropriated, now paid		0.5	—
Loss on assets sold,demolished,discarded and scrapped		38.7	63.3
Loss on redemption of securities		69.3	—
Provision for Doubtful Debts and Advances		40.1	8.5
Provision for Diminution in Value of Investments, net		25.0	—
Amount written off against Technical Know-how		10.2	12.4
Amount written off against leasehold land		6.6	6.6
Preliminary expenses written off		—	11.2
Total		12,433.5	11,912.4

Schedule 13 - Interest

	Previous Year	
	Rs. In Million	Rs. In Million
Interest:		
On Fixed Loans	198.1	49.9
Others	20.8	1.7
Total	218.9	51.6

Schedule 14 - Notes forming part of the Consolidated Accounts

1. The Consolidated Financial Statements include results of the Subsidiaries of Bajaj Auto Ltd.

Name of the Company	Country of incorporation	% Shareholding of Bajaj Auto Ltd.	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	97.5%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100%	Subsidiary

- The Consolidated Financial Statements of Bajaj Auto International Holdings BV include 31.72% interest in KTM PowerSports AG as an associate.
2. Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosures.
3. The accounting policies of the parent are best viewed in its independent financial statements, Note 9 of schedule 14. Differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.
4. Consolidated Contingent Liability is same as contingent liability of stand alone Bajaj Auto Limited.
5. Consolidated capital commitments are same as capital commitments of stand alone Bajaj Auto Limited.
6. Deferred Taxes

Particulars	As at 31 March 2009 (Rs. In Million)	As at 31 March 2008 (Rs. In Million)
Liabilities	1,647.9	1,419.4
Assets	1,869.6	1,450.5
Net	(221.7)	(31.1)

7. Consolidated related party transactions are same as related party transactions of stand alone Bajaj Auto Limited.
8. Statement of additional financial information, directed to be disclosed as a condition put forth by the ministry of company affairs for grant of exemption from the applicability of section 212(1) of the Companies Act, 1956, is attached hereto.
9. Previous year figures have been regrouped, wherever necessary, to make them comparable with those of the current year.

Signature to Schedules "1" to "14"

As per our attached report of even date
For and on behalf of Dalal and Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451
Mumbai: 21 May 2009

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Chairman
Vice Chairman
Managing Director
Executive Director
Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

Directors

Consolidated Cash Flow Statement

Particulars	2008-2009	
	Rs. In Million	Rs. In Million
I) OPERATING ACTIVITIES		
A) Profit before Taxation		8,263.6
B) Adjustments:		
Add:		
i) Depreciation	1,306.2	
ii) VRS compensation charged off	1,833.0	
iii) Valuation losses of derivative hedging instruments	218.0	
iv) Amount written off against Technical Know-how	10.2	
v) Amount written off against leasehold land	6.6	
vi) Loss on Assets sold, demolished, discarded and scrapped	38.7	
vii) Provision for Diminution in Value of Investments	25.0	
viii) Provision for Doubtful Debts and Advances	40.1	
ix) Interest on Fixed Term Loan	198.1	
x) Interest - others	20.8	
		<u>3,696.7</u>
		11,960.3
Less:		
i) Investment and Other Non-operating Income included in above:		
Interest on Debentures and Bonds	438.9	
Interest on Government Securities	304.0	
Interest on Inter-Corporate Deposits, Loans	25.9	
Profit / (Loss) on Sale of Investments, net	454.2	
Surplus / (Loss) on Redemption of Securities	(69.3)	
Provision for Diminution in value of Investments, net	(25.0)	
Provision for Doubtful debts & advances written back	8.1	
	<u>1,136.8</u>	
ii) Surplus on Sale of Assets	35.1	
iii) Prior Period Expenses	21.4	
iv) Amortisation of premium / discount on acquisition of fixed income securities	(2.8)	
		<u>(1,190.5)</u>
Carried over		10,769.8

Consolidated Cash Flow Statement (Contd.)

Particulars	2008-2009	
	Rs. In Million	Rs. In Million
Brought over		10,769.8
C) (Increase) / Decrease in Current Assets		
i) Inventories	(56.3)	
ii) Sundry Debtors	(311.9)	
iii) Other Current Assets and Loans and Advances	(1,732.9)	
	(2,101.1)	
Increase / (Decrease) in Current Liabilities		
i) Liabilities	(60.8)	
		(2,161.9)
		8,607.9
D) VRS payout (predominantly Akurdi plant)		(2,094.0)
CASH FROM OPERATIONS		6,513.9
Income Tax, Wealth Tax paid		(3,237.9)
NET CASH FROM OPERATIONS		3,276.0
II) INVESTMENT ACTIVITIES		
i) (Increase) / Decrease in Investment in subsidiaries, joint ventures and associates, etc.	—	
ii) (Increase) / Decrease in other investments, net	817.8	
iii) Capital Expenditure	(3,928.6)	
iv) Sales Proceeds of Assets / Adjustment to Gross block	65.7	
v) Technical Know-how	(67.5)	
vi) (Increase) / Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Auto Finance Ltd.	259.0	
	(2,853.6)	
vii) Investment and other Non-operating Income:		
Interest on Debentures and Bonds	438.9	
Interest on Government Securities	304.0	
Interest on Inter-Corporate Deposits, Loans	25.9	
Profit / (Loss) on Sale of Investments, net	454.2	
Surplus / (Loss) on Redemption of Securities	(69.3)	
Provision for Diminution in value of Investments, net	(25.0)	
(Increase) / decrease in non-operating income receivable & dues	5.6	
	1,134.3	
NET CASH FROM INVESTMENT ACTIVITIES		(1,719.3)
Carried over		1,556.7

Consolidated Cash Flow Statement (Contd.)

Particulars	2008-2009	
	Rs. In Million	Rs. In Million
Brought over		1,556.7
III) FINANCING ACTIVITIES		
i) Short term bank Loan taken	2,618.2	
ii) Cash Credit from Banks	(69.5)	
iii) Interest on cash credit	(198.1)	
iii) Interest on Inter Corporate Advances	(20.8)	
iv) Repayment of Fixed Deposits	(0.2)	
vi) Repayment of Unsecured Loans - Sales tax deferral liability	(58.7)	
vii) Dividend Paid	(2,885.0)	
viii) Corporate Dividend Tax Paid	(491.8)	
	(1,105.9)	
Adjustment to net worth on consolidation:		
i) Foreign currency translation reserve	436.5	
ii) Foreign exchange difference on paid-up capital of subsidiary	(0.1)	
iii) Adjustment to minority interest	7.7	
iv) On account of change in share of net assets of associate	(180.9)	
NET CASH FROM FINANCING ACTIVITIES		(842.7)
NET CHANGE IN CASH & CASH EQUIVALENTS		714.0
Cash and Cash Equivalents as at 01.04.2008 [Opening Balance]		712.4
Cash and Cash Equivalents as at 31.03.2009 [Closing Balance]		1,426.4

Note:

This being the second financial year since incorporation, the cash flow statement has been drawn up only for the current year under the indirect method adopted by the company. Hence previous years comparatives are not available.

As per our attached report of even date
For and on behalf of Dalal and Shah
Chartered Accountants

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director
Executive Director

Anish Amin
Partner
Membership No. 40451

J. Sridhar
Company Secretary

D.S. Mehta
Kantikumar R. Podar
Shekhar Bajaj
D. J. Balaji Rao
S.H. Khan

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
Niraj Bajaj

} Directors

Mumbai: 21 May 2009

Financial information of Subsidiaries for the year ended March 31, 2009

(Rs. In Million)

Particulars	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV.
(a) Paid -Up Share Capital	512.4	13.5
(b) Share Premium	—	8,038.8
Other reserves	(821.0)	22.8
(c) Total Assets	901.4	8,075.1
(d) Total Liabilities	901.4	8,075.1
(e) Investments*	—	8,067.1
(f) Turnover / Operating result	1,054.4	0.6
(g) Profit Before Taxation	(614.8)	(14.6)
(h) Provision for Taxation	(127.3)	—
(i) Profit After Taxation	(487.5)	(14.6)
(j) Proposed Dividend	—	—

Closing exchange rates

1 Euro = Rs. 67.44

1 USD = Indonesian Rupiah 11575

1 USD = Rs. 50.72

* For details of investments refer schedule 7 of the consolidated financial statements



BAJAJ

Distinctly Ahead

Since 1945

Bajaj Auto Limited
Akurdi Pune 411035
India