

Bajaj Auto International Holdings BV.

Balance Sheet as at 31 March 2010

	Sch. No.	As at 31 March 2010		As at 31 March 2009		As at 31 March 2010		As at 31 March 2009	
		Euros	Euros	Euros	Euros	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Sources of Funds									
1) Shareholders Funds									
a) Share Capital	I	200,000.00		200,000.00		12.1		12.1	
b) Reserves & Surplus	II	<u>119,918,737.82</u>		<u>119,538,099.59</u>		<u>7,249.3</u>		<u>7,226.3</u>	
			120,118,737.82		119,738,099.59		7,261.4		7,238.4
Total			<u><u>120,118,737.82</u></u>		<u><u>119,738,099.59</u></u>		<u><u>7,261.4</u></u>		<u><u>7,238.4</u></u>
Application of Funds									
1) Investments	III		119,870,094.08		119,619,804.50		7,246.4		7,231.2
2) Current Assets:	IV								
a) Bank Balances		262,943.68		130,348.66		15.9		7.9	
b) Other Current Assets		<u>3,123.75</u>		<u>3,123.75</u>		<u>0.2</u>		<u>0.2</u>	
		266,067.43		133,472.41		16.1		8.1	
Less: Current Liabilities	V								
Liabilities		<u>17,423.69</u>		<u>15,177.32</u>		<u>1.1</u>		<u>0.9</u>	
Net Current Assets			248,643.74		118,295.09		15.0		7.2
Total			<u><u>120,118,737.82</u></u>		<u><u>119,738,099.59</u></u>		<u><u>7,261.4</u></u>		<u><u>7,238.4</u></u>

Notes to accounts forms an integral part of financial statements (Schedule VI)

For Dalal & Shah
Firm Registration Number : 102021W
Chartered Accountants

Anish P Amin
Membership Number : 40451

Place:
Date:

S. Ravikumar
Managing Director

ANT Management(Netherlands) BV
Managing Director

Bajaj Auto International Holdings BV.

Profit & Loss Account
For the year ended 31 March 2010

	Current Year		Previous Year		Current Year		Previous Year	
	Euros	Euros	Euros	Euros	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Income								
Interest received		44.82		8,285.50		-		0.5
Difference in exchange rate		-		236.02		-		-
Refund of Dividend Tax		292,500.00		-		17.7		-
		<u>292,544.82</u>		<u>8,521.52</u>		<u>17.7</u>		<u>0.5</u>
Expenditure								
Legal & professional charges	90,519.42		93,775.83		5.5		5.7	
Demat Charges	44,031.78		108,227.32		2.7		6.5	
Directors' fees	2,975.00		2,975.00		0.2		0.2	
Audit Fees	500.00		500.00		-		-	
Bank charges	1,945.79		2,786.90		0.1		0.2	
Subscription & fees	116.78		129.08		-		-	
Registered office expenses	1,190.00		1,190.00		0.1		0.1	
ANT Trust fees	20,590.44		18,512.33		1.2		1.1	
Interest paid	-		1,042.80		-		0.1	
Difference in exchange rate	15.38		-		-		-	
Miscellaneous expenses	22.00		-		-		-	
		<u>161,906.59</u>		<u>229,139.26</u>		<u>9.8</u>		<u>13.9</u>
Profit / (Loss) for the year before taxation		<u><u>130,638.23</u></u>		<u><u>(220,617.74)</u></u>		<u><u>7.9</u></u>		<u><u>(13.4)</u></u>
Tax Provision		-		-		-		-
Profit / (Loss) for the year after taxation		<u><u>130,638.23</u></u>		<u><u>(220,617.74)</u></u>		<u><u>7.9</u></u>		<u><u>(13.4)</u></u>
Balance brought forward from last accounts		338,099.59		558,717.33		20.4		33.8
Balance carried to Balance Sheet		<u><u>468,737.82</u></u>		<u><u>338,099.59</u></u>		<u><u>28.3</u></u>		<u><u>20.4</u></u>
Basic & Diluted Earning per share (Euros) / (Rs.)		65.32		(110.31)		3,950.0		(6,700.0)
Nominal values per share (Euros)		100.00		100.00		100.0		100.0
Net Profit/(Loss) (Euros) / (Rs. in Million)		<u><u>130,638.23</u></u>		<u><u>(220,617.74)</u></u>		<u><u>7.9</u></u>		<u><u>(13.4)</u></u>
Weighted average number of Shares		2,000		2,000		2,000		2,000

Notes to accounts forms an integral part of financial statements (Schedule VI)

For Dalal & Shah
Firm Registration Number : 102021W
Chartered Accountants

Anish P Amin
Membership Number : 40451

Place:
Date:

S. Ravikumar
Managing Director

ANT Management(Netherlands) BV
Managing Director

Bajaj Auto International Holdings BV.

Schedules No I-V annexed to and forming part of the Balance Sheet as at 31 March 2010

	As at 31 March 2010		As at 31 March 2009		As at 31 March 2010		As at 31 March 2009	
	Euros	Euros	Euros	Euros	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Schedule I- Share Capital								
Authorised Capital								
10,000 equity shares of Euro 100 each		1,000,000.00		1,000,000.00		60.5		60.5
Issued, subscribed and paid up capital								
2,000 equity shares of Euro 100 each (All the shares are held by holding company- Bajaj Auto Ltd.)		200,000.00		200,000.00		12.1		12.1
Total		200,000.00		200,000.00		12.1		12.1
Schedule II- Reserves and Surplus								
Share premium								
As per last account		119,200,000.00		98,200,000.00		7,205.9		5,936.4
Added during the year		250,000.00		21,000,000.00		15.1		1,269.5
		<u>119,450,000.00</u>		<u>119,200,000.00</u>		<u>7,221.0</u>		<u>7,205.9</u>
Balance in Profit & Loss Account		468,737.82		338,099.59		28.3		20.4
		119,918,737.82		119,538,099.59		7,249.3		7,226.3
Total		119,918,737.82		119,538,099.59		7,249.3		7,226.3
Schedule III- Investments								
Long Term Investments								
In Equity Shares								
Quoted:-								
2,419,726 equity shares of Euro 1 each in KTM Powersports AG (Previous year 2,404,466 equity shares)		119,870,094.08		119,619,804.50		7,246.4		7,231.2
Total		119,870,094.08		119,619,804.50		7,246.4		7,231.2
Schedule IV- Current Assets								
Cash and Bank Balances								
Bank Balances								
With other Banks								
Current Account		262,943.68		130,348.66		15.9		7.9
Other Current Assets								
Prepaid Expenses		3,123.75		3,123.75		0.2		0.2
Total		266,067.43		133,472.41		16.1		8.1
Schedule V- Current Liabilities								
Outstanding Liability for Expenses		17423.69		15177.32		1.1		0.9
		<u>17,423.69</u>		<u>15,177.32</u>		<u>1.1</u>		<u>0.9</u>

The financial statements have been prepared in Euro. Also the audit report is based on figures in Euro. For the purpose of user, the financial statements and notes as on 31 March 2010 & 2009 have been converted in Indian Rupees at following exchange rate as on 31 March 2010.

1 Euro = Rs. 60.4525

Schedule VI : Notes to the financial statements

Significant Accounting Policies and Notes

Background

Bajaj Auto International Holdings BV. is a Netherlands based wholly owned subsidiary of Bajaj Auto Limited incorporated on 25th October 2007 with the object, inter alia, of carrying out investments in ventures abroad . During the year ended 31st March 2010, the company's equity in Austria based KTM Power Sports AG has increased to 31.92% (as at 31st March 2009 - 31.72%). The Financial Statements have been drawn up in conformity with the generally accepted accounting principles (Indian GAAP) and standards applicable in India.

I. 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:

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.

Dividend is accrued in the year in which it is declared whereby a right to receive is established.

Interest is accrued over the period of Loan / Investment.

3) Investments

Investments made by the Company are of a long-term nature, hence diminutions in value of quoted Investments are generally not considered to be of a permanent nature.

4) Foreign Currency Transactions

Current Assets and Liabilities in foreign currency outstanding at the close of the year are revalored at the appropriate exchange rate prevailing at the close of the year. 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.

5) Taxation

Provision for Taxation is made for the current accounting period on the basis of the taxable profits computed in accordance with the applicable laws.

6) 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.

II. Notes to accounts:

1. In absence of taxable profits as per applicable law, no provision for tax has been made.
2. Exchange differences on account of fluctuations in foreign currency rates recognized in the Profit & Loss Account are as under –

	Current Year (Euros)	Previous Year (Euros)	Current Year (Rs. in Mn.)	Previous Year (Rs. in Mn.)
On settlement of other transactions as a part of "Income / (Expenditure)"	(15.38)	236.02	-	-

Signature to Schedules "I" to "VI"

For Dalal & Shah
Firm Registration Number : 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number : 40451

S.Ravikumar
Managing Director

ANT Management (Netherlands) BV
Managing Director

Place:
Date:

Bajaj Auto International Holdings BV and its associate

Consolidated Balance Sheet as at 31 March 2010

	Sch No.	As at 31 March 2010		As at 31 March 2009		As at 31 March 2010		As at 31 March 2009	
		Euros	Euros	Euros	Euros	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Sources of Funds									
1) Shareholders Funds									
a) Share Capital	I	200,000.00		200,000.00		12.10		12.10	
b) Reserves & Surplus	II	<u>99,161,184.74</u>		<u>110,478,232.09</u>		<u>5,994.40</u>		<u>6,678.50</u>	
			99,361,184.74		110,678,232.09		6,006.50		6,690.60
Total			<u><u>99,361,184.74</u></u>		<u><u>110,678,232.09</u></u>		<u><u>6,006.50</u></u>		<u><u>6,690.60</u></u>
Application of Funds									
1) Goodwill on investment in associate			54,421,032.00		54,452,589.00		3,289.9		3,291.8
2) Investments	III		44,691,509.00		56,107,348.00		2,701.60		3,391.60
3) Current Assets:	IV								
a) Bank Balances		262,943.68		130,348.66		15.90		7.90	
b) Other Current Assets		<u>3,123.75</u>		<u>3,123.75</u>		<u>0.20</u>		<u>0.20</u>	
		266,067.43		133,472.41		16.10		8.10	
Less: Current Liabilities	V								
Liabilities		<u>17,423.69</u>		<u>15,177.32</u>		<u>1.10</u>		<u>0.90</u>	
Net Current Assets			248,643.74		118,295.09		15.00		7.20
Total			<u><u>99,361,184.74</u></u>		<u><u>110,678,232.09</u></u>		<u><u>6,006.50</u></u>		<u><u>6,690.60</u></u>

Notes to accounts forms an integral part of financial statements (Schedule VI)

For Dalal & Shah
Firm Registration Number : 102021W
Chartered Accountants

Anish P Amin
Membership Number : 40451

Place:
Date:

S. Ravikumar
Managing Director

ANT Management(Netherlands) BV
Managing Director

Bajaj Auto International Holdings BV and its associate

Consolidated Profit & Loss Account
For the year ended 31 March 2010

	Current Year		Previous Year		Current Year		Previous Year	
	Euros	Euros	Euros	Euros	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Income								
Interest received		44.82		8,285.50		-		0.5
Difference in exchange rate				236.02		-		-
Refund of Dividend Tax		292,500.00		-		17.7		-
		<u>292,544.82</u>		<u>8,521.52</u>		<u>17.7</u>		<u>0.5</u>
Expenditure								
Legal & professional charges	90,519.42		93,775.83		5.5		5.7	
Demat Charges	44,031.78		108,227.32		2.7		6.5	
Directors' fees	2,975.00		2,975.00		0.2		0.2	
Audit Fees	500.00		500.00		-		-	
Bank charges	1,945.79		2,786.90		0.1		0.2	
Subscription & fees	116.78		129.08		-		-	
Registered office expenses	1,190.00		1,190.00		0.1		0.1	
ANT Trust fees	20,590.44		18,512.33		1.2		1.1	
Interest paid	-		1,042.80		-		0.1	
Difference in exchange rate	15.38		-		-		-	
Miscellaneous expenses	22.00		-		-		-	
		<u>161,906.59</u>		<u>229,139.26</u>		<u>9.8</u>		<u>13.9</u>
Profit / (Loss) before income from associates and taxation		<u>130,638.23</u>		<u>(220,617.74)</u>		<u>7.9</u>		<u>(13.4)</u>
Income from Associate		(14,945,719.46)		(9,491,260.79)		(903.5)		(573.8)
Profit / (Loss) for the year before taxation		<u>(14,815,081.23)</u>		<u>(9,711,878.53)</u>		<u>(895.6)</u>		<u>(587.2)</u>
Tax Provision		-		-		-		-
Profit / (Loss) for the year after taxation		<u>(14,815,081.23)</u>		<u>(9,711,878.53)</u>		<u>(895.6)</u>		<u>(587.2)</u>
Balance brought forward from last accounts		(6,386,443.20)		3,325,435.33		(386.2)		201.0
Balance carried to Balance Sheet		<u>(21,201,524.43)</u>		<u>(6,386,443.20)</u>		<u>(1,281.8)</u>		<u>(386.2)</u>
Basic & Diluted Earning per share (Euros)		<u>(7,407.54)</u>		<u>(4,855.94)</u>		<u>(0.4)</u>		<u>(0.3)</u>
Nominal values per share (Euros)		100.00		100.00		100.0		100.0
Net Profit/(Loss) (Euros)		<u>(14,815,081.23)</u>		<u>(9,711,878.53)</u>		<u>(895.6)</u>		<u>(587.2)</u>
Weighted average number of Shares		2,000		2,000		2,000		2,000

Notes to accounts forms an integral part of financial statements (Schedule VI)

For Dalal & Shah
Firm Registration Number : 102021W
Chartered Accountants

Anish P Amin
Membership Number : 40451

Place:
Date:

S. Ravikumar
Managing Director

ANT Management(Netherlands) BV
Managing Director

Bajaj Auto International Holdings BV and its associate

Schedules No I-V annexed to and forming part of the Consolidated Balance Sheet as at 31 March 2010

	As at 31 March 2010		As at 31 March 2009		As at 31 March 2010		As at 31 March 2009	
	Euros	Euros	Euros	Euros	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Schedule I- Share Capital								
Authorised Capital								
10,000 equity shares of Euro 100 each		1,000,000.00		1,000,000.00		60.5		60.5
Issued, subscribed and paid up capital								
2,000 equity shares of Euro 100 each (All the shares are held by holding company- Bajaj Auto Ltd.)		200,000.00		200,000.00		12.1		12.1
Total		200,000.00		200,000.00		12.1		12.1
Schedule II- Reserve and Surplus								
Share premium								
As per last account	119,200,000.00		98,200,000.00		7,205.9		5,936.4	
Added during the year	250,000.00		21,000,000.00		15.1		1,269.5	
	<u>119,450,000.00</u>		<u>119,200,000.00</u>		<u>7,221.0</u>		<u>7,205.9</u>	
Adjustment to reserve for share of net assets of associate								
As per last account	(2,335,324.71)		347,629.00		(141.2)		21.0	
Adjustment on account of change in share of net assets of associate	3,248,033.88		(2,682,953.71)		196.4		(162.2)	
	<u>912,709.17</u>		<u>(2,335,324.71)</u>		<u>55.2</u>		<u>(141.2)</u>	
Balance in Profit & Loss A/c	(21,201,524.43)		(6,386,443.20)		(1,281.8)		(386.2)	
		99,161,184.74		110,478,232.09		5,994.4		6,678.5
Total		99,161,184.74		110,478,232.09		5,994.4		6,678.5
Schedule III- Investments								
Long Term Investments								
In Equity Shares								
Quoted:-								
2,419,726 equity shares of Euro 1 each in KTM Powersports AG (Previous year 2,404,466 equity shares)		65,449,062.08		65,167,215.50		3,956.6		3,939.5
Add(Less) : Share of reserves of Associate - KTM		(20,757,553.08)		(9,059,867.50)		(1,255.0)		(547.9)
Total		44,691,509.00		56,107,348.00		2,701.6		3,391.6
Schedule IV- Current Assets								
Cash and Bank Balances								
Bank Balances								
With other Banks								
Current Account		262,943.68		130,348.66		15.9		7.9
Other Current Assets								
Prepaid Expenses		3,123.75		3,123.75		0.2		0.2
Total		266,067.43		133,472.41		16.1		8.1
Schedule V- Current Liabilities								
Outstanding Liability for Expenses		17423.69		15177.32		1.1		0.9
		<u>17,423.69</u>		<u>15,177.32</u>		<u>1.1</u>		<u>0.9</u>

Bajaj Auto International Holdings BV.

The financial statements have been prepared in Euro. Also the audit report is based on figures in Euro. For the purpose of user, the financial statements and notes as on 31 March 2010 & 2009 have been converted in Indian Rupees at following exchange rate as on 31 March 2010.

1 Euro = Rs. 60.4525

Schedule VI : Notes to the Consolidated financial statements

1. The Consolidated Financial Statements of Bajaj Auto International Holdings BV include 31.92% (previous period – 31.72%) interest in KTM PowerSports AG (a company incorporated in Austria) 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, schedule VI. 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. Previous year figures have been regrouped, wherever necessary, to make them comparable with those of the current year.

Signature to Schedules "I" to "VI"

For Dalal & Shah
Firm Registration Number : 102021W
Chartered Accountants

Anish P Amin

Partner
Membership Number : 40451

S.Ravikumar
Managing Director

ANT Management (Netherlands) BV
Managing Director

Place:

Date: