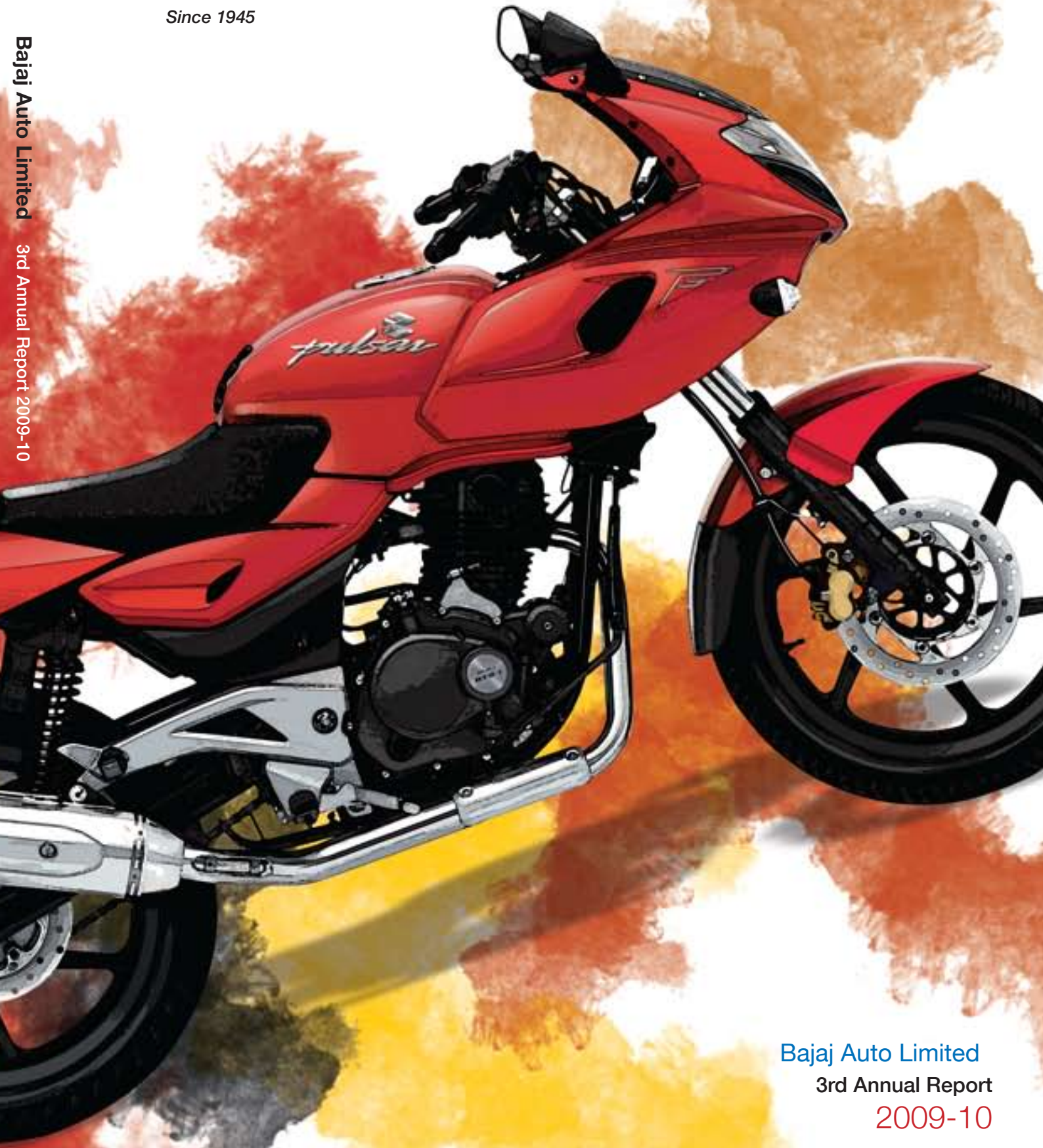




BAJAJ

Distinctly Ahead

Since 1945



Bajaj Auto Limited
3rd Annual Report
2009-10



Pulsar- AME 2010
Most Efficient Use
of Branded Content



Kawasaki Ninja 250R
CNBC Overdrive 2010
Bike of the Year



Discover DTS-i
CNBC Overdrive 2010
Storyboard Auto Commercial
of the Year (Bike)



Kawasaki Ninja 250R
ET NOW Zigwheels
Award 2009
250cc Bike of the Year



Kawasaki Ninja 250R
Business Standard
Motoring 2010
Motoring Bike of the Year

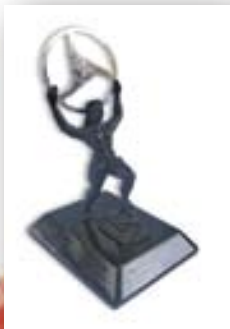


Kawasaki Ninja 250R
IMOTY 2010
Indian Motorcycle of the Year



Pulsar Mania
Effie Awards 2009
Category: Consumer Durables

Recent awards for our products



Kawasaki Ninja 250R
 NDTV Profit Car & Bike
 Awards 2010
 Two Wheeler of the Year



Bajaj Auto
 NDTV Profit Car & Bike
 Awards 2010
 Best Integrated
 Campaign 2 Wheeler



Kawasaki Ninja 250R
 NDTV Profit Car & Bike
 Awards 2010
 Motorcycle of the
 Year up to 250cc

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Board of Directors

Rahul Bajaj
Chairman

Madhur Bajaj
Vice Chairman

Rajiv Bajaj
Managing Director

Sanjiv Bajaj
Executive Director

Kantikumar R Podar

Shekhar Bajaj

D J Balaji Rao

D S Mehta

J N Godrej

S H Khan

Ms Suman Kirloskar

Naresh Chandra

Nanoo Pamnani

Manish Kejriwal

P Murari

Niraj Bajaj

Management

Rahul Bajaj
Chairman

Madhur Bajaj
Vice Chairman

Rajiv Bajaj
Managing Director

Sanjiv Bajaj
Executive Director

Pradeep Shrivastava
Chief Operating Officer

Abraham Joseph
President (Research & Development)

S Sridhar
President (Motorcycle Business)

R C Maheshwari
President (Commercial Vehicle Business)

Rakesh Sharma
President (International Business)

Eric Vas
President (New Projects)

K Srinivas
President (Retail Finance)

Kevin D'sa
President (Finance)

S Ravikumar
Senior Vice President (Business
Development & Assurance)

Amrut Rath
Vice President (Human Resources)

N H Hingorani
Vice President (Commercial)

C P Tripathi
Vice President (CSR)

Company Secretary

J Sridhar

Auditors

Dalal & Shah
Chartered Accountants

Cost Auditor

A P Raman
Cost Accountant

Bankers

Central Bank of India
State Bank of India
Citibank NA
Standard Chartered Bank
Bank of America
ICICI Bank
HDFC Bank

**Registered under the
Companies Act, 1956**

Registered Office

Mumbai-Pune Road
Akurdi, Pune 411 035

Works

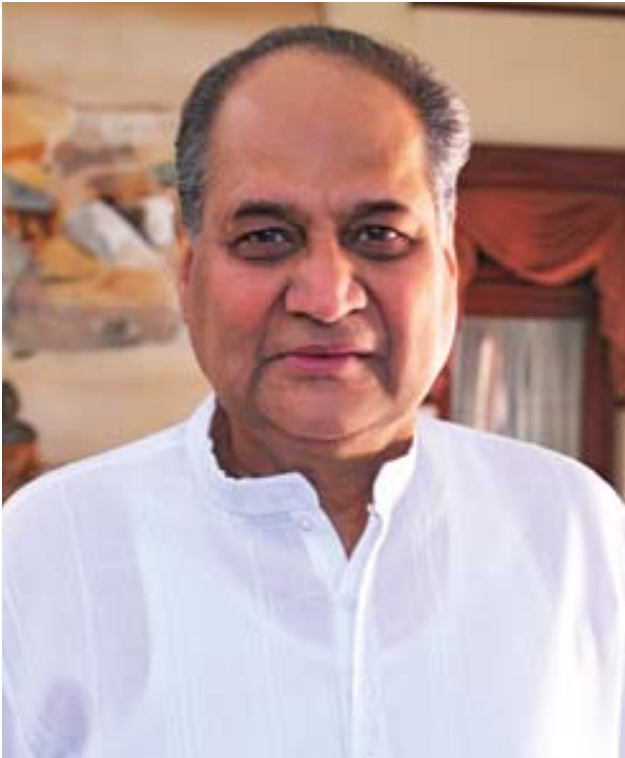
* Mumbai-Pune Road
Akurdi, Pune 411 035

* Bajaj Nagar, Waluj
Aurangabad 431 136

* Chakan Industrial Area
Chakan, Pune 410 501

* Plot No.2, Sector 10
IIE Pantnagar
Udhamsinghnagar
Uttarakhand 263 531

Management Team



Rahul Bajaj



Madhur Bajaj



Rakesh Sharma

Sanjiv Bajaj

R C Maheshwari

Rajiv Bajaj

Eric Vas

N H Hingorani

Kevin D'sa

S Ravikumar

Amrut Rath

Abraham Joseph

K Srinivas

Pradeep Shrivastava

S Sridhar

C P Tripathi



Chairman's Letter

Dear Shareholder,

When I wrote to you last year, we were amidst the worst global economic and financial crisis since the Great Depression of the 1930s. India, too, was affected. Quite frankly, at the time I wasn't sure when we might come out of the lower growth phase; and when we could expect better fortunes for the Country's automotive industry.

I have been surprised at the speed of the turnaround. It looks as if India will achieve somewhere between 7.2% and 7.5% GDP growth for 2009-10. It is, of course, lower than the 9% plus growth that we were getting accustomed to for three consecutive years up to 2007-08. Yet, it is the second highest growth rate among all major countries in the world. Even more impressive, is the significant uptick in demand for two-wheelers, three-wheelers as well as passenger vehicles.

We have witnessed excellent growth in the two-wheeler market, which increased in volume by 24% in 2009-10. Your Company did better. It sold over 2.5 million motorcycles, and grew by more than 31%.

Bajaj Auto's superior performance suggests that it has been more than just leveraging market growth. What was it?

For the last few years, your Company has been working at developing a brand-centred strategy especially of its two key brands, the Discover and the Pulsar. I believe that 2009-10 saw a near perfect alignment between the power of the brands – the front-end – and production efficiency, quality, costs and logistics, or the back-end. I agree with the managing director and his team that it is this alignment which has resulted in your Company growing faster than the market and earning the highest profit rate in the industry.

2009-10 has been a record year for Bajaj Auto in terms of highest ever sales, exports, profits and margins. Most of the financial details are in the chapter on Management Discussion and Analysis. Even so, here are a few key numbers:

- Net sales and other operating income grew by 35% to over Rs.119 billion.
- Your Company's operating EBITDA grew by 116% to almost Rs.26 billion. Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) was 21.7% of net sales and other operating income.
- Operating profit before tax (PBT) grew by 170% to almost Rs.23 billion, and was over 19% of net sales and other operating income.
- Profit after tax (PAT) grew by 160% to Rs.17 billion.

I am delighted with the performance. And I would like you to join me and the rest of your Board of Directors to congratulate your Company's managing director, Rajiv Bajaj, and his team for delivering such excellent results.

What pleases me is that Bajaj Auto is leveraging its key brands to maximise profits. Your Company's performance has not been about 'buying' market share through various pricing deals. Instead, it is about gaining share through better quality and branding – thus having the customer willing to pay higher prices for better value.

Your managing director often says that while products may generate market share, brands provide pricing power and create higher profits. I am increasingly tending to agree with him.

While writing this letter, I went back to the one written in Bajaj Auto's annual report of 2005-06. It was also an

excellent year: sales were up by almost 31% to a high of Rs.85 billion; EBITDA had increased by 47% to Rs.13.7 billion; the operating EBITDA margin was at 17.9%; and PAT had grown by 44% to cross Rs.11 billion.

In that letter, I had exhorted your Company to 'mobilise India' – and sell 4 million motorcycles by 2010. We are clearly getting there. 2009-10 saw Bajaj Auto sell over 2.5 million motorcycles. Since I'm known for speaking my mind, I am asking the management to make the vision of selling 4 million motorcycles come good by 31 March 2011.

I had also asked your Company to 'globalise India' by rapidly enhancing Bajaj Auto's international footprint. It has. Exports has again done well this year, as it had in the last. 2009-10 saw Bajaj Auto export over 725,000 motorcycles and almost 165,000 three-wheelers. I expect 2010-11 will see us exporting over 1 million two- and three-wheelers.

As India regains its growth momentum in 2010-11 and generates something in the neighbourhood of 8.5% GDP growth, I believe that we should see yet another excellent year for Bajaj Auto: greater sales, pervasive brand loyalty and pull, more R&D successes, and higher profits and return on both capital employed and shareholder wealth.

My thanks to all employees of Bajaj Auto for their unstinting support, especially in hard times. And to you for being our support through thick as well as thin.

May India prosper. And with it, may Bajaj Auto.

With warm regards,



Rahul Bajaj
Chairman



Management Discussion and Analysis

As we know, 2008-09 was a very difficult year for the world economy. The stock, money and financial markets crashed, and with it the real sectors, in what was the worst global depression since the 1930s. Every developed country suffered negative GDP growth. And with it, economic and social pain.

Among the major emerging markets, China and India continued to grow — but at significantly lower rates. In India, for instance, after three consecutive years of growing at over 9%, GDP growth fell to 6.7% in 2008-09. Demand growth reduced sharply across all sectors; in many to the negative territory. Discretionary purchases were hit the hardest. It is not surprising, therefore, that automobile and two-wheeler sales tapered off.

The good news for China and India was that the two emerging market giants shrugged off the downturn remarkably quickly. After three quarters of declining growth, both nations stemmed the rot, and got back into their stride. To be sure, GDP growth was muted compared to the past. However, for China to achieve 8.7% in 2009 and India to record 7.2% to 7.5% GDP growth in 2009-10 says a great deal about the capabilities of these two nations in steering through the crisis.

In India, growth has been particularly robust in the two-wheeler market, which increased in volume by 24% in 2009-10.

Bajaj Auto Limited ('Bajaj Auto', 'BAL' or 'the Company') did very well. It sold over 2.5 million motorcycles and, in doing so, the Company earned 21.7% EBITDA margin, which was the highest in the industry. Bajaj Auto's performance highlights for 2009-10 are given below:

It needs to be emphasised that the Company's excellent operational and financial performance is not merely due to increasing overall growth in motorcycle demand in India. Over the last few years, Bajaj Auto has been developing a brand-centred strategy. The 'front end' is guided by the Company's strategy of differentiation, to continuously specialise its brand positioning in motorcycles. In the process, Bajaj Auto has positioned its motorcycle brands in the utility, price, value and sports categories. The basic proposition is that while products may generate market share, it is brands that provide pricing power and create higher profits.

The 'back end' - R&D, quality, production efficiency, logistics and throughput — is guided by TPM, which the Company calls 'The Prime Mover' towards excellence.

2009-10 saw the coming together of the front end and the back-end. It is this alignment which has resulted in Bajaj Auto growing faster than the market, gaining market share, and earning the highest profit rate in the industry.

Markets

Motorcycles: Overall

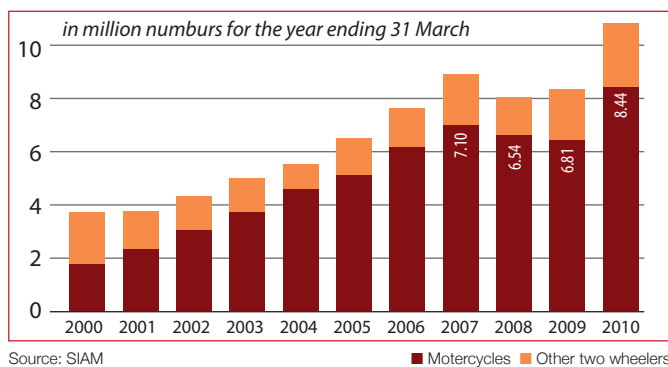
There are two tales of motorcycles in India. The first is well known: the steady growth of motorcycle sales throughout the country, and its overwhelming dominance in the two-wheeler market. Chart A plots the data.

As Chart A shows, from 7.10 million units in 2006-07, motorcycle sales fell to 6.54 million units in 2007-08, and then rose very

Highlights for 2009-10 versus 2008-09: Bajaj Auto standalone

- 2009-10 has been a record year for Bajaj Auto in terms of highest ever sales, exports, profits and margins.
- Net sales and other operating income grew by 35% to Rs.119.21 billion.
- The year saw record sales of 2.85 million units – over 2.5 million motorcycles and 340,937 three-wheelers.
- Exports rose by 15% to 891,002 units.
- The Company's operating EBITDA stood at Rs.25.93 billion – a growth of 116% over last year. The operating EBITDA margin was 21.7% of net sales and other operating income for 2009-10.
- Operating profit before tax (PBT) grew by 170% to Rs.22.89 billion.
- Profit after tax (PAT) grew by 160% to Rs.17.03 billion.
- Surplus cash and cash equivalents in the Company's balance sheet as on 31 March 2010 stood at Rs.32.6 billion, versus Rs.9.3 billion on 31 March 2009.

Chart A: Industry's sale of Two-Wheelers (Domestic + Exports)



Source: SIAM

marginally to 6.81 million units in 2008-09. The year under review has been outstanding. Sales has increased by 24.1% — the best ever growth since 2002-03, and over a much higher base. Indeed, sales in 2009-10 was 18.9% higher than even the previous peak during 2006-07. Motorcycles continue to account for over 80% of total two-wheeler sales. For the Company, therefore, it is the two-wheeler that matters.

How has Bajaj Auto fared? Table 1 gives the data for the last seven years.

Table 1: Bajaj Auto's Sales of Motorcycles (Domestic + Exports)

Year ended 31 March	Market* (In Million Numbers)	Market growth	BAL (In Million Numbers)	BAL's growth
2004	4,317	14.9%	1,024	17.9%
2005	5,218	20.9%	1,450	41.6%
2006	6,201	18.8%	1,912	31.9%
2007	7,100	14.5%	2,379	24.4%
2008	6,544	-7.8%	2,140	-10.1%
2009	6,806	4.0%	1,908	-10.8%
2010	8,444	24.1%	2,507	31.4%

* Market refers to domestic sales plus exports of motorcycles of all manufacturers in India

The Company sold over 2.5 million motorcycles in India and the rest of the world. It increased its sales by 31.4% – or 7.3 percentage points higher than the market as a whole, i.e. domestic sales plus exports of motorcycle of all manufacturers in India.

Table 2 gives movement in market share for domestic motorcycles. Here, too, Bajaj Auto's motorcycle sales in 2009-10 grew faster than the market – 39.7% for the Company, versus 25.8% in the aggregate.

Table 2: Bajaj Auto's Growth in Domestic Market Share for Motorcycles

Year ended 31 March	Market (In Million numbers)	Market growth	BAL (In Million numbers)	BAL's growth	BAL's market share
2006	5,815	17.1%	1,747	31.7%	30.0%
2007	6,554	12.7%	2,079	19.0%	31.7%
2008	5,768	-12.0%	1,658	-20.3%	28.7%
2009	5,835	1.2%	1,276	-23.0%	21.9%
2010	7,341	25.8%	1,782	39.7%	24.3%

Motorcycles: Domestic Sales

Chart A does not, however, underscore the second tale of motorcycles. This is the story of the changing preference of Indian consumers. It needs some explanation.

Over the last five years, the Company's management has been communicating about the change in consumer preferences for motorcycles. The gist of it has been:

- Indian consumers - urban as well as a rural - have become better off. They have been enjoying greater purchasing power than before; and have begun to demand greater design inputs, better looks, feel, comfort and adventure for the products that they buy. And are willing to pay for these attributes.
- As a consequence, the consumers are upgrading. Across the board, a motorcycle is becoming a lifestyle statement. Boring and fuel efficient no longer works; exciting and fuel efficient does – rapidly so, in ever increasing strides.
- In addition, there is a growing body of motor-bike users who want to purchase powerful models for the pure thrill of biking.

The data prove this very clearly. Consider the following product segmentation:

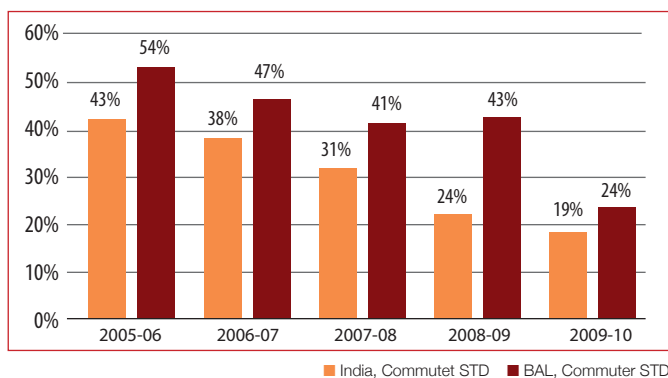
- Commuter Standard (STD):** Comprising Bajaj Auto's Platina; Hero Honda's CD series; and TVS' Star.
- Commuter Deluxe (DLX):** The key brands here are Bajaj Auto's Discover; Hero Honda's Splendor, Passion and Glamour; Honda Motorcycle & Scooters India's (HMSI's) Shine; and TVS' Fiero.
- Sports:** This includes Bajaj Auto's Pulsar; Hero Honda's CBZ, Hunk and Karizma; HMSI's Unicorn and Stunner; TVS's Apache; and Yamaha's R15 and FZ16.

How do the market shares of these categories stack up in India?

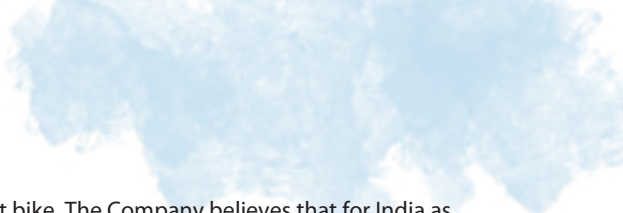
Commuter STD

The share of this 'bottom-of-the-pyramid' category has been falling steadily, as Chart B1 shows.

Chart B1: Segment share, Standard Commuter Bikes



For India as a whole, the share of Commuter STD motorcycles has fallen year after year, from 43% of the market (in terms of



volume) in 2005-06 to 19% in 2009-10. So, too, has Bajaj Auto's composition: from 54% of the Company's total sales in 2005-06 to 24% in 2009-10.

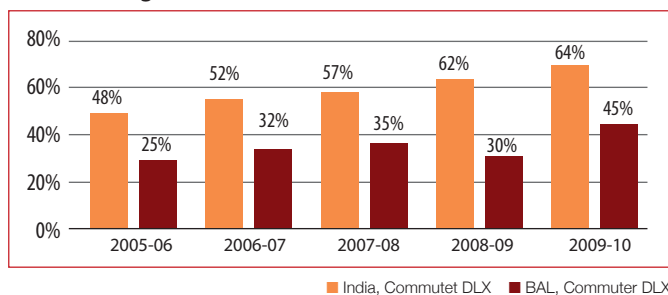
It is not just a matter of falling segment share. The Commuter STD category comprises low pricing power, low margin, low profit products. Bajaj Auto believes that there is more brand premium to be reaped — and higher profits generated — by being a significant player or leader in the other two categories.

Commuter DLX

Unlike the Commuter STD segment, this category is not only growing every year, but also constitutes the major chunk of India's motorcycle market. Chart B2 plots the data. From a high base of 48% of the market in 2005-06, the Consumer DLX segment has grown to 64% in 2009-10 — or close to two-thirds of the total number of bikes sold. Bajaj Auto, through its Discover DTS-Si, has increased its presence from 25% of the total number of motorcycles sold by the Company in 2005-06 to 45% in 2009-10.

With the launch of Bajaj Auto's Discover DTS-Si, the Company is selling an average of 80,000 vehicles per month in this category. Discover is now a one million plus brand.

Chart B2: Segment share, Deluxe Commuter Bikes

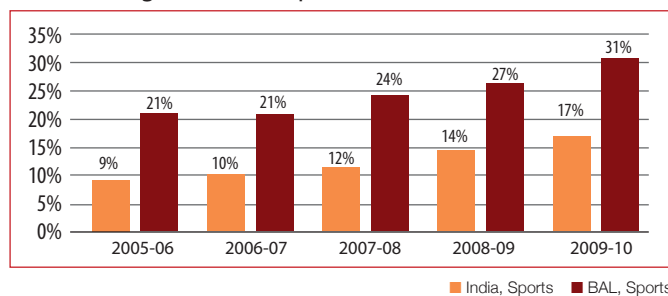


Sports

This segment is showing rapid growth. From 9% market share in 2005-06, it has risen to 17% in 2009-10. According to many, this will be the fastest growing segment in the times to come, given the disproportionate growth of purchasing power in the hands of middle-class urban India, especially age group of 20-30 years. With its Pulsar range, Bajaj Auto has grown faster — from 21% of its total volume of motorcycles in 2005-06 to 31% in 2009-10. Bajaj Auto is the clear market leader in this category. Chart B3 plots the data.

This is an exciting segment in more ways than one. It is about aspiration; power; freedom; enjoyment; and the sheer pleasure

Chart B3: Segment share, Sports Bikes



of riding a great bike. The Company believes that for India as a whole, the segment will continue increasing its share of the market; and so too will Bajaj Auto.

In this category, the new Pulsar 135 LS has been very successful in the market. Designed in the Pulsar character of aggression, the bike has been crafted with an eye to detail. Its light sports nature has bought more people into Pulsar fold, who would otherwise have been intimidated by the full size Pulsars. Together with the 135 LS, the Pulsar will also become a one million brand.

The strategic shift in favour of the bigger and sportier Discover and Pulsar models has not only created a powerful image for the Company's offerings, but also generated higher margins.

Motorcycles: Awards

Bajaj Auto has won several awards for its motorcycles in the course of the year — recognition of the Company's commitment to brands, advertising, technology and product appeal. These are given below:

AWARDS	MODEL	AWARD BODY – AWARD
For Product and Technology	Pulsar 135LS	ET NOW-Zigwheels, Bike of the Year
		ET NOW-Zigwheels, Technology of the Year — 4 Valve
		UTV Bloomberg-AutoCar, Bike of the Year
		UTV Bloomberg-AutoCar, Viewer's Choice Bike of the Year
	DISCOVER DTS-Si	ET NOW-Zigwheels, 100cc Bike of the Year
		ET NOW-Zigwheels, Most Value for Money Bike of the Year
		NDTV Profit-Car India & Bike India, Motorcycle of the Year, up to 125 cc
	Kawasaki Ninja 250 R	Indian Motorcycle of The Year, 2009
		ET NOW-Zigwheels, 250cc Bike of the Year
		NDTV Profit-Car India & Bike India, Motorcycle of the Year, up to 250 cc
NDTV Profit-Car India & Bike India, Two-Wheeler of the Year		
CNBC-Overdrive, Bike of the Year		
For Brand and Communication	Bajaj Auto	Global Youth Marketing Forum 2010: Most Popular Two-Wheelers Among Youth
		Brand Equity: 2nd Most Trusted Brand for Auto Two-Wheelers
	Discover DTS-Si	NDTV Profit-Car India & Bike India, Best Integrated Campaign, Two-Wheelers
	Discover DTS-Si	CNBC- Overdrive, Best Storyboard Commercial
	Discover DTS-Si	Auto India, Best Advertising
	Pulsar	Silver Effie for Pulsar Mania Ad
	Pulsar	ABBY: Best film in Auto Category for the 'Fastest Indian'
	Pulsar Mania	AME Award for Effective Use of Branded Content: Pulsar MTV StuntMania
	XCD 135	ABBY: Best film in Auto Category for the 'Twisted Sisters'

Exports

Bajaj Auto continues to be the country's largest exporter of two and three-wheelers. During 2009-10, the Company's international sales achieved an all-time high of 891,002 vehicles – which was 15% more than the sales recorded in the previous year.

In 2009-10, exports accounted for Rs.32.46 billion (US\$ 682 million), or 28% of the Company's total net sales. Table 3 gives the data.

It is worth noting that three-wheeler exports now account for almost 50% of total three-wheeler sales.

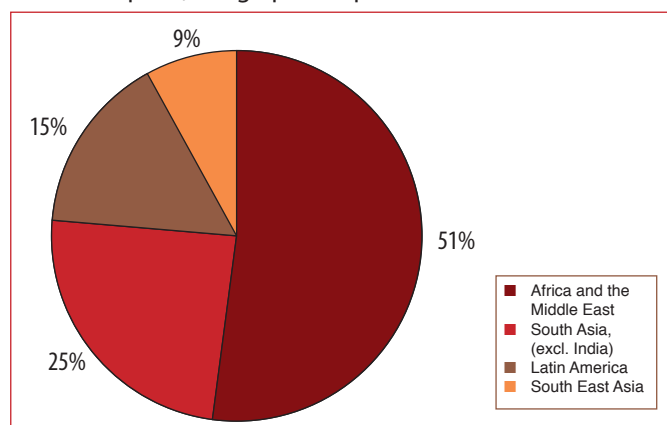
Table 3: Product-wise Exports of Bajaj Auto (in numbers)

Product	2008-09	2009-10	Growth
Motorcycles	631,383	725,023	15%
Total two-wheelers	633,463	726,115	15%
Three-wheelers	139,056	164,887	19%
Total vehicles	772,519	891,002	15%

The export business enjoys a healthy geographical spread, as Chart C shows.

The increased presence in Africa was primarily due to growth in Nigeria, Uganda, Angola and Kenya. Bajaj Auto has initiated a major brand-building effort in Africa for the Boxer, which involves creating exclusive branded outlets for the customers in terms of sales and after-sales services.

Chart C: Exports, Geographical Spread



Sales in South Asia (excluding India) grew by 4%. The slowdown in Sri Lanka for three of the four quarters was more than compensated by growth in Bangladesh. Due to the fall-out of the financial crisis, South-East Asia had a negative growth of 14%. The Company's subsidiary in Indonesia, PT BAI, clocked sales of 11,954 units.

Although the Company's sales to Latin America recovered in latter half of 2009-10, the year as a whole was worse than before. Adverse economic conditions led to the region's sales de-growing by 7%. However, given Bajaj Auto's strong brand presence in these markets, it is expected that the Company will increase sales as the Latin American markets improve in 2010-11.

Three-Wheelers

In 2008-09, Bajaj Auto had witnessed a 12% drop in domestic sales. 2009-10 saw a reversal. Like motorcycles, the Company's domestic sales of three-wheelers also picked up. Thanks to this, as well as growing export demand (see Table 3 above), the overall

decline of three-wheeler sales that occurred in 2008-09 has become a thing of the past.

2009-10 saw a 24% growth in the number of Bajaj Auto three-wheelers sold - up from 274,529 units in 2008-09 to 340,937 in 2009-10. As always, the Company remains the leading three-wheeler player from India with a market share of over 55%. Table 4 gives the data.

Table 4: Three-Wheeler Sales and Share of Bajaj Auto (in numbers)

	2008-09	2009-10	of which domestic	
			2008-09	2009-10
Passenger carriers				
Industry sales	415,411	522,167	268,489	349,662
Bajaj Auto sales	264,332	331,707	125,276	166,822
Bajaj Auto market share	63.6%	63.5%		
Goods carriers				
Industry sales	82,382	91,483	81,230	90,706
Bajaj Auto sales	10,197	9,230	10,197	9,228
Bajaj Auto market share	12.4%	10.1%		
Total 3-wheelers				
Industry sales	497,793	613,650	349,719	440,368
Bajaj Auto sales	274,529	340,937	135,473	176,050
Bajaj Auto market share	55.1%	55.6%		

Operations

Plants

During the first half of 2009-10, a number of improvement activities were initiated at the shop floor level across all plants of the Company. Thanks to these initiatives, Bajaj Auto could produce 32% higher volume of output without any significant investments. Table 5 gives the plant-wise capacities for the last two years.

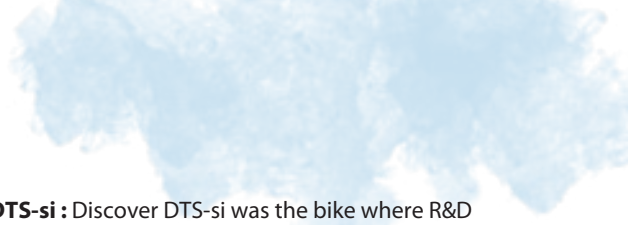
Table 5: Plant-wise capacities (in numbers)

Plant	2008-09	2009-10
Waluj	1,860,000	1,860,000
Chakan	1,200,000	1,200,000
Pantnagar	900,000	1,200,000
Total	3,960,000	4,260,000

Pantnagar

Bajaj Auto's production at its Pantnagar plant, Uttarakhand, has been on the rise. In 2009-10, it produced 577,947 vehicles, up by 82% compared to 2008-09. Average production at Pantnagar for January-March 2010 was 60,000 per month versus 30,000 per month a year earlier. The plant is now geared to produce 80,000 units per month in April-June 2010, and then ramp up to 120,000 vehicles per month by September-December 2010. Keeping this in mind, the supply chain activities are also getting geared up.

To maximise tax benefits available at Uttarakhand, the Company has shifted products like Discover and Pulsar 135 to Pantnagar.



Waluj

Waluj celebrated its 25th birthday in 2009-10. It also started production of the Discover and successfully ramped up the output. Waluj is now the export hub of Bajaj Auto. Of the 891,002 units of two- and three-wheelers exported in 2009-10, about 80% was produced at Waluj. The plant is now ready to meet even higher exports - up to 1 million units of two-wheelers and three-wheelers.

Waluj won an award: 'Plant Best In Class Manufacturing Leadership Award for Two- Wheelers' by the Stars of Industry Group.

Chakan

Given its core competence in high-end products, Chakan produced various upgrade versions of Pulsar. It is now ready to deliver the new KTM bikes. Chakan was awarded the 'Super Platinum Award for Manufacturing Excellence' by Economic Times-Frost & Sullivan.

Table 6 gives the data on which products are manufactured in what plant.

Table 6: Activities Across the Various Plants

Plant	Products
Waluj	Boxer, Platina, Discover and three-wheelers
Chakan	Pulsar, Avenger and Discover
Pantnagar	Platina, Platina 125, Discover and Pulsar 135

Research and Development (R&D)

2009-10 was an important year. Bajaj Auto's R&D departments were involved with the creation of number of new products, which have helped the Company to acquire more significant market presence. In addition, it has done considerable work in process engineering.

Products

- **Pulsar 220 F:** The Pulsar 220 F was re-defined to be the best performing sports bike in India. It became the fastest Indian bike. Work was done to enhance its power while reducing its fuel consumption. The bike was also made more affordable.
- **Pulsar 180 UG:** The bike was loaded with new features and style along with higher performance. It has, in effect, expanded the greater than 150 cc segment.
- **Pulsar 150 UG:** Pulsar 150 – the backbone of the Pulsar brand – was upgraded with a more powerful engine and new features like clip on handle bars and tank flaps. These features have made the Pulsar 150 the best seller in its category.
- **Pulsar 135 LS:** The Pulsar 135 LS was built to create a light sports offering in the Pulsar family. It was designed to be true to the Pulsar character of aggression, technological predisposition and outstanding style. This bike is powered by a 4V DTS-i engine which is the first of its kind. The four valves allow the engine to breathe well, generating superb performance, while DTS-i gives it excellent fuel economy.

- **Discover DTS-si :** Discover DTS-si was the bike where R&D blended the advantages of the twin plug ignition and swirl motion of the incoming charge in a 100 cc category engine to create India's most fuel efficient motorcycle. R&D worked upon all aspects of the engine and vehicle design to maximise the gains in fuel economy along with a crisp throttle response.

The success of these products has put Bajaj Auto in a strong position. R&D is now working on next generation bikes to maintain this momentum.

Processes

R&D has been working on improving its operations in number of areas, such as:

- **Manpower:** Expanding the team size in areas of design, analysis and validation to keep up with the rapidly expanding aspirations of the Company.
- **Facilities:** Enhancing R&D's design, computing and test facilities. A notable addition has been a world class NVH (Noise, Vibration and Harshness) laboratory, which has been commissioned. This will give Bajaj Auto the ability to make even more refined products.
- **Technology:** R&D has developed the 4V DTS-i technology for outstanding engine performance. Design optimisation has enabled it to be used on the Pulsar 135 LS, which competes at a lower price point. The DTS-i is controlled by a new generation CDI (Capacitor Discharge Ignition), which takes continuous load and temperature inputs to compute the optimum timing of each spark plug.

TPM

Bajaj Auto started its Total Productive Maintenance initiative ten years ago with its manufacturing plants. In March 2007, it achieved a milestone of having all its manufacturing facilities awarded as 'TPM Excellence Category –1' winners by JIPM (Japan Institute of Plant Maintenance).

Last year, TPM and quality initiatives at vendor plants gathered further momentum. Since inception of Bajaj Auto's Vendor Quality and Vendor TPM awards, the tally of Quality and TPM award winners is as follows:

1. Quality award 'Bronze': 2009-10: 24 winners (cumulatively, 108)
2. Quality award 'Silver': 2009-10: 30 winners (cumulatively, 89)
3. Quality award 'Gold': 2009-10: 16 winners (cumulatively, 44)
4. Quality award 'Platinum': 2009-10: 3 winners (cumulatively, 3)
5. 'BAL TPM' award: 2009-10: 11 winners (cumulatively, 29)

In other words:

- Over 50% of BAL's vendors have achieved a status of supplying zero defect components to the Company's plants for six straight months at least once during last four years ('Bronze').
- Almost 40% achieved zero defect supplies for 12 straight months ('Silver').

- 25% have had zero defect supplies for 24 straight months ('Gold').
- Three vendors have supplied zero defect components for more than 36 straight months ('Platinum').

On 7 April 2010, Bajaj Auto adopted a wider and more encompassing concept of TPM. It is the acronym for 'The Prime Mover' towards excellence — to build and continuously improve its core competencies. With this in mind, Bajaj Auto created a 'Company-wide TPM Kick-off'. This initiative, the first of its kind in India, will align all key businesses and activities of the Company.

Bajaj Auto's core competencies rest on its values of innovation, perfection and speed. TPM is expected to build and continuously improve its core competencies, as also its entire supply chain including its suppliers and dealers.

Subsidiaries

Bajaj Auto International Holdings BV (BAIH BV)

As mentioned earlier, 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 to acquire 24.45% equity stake in KTM Power Sports AG of Austria, Europe's second largest sport motorcycle manufacturer. It is a Vienna Stock Exchange listed company. In the course of 2008-09, BAIH BV increased its ownership of KTM shares to 31.72% at a cost of €21.26 million. During 2009-10, BAIH BV invested further €250,290 to increase its stake to 31.92%.

Reinforcing its commitment to KTM and signifying the strategic importance of KTM brand and products, Bajaj Auto, through BAIH BV, invested a further of €20.16 million in April 2010 and increased its ownership of KTM's shares to 35.67%.

With this, the total investment in KTM stands at €140.03 million.

The first product developed under the joint development programme between KTM and Bajaj Auto was showcased at the Milan Motorshow in November 2009, and was received well. The product will go on sale in 2010-11.

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). During 2009-10, Bajaj Auto added further capital by US\$ 17 million, thus increasing its total stake to 98.9% in PT BAI.

The subsidiary assembles and markets Pulsars in Indonesia. At present, PT BAI assembles semi-knocked down parts. In the second half of 2010-11, it is expected to assemble complete knocked down parts, which attract lower customs duties in Indonesia. April 2010 saw PT BAI introducing the Pulsar 135.

PT BAI has not yet broken even, though losses have reduced. Loss for 2009-10 was Rs.159 million at the PBT level, versus a loss of Rs. 615 million last year.

Financials

Table 7 gives the summarised profit and loss statement.

Table 7 Abridged Profit and Loss Statement

	Rs. In Million	
	2008-09	2009-10
Operations		
Sales	90,497	121,181
Less: Excise duty	6,127	6,096
Net sales	84,370	115,085
Other operating income	3,734	4,125
Total operating income	88,104	119,210
Cost of materials consumed, net of expenditures capitalised	64,491	80,548
Share of material cost	73.2%	67.6%
Stores and tools	604	671
Share of stores and tools	0.7%	0.6%
Labour cost	3,544	3,995
Share of labour cost	4.0%	3.4%
Factory and administrative expenses	3,145	3,418
Share of factory and administrative expenses	3.6%	2.9%
Sales and after sales expenses	4,297	4,652
Share of sales and after sales expenses	4.9%	3.9%
Total expenditure	76,081	93,284
Operating profit	12,023	25,926
Operating profit as a share of total operating income	13.6%	21.7%
Voluntary Retirement Scheme	1,833	1,833
Mark to market loss / (-) reversal	218	-218
Revised operating profit	9,972	24,311
Revised operating profit as a share of total income	11.3%	20.4%
Interest	210	60
Depreciation	1,298	1,365
Net operating profit	8,464	22,886
Non-operating income		
Income	1,219	1,225
Expenses	102	—
Non-operating income, net	1,117	1,225
Profit before taxation	9,581	24,111
Provision for taxation	3,016	7,075
Profit after taxation	6,565	17,036

Operating Working Capital and ROCE

In the difficult year of 2008-09, the Company's management consciously took a call to support its vendors by significantly reducing payment cycle. This, and the rise in debtors, showed up in an increase in operating working capital as at 31 March 2009.

That has changed significantly for the better in 2009-10. The vendor payment cycle has been normalised, and debtors tightened. Operating working capital has now turned negative - to (-) Rs.6.95 billion.

Moreover, the Company has seen a significant increase in its return on operating capital. From 55% pre-tax return on operating capital employed in 2008-09, the ratio has risen to 253% for 2009-10. As Table 8 shows, this has been driven by two factors:

- First, a Rs.14.42 billion increase in Bajaj Auto's operating profits after interest and depreciation, compared to the previous year.
- Second, a Rs.5.90 billion reduction in working capital vis-a-vis 2008-09.

Table 8: Return on Operating Capital

	Rs. In Million	
	As at 31 March 2009	As at 31 March 2010
Fixed assets	15,481	15,211
Capital Advances	844	793
Technical know-how	163	—
Working capital	-1,050	-6,952
Total	15,438	9,052
Operating profit after interest and depreciation	8,464	22,886
Pre-tax return on operating capital employed	55%	253%

Cautionary Statement

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

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 2009-10 and 2008-09 is given in Table 9 below.

Table 9: Segment Revenue and Segment Results

	Rs. In Million	
Segment Revenue	2008-09	2009-10
Automotive	88,148	119,742
Investment and others	1,219	1,225
Total	89,367	120,967
Less: Intersegment revenue	—	—
Total	89,367	120,967
Segment Results Profit/(loss) from each segment before interest and tax	2008-09	2009-10
Automotive	7,366	21,855
Investment and others	1,117	1,225
Total	8,483	23,080
Less: Interest	219	67
Profit before tax	8,264	23,013



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Corporate Governance

Bajaj Group's commitment of good corporate governance practices predates SEBI and clause 49 of the listing agreements. Transparency, fairness, disclosure and accountability are the main thrust 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 2009-10. As will be seen, Bajaj Auto's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of clause 49 of the listing agreement.

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 2010, 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, subject to approval of the shareholders, re-appointed Rahul Bajaj as the chairman, Madhur Bajaj as vice chairman and Rajiv Bajaj as managing director of the company for a further period of five years from 1 April 2010.

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 board of directors at its meeting held on 24 March 2010 partially revised the directors' remuneration policy with effect from 1 April 2010 and accordingly, non-executive directors of the company with effect from 1 April 2010 would be paid, in addition to the sitting fee of Rs.20,000 per meeting for every meeting of the board and its committees, commission at the rate of Rs.75,000 (instead of Rs.50,000) per meeting of the board and its committee attended by them, subject to the aggregate being within the overall ceiling of one percent of the net profits.

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

Board procedures

During 2009-10, the board of directors met six times: on 21 May 2009, 16 July 2009, 19 September 2009, 15 October 2009, 12 January 2010 and 24 March 2010. 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 2009-10

Name of director	Category	Meetings attended	Whether attended last AGM
Rahul Bajaj	Chairman, executive	6/6	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	5/6	Yes
Kantikumar R Podar	Non-executive, independent	5/6	Yes
Shekhar Bajaj	Non-executive	6/6	Yes
D J Balaji Rao	Non-executive, independent	6/6	Yes
J N Godrej	Non-executive, independent	0/6	No
S H Khan	Non-executive, independent	6/6	Yes
Ms Suman Kirloskar	Non-executive, independent	5/6	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	5/6	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 2010

Name of Director	In listed companies	In unlisted public limited companies	Committee Positions	
			As Chairman	As Member
Rahul Bajaj	5	3	0	0
Madhur Bajaj	4	2	0	0
Rajiv Bajaj	4	2	0	1
Sanjiv Bajaj	6	5	0	5
D S Mehta	5	0	1	6
Kantikumar R Podar	3	2	0	0
Shekhar Bajaj	3	5	1	2
D J Balaji Rao	10	0	4	6
J N Godrej	6	3	1	3
S H Khan	5	3	5	5
Ms Suman Kirloskar	1	1	0	0
Naresh Chandra	10	2	1	9
Nanoo Pamnani	4	0	4	4
Manish Kejriwal	2	0	0	2
P Murari	9	2	1	5
Niraj Bajaj	6	6	0	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 2009-10. A declaration to this effect signed by the managing director / chief executive officer is given in this annual report.

Audit committee

Constitution and composition

After the demerger of erstwhile BAL in 2008, the new Bajaj Auto set up its audit committee in 2008. The company has been reviewing the working of the committee from time to time to bring about greater effectiveness in order to comply with various requirements under the Companies Act, 1956 and clause 49 of the listing agreement. The present audit committee consists of the following directors :

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

During the year, S H Khan resigned from the chairmanship of the audit committee. As recommended by the remuneration & nomination committee, the board of directors at its meeting held on 24 March 2010 appointed Nanoo Pamnani, who was already a member of the audit committee, as the chairman of the said committee. S H Khan, however, continued as the member of the audit committee.

All members of the audit committee are independent, non-executive directors and are 'financially literate' as required by clause 49. Moreover, the audit committee has members who have 'accounting or related financial management expertise'.

Meetings, attendance and topics discussed

During 2009-10, the audit committee met four times: 21 May 2009, 16 July 2009, 15 October 2009 and 12 January 2010. 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 2009-10

Name of director	Category	Meetings attended
Nanoo Pamnani, Chairman	Non-executive, independent	4/4
S H Khan	Non-executive, independent	4/4
D J Balaji Rao	Non-executive, independent	4/4
J. N. Godrej	Non-executive, independent	0/4
Naresh Chandra	Non-executive, independent	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.

The board has laid down procedures to inform it of the company's risk assessment and minimisation procedures. These are periodically reviewed to ensure that management identifies and controls risk through a properly defined framework.

There were no public issues, right issues, preferential issues etc. during the year.

Remuneration & Nomination Committee

Bajaj Auto constituted the remuneration committee of the board on 30 January 2008. Subsequently, the board of directors at its meeting held on 16 January 2009 extended the terms of reference of the said committee to include nomination functions and restyled the said committee as 'remuneration and nomination committee'.

The committee now has the following members :

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

During the year, the committee met on 21 May 2009 to recommend employees stock option scheme. It also met on 24 March 2010 and recommended the re-appointment of Rahul Bajaj as chairman, Madhur Bajaj as vice chairman and Rajiv Bajaj as managing director of the company for a period of five years commencing from 1 April 2010 to 31 March 2015. At the said meeting, it also recommended for the consideration of the board the managerial remuneration payable to the three appointees for the fresh term of five years as also the annual increase payable to Sanjiv Bajaj, executive director with effect from 1 April 2010. It further approved and recommended to the board the nomination of Nanoo Pamnani as chairman of the audit committee in place of S H Khan.

The committee also recommended for the consideration of the board the reappointment of the directors, who are due for reappointment at the ensuing annual general meeting of the company.

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 2010, amounted to Rs. 7.4 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. 0.1 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. 73.4 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 at 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 judgment. They also oversee corporate governance framework of the company.

The partially amended criteria of making payments to non-executive directors as approved by the board at its meeting held on 24 March 2010 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

Rahul Bajaj, Madhur Bajaj and Rajiv Bajaj, whose terms as managerial personnel in the company expired on 31 March 2010, were re-appointed to the same positions for a further period of five years from 1 April 2010, as separately stated in this report.

The remuneration payable to Rahul Bajaj, Madhur Bajaj and Rajiv Bajaj for the fresh term was reviewed and finalised by the remuneration and nomination committee at its meeting held on 24 March 2010 and confirmed by the board on that day. The revised remuneration payable to these executive directors will come into effect from 1 April 2010.

On their retirement, 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 2009-10, 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 2009-10.

Table 4: Remuneration paid / payable to directors during 2009-10

Name of director	Relationship with other directors	Sitting fees	Salary & perquisites	Commission	Total
		Rs.	Rs.	Rs.	Rs.
Rahul Bajaj	Father of Rajiv Bajaj, Sanjiv Bajaj, father-in-law of Manish Kejriwal	Nil	25,121,055	36,000,000	61,121,055
Madhur Bajaj	Brother of Shekhar Bajaj & Niraj Bajaj	Nil	16,395,959	25,200,000	41,595,959
Rajiv Bajaj	Son of Rahul Bajaj, brother of Sanjiv Bajaj, brother-in-law of Manish Kejriwal	Nil	13,288,610	21,600,000	34,888,610
Sanjiv Bajaj	Son of Rahul Bajaj, brother of Rajiv Bajaj, brother-in-law of Manish Kejriwal	Nil	3,063,577	6,300,000	9,363,577
D S Mehta	—	100,000	—	250,000	350,000
Kantikumar R Podar	—	100,000	—	250,000	350,000
Shekhar Bajaj	Brother of Madhur Bajaj & Niraj Bajaj	120,000	—	300,000	420,000
D J Balaji Rao	—	260,000	—	650,000	910,000
J N Godrej	—	—	—	—	—
S H Khan	—	260,000	—	650,000	910,000
Suman Kirloskar	—	100,000	—	250,000	350,000
Naresh Chandra	—	260,000	—	650,000	910,000
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	100,000	—	250,000	350,000

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 2010, who held shares in the company are:

Table 5: Shares held by non-executive directors

Name of Director	Number of shares held as on 31 March 2010
Shekhar Bajaj	360,440
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, J N Godrej, S H Khan, Suman Kirloskar and Naresh Chandra retire from the board by rotation this year and being eligible offer themselves for re-appointment.

Rahul Bajaj, Madhur Bajaj and Rajiv Bajaj have been re-appointed as chairman, vice chairman and managing director respectively for a fresh term of five years commencing from 1 April 2010 to 31 March 2015, subject to approval of the shareholders at their ensuing annual general meeting.

Brief profiles of the retiring directors and Rahul Bajaj, Madhur Bajaj and Rajiv 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, Financial Express, The Economic Times, Kesari, Hindu Business Lines and Times of India. 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 Questions (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 website 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 annual general meetings of the company have been held at the registered office of the company on the following dates and times :-

1st AGM 10 July 2008 at 11.30 a.m.

2nd AGM 16 July 2009 at 11.30 a.m.

Details of Special Resolution(s) passed during the last years' Annual General Meeting (AGM)

The shares of the company got listed for the first time on 26 May 2008. No special resolution was passed at the general meeting held during the year 2008.

At the AGM held on 16 July 2009, two special resolutions were passed, viz. (a) pertaining to re-appointment of Sanjiv Bajaj as executive director for a term of five years commencing from 1 April 2009 upto 31 March 2014 and approval of remuneration payable to Sanjiv Bajaj and (b) regarding approval of employee stock option scheme for issue of shares upto a maximum of 2,200,000 equity shares. Stock Options, however, have not been granted to any employee so far.

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 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 2010:

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 24 March 2010 to review the status of investors' services rendered. All members except J N Godrej were present at the meeting. The secretarial auditor as well as company secretary (who is also the compliance officer) were also present.

More details have been furnished in the chapter on General 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 General Shareholder Information, constitute the compliance report on corporate governance during 2009-10.

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 2009-10.

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.

General Shareholder Information

Annual general meeting

Date : 22 July 2010
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.40 per equity share (400 per cent) for the financial year 2009-10, subject to approval by the shareholders at the annual general meeting. Dividend paid in the previous year was Rs. 22 per equity share (220 percent).

Dates of book closure

The register of members and share transfer books of the company will remain closed from Saturday, 10 July 2010 to Thursday, 22 July 2010, 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 26 July 2010:

- 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, 9 July 2010; and
- 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, 9 July 2010.

Payment of dividend

Dividend will be paid by account payee / non-negotiable instruments or through the National Electronic Clearing Service (NECS), as notified by the SEBI through the stock exchanges. In view of the significant advantages and the convenience, the

company will pay dividend through NECS 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 years 2007-08 and 2008-09 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

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.

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 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 2009-10 was 223,120.

Dematerialisation of shares

During 2009-10, 47,723,435 shares were dematerialised.

Distribution of shares as on 31 March 2010 is given in Table 1.

Table 1: Shares held in physical and electronic mode

	Position as on 31 March 2010		Position as on 31 March 2009		Net change during 2009-10	
	No. of shares	% to total share holding	No. of shares	% to total share holding	No. of shares	% to total share holding
Physical	11,154,530	7.71	58,877,965	40.69	47,723,435	32.98
Demat:						
NSDL	131,426,744	90.84	83,421,870	57.66	48,004,874	33.18
CDSL	2,102,236	1.45	2,383,675	1.65	-281,439	-0.19
Sub Total	133,528,980	92.29	85,805,545	59.31		
Total	144,683,510	100.00	144,683,510	100.00		

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 Professional Securities Market of the London Stock Exchange.

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 2009-10, 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 Limited shares during 2009-10 (Rs.) vis-a-vis BSE Sensex

Month	BSE High	BSE Low	NSE High	NSE Low	Closing BSE Sensex
Apr' 09	687.95	591.00	689.80	535.00	11,403.25
May' 09	1,057.00	639.00	1,060.00	624.40	14,625.25
Jun' 09	1,155.00	922.50	1,159.00	920.00	14,493.84
Jul' 09	1,262.00	935.25	1,285.00	906.55	15,670.31
Aug' 09	1,356.00	1,045.00	1,358.00	1,040.10	15,666.64
Sep' 09	1,535.00	1,161.85	1,534.00	1,162.20	17,126.84
Oct' 09	1,665.00	1,368.00	1,665.00	1,366.10	15,896.28
Nov' 09	1,616.00	1,391.25	1,621.85	1,395.00	16,926.22
Dec' 09	1,800.00	1,480.00	1,799.50	1,577.00	17,464.81
Jan' 10	1,836.40	1,641.15	1,836.55	1,640.00	16,357.96
Feb' 10	1,870.00	1,620.00	1,874.00	1,626.90	16,429.55
Mar' 10	2,055.00	1,800.00	2,054.95	1,796.10	17,527.77

Distribution of shareholdings

Table 3 gives details about the pattern of shareholdings among various categories as on 31 March 2010 and 31 March 2009, while Table 3A gives the data according to size classes as on 31 March 2010 and 31 March 2009.

Table 3: Distribution of shareholdings across categories

Categories	31 March 2010		31 March 2009	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	71,786,886	49.62	71,786,036	49.61
Friends and associates of promoters	16,282,371	11.25	16,327,478	11.28
GDRs ¹	127,902	0.09	181,775	0.13
Foreign Institutional Investors	25,774,534	17.81	19,980,919	13.81
Public Financial Institutions	4,637,220	3.21	8,316,122	5.75
Mutual Funds	4,732,655	3.27	4,926,547	3.41
Nationalised & other banks	45,012	0.03	110,397	0.08
NRIs & OCBs	598,999	0.41	650,056	0.45
Others	20,697,931	14.31	22,404,180	15.48
Total	144,683,510	100.00	144,683,510	100.00

¹ 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 2010

No of shares	No of shareholders		Shares held in each class	
	Number	%	Number	%
1 TO 500	58,469	92.84	2,737,903	1.89
501 TO 1000	1,476	2.34	1,082,805	0.75
1001 TO 2000	1,016	1.61	1,465,832	1.01
2001 TO 3000	503	0.80	1,264,549	0.87
3001 TO 4000	246	0.39	859,024	0.59
4001 TO 5000	186	0.30	853,139	0.59
5001 TO 10000	424	0.67	2,951,619	2.04
10001 AND ABOVE	662	1.05	133,468,639	92.26
Total	62,982	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 four 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, letters were received from SEBI / ROC / Stock Exchanges / Investors' concerning 7 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI / ROC / Stock Exchanges / Investors in the prescribed format, 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, 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,
Near Image Hospital,
Madhapur,
HYDERABAD 500 081

Contact persons

Mr M S Madhusudhan / Mr Mohd.Mohsinuddin
Tel No. (040) 44655152;
Fax No: (040) 44655024
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 third annual report and the audited statements of accounts for the year ended 31 March 2010.

The highlights are as under:-

Units	2009-10 (Nos)	2008-09 (Nos)
Two-wheelers	2,511,643	1,919,625
Three wheelers	340,937	274,529
Total	2,852,580	2,194,154
Of which Exports	891,002	772,519

Financials

	Rs. In Million	
	2009-10	2008-09
Net sales & other income	120,435	89,323
Gross profit before exceptional items, interest & depreciation	27,151	13,140
Exceptional items		
VRS compensation	1,833	1,833
Valuation losses of derivative hedging instruments	(218)	218
Interest	60	210
Depreciation	1,365	1,298
Profit before taxation	24,111	9581
Provision for taxation	7,075	3,016
Profit after tax	17,036	6,565
Disposable surplus	17,001	6,545
Proposed dividend (inclusive of dividend tax)	6,748	3,724
Transfer to General Reserve	1,703	2,821
Balance carried in Profit & Loss Account	8,550	—
Earnings per share (Rs.)	117.7	45.2

Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of Rs.40 per share, (400 per cent) for the year ended 31 March 2010. The amount of dividend and the tax thereon aggregates to Rs. 6,748.5 million.

Dividend paid for the year ended 31 March 2009 was Rs.22 per share (220 per cent). The amount of dividend and the tax thereon aggregated to Rs. 3,724 million.

Operations

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

Capacity expansion & New Projects

The company plans to increase its capacity of two and three wheelers from the current 4,260,000 numbers per annum to 4,980,000 numbers per annum by 31 March 2011.

The 4 wheel vehicle development work is under progress and commercial launch of the first product from this platform is scheduled for 2012.

The techno-economic feasibility of the 4-wheeler Project and related agreements between partners, Bajaj, Renault & Nissan will be concluded at a suitable stage of this platform development.

Research & development and technology absorption

During the year under review, your company continued to invest substantially in R & D facilities, resulting in the enhancement of its infrastructure for design, prototyping & testing.

The year 2009-10 was a satisfying year, with R&D being involved in the creation of a number of new products and helping your company to gain market share. Many important products, which demonstrated the technical prowess of the company, were launched during the year under review. These were Pulsar 220 F, Pulsar 180 UG, Pulsar 150 UG, Pulsar 135 LS and Discover DTS-si.

Your company continues to focus on expanding its design and testing teams, which has enabled it to make the new generation products.

The developments in this area are set out in greater detail in the annexed Management Discussion and Analysis Report.

The expenditure on research and development during 2009-10 and in the previous year was:

	Rs. In Million	
	2009-10	2008-09
i. Capital (including technical know-how)	312.3	310.8
ii. Recurring	1,035.3	837.9
Total	1,347.6	1,148.7
iii. Total research and development expenditure as a percentage of sales, net of excise duty	1.17	1.36

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 introduction of light emitting diode (LED) street lights and LED mid-bay lamps; use of compact fluorescent lamps for office lighting; efficient usage of compressor and installation of transparent roof sheets for optimum utilisation of natural lights;
- Water saving was achieved by usage of recycled water, drip irrigation / sprinkler system for gardening, revising water change frequency of paint booth water circulation system; regulating pump on-off timing through timers and replacement of old underground water pipes above-ground pipes to avoid wastage of water due to leakage;

- Liquefied petroleum gas (LPG) saving was achieved by reduction in number of initial heat up occurrences from two to one for continuous gas carburising (CGC) furnace; installation of waste heat recovery system for pre-heating of combustion air in paint shop; reduction in hot water temperature for pre-treatment process and single shift running for production upto 60K at Pantnagar.

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	
	2009-10 (%)	2008-09 (%)
Electrical energy	17	23
Water	27	11
LPG	12	44

Investment / savings

Investment for energy conservation activities Rs.8.1 million
 Saving achieved through above activities Rs.15.1 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.32,690 million, compared to Rs. 26,819 million during the previous year.

Total foreign exchange outflow during the year under review was Rs. 4,616 million as against Rs. 7,286 million during the previous year.

The above outflow includes an investment of Rs.16 million (Previous Year Rs. 1,378 million) made in its 100% subsidiary, Bajaj Auto International Holdings BV, Netherlands for increasing its stake in KTM Power Sports AG from 31.72% to 31.92%. It further includes an investment of Rs.811 million (Previous Year Nil) made in its subsidiary, PT Bajaj Auto Indonesia.

Industrial relations

Industrial relations with staff and workmen across the plant at Akurdi, Waluj, Chakan and Pantnagar remained cordial.

The year 2010, being a Silver Jubilee year for the Waluj factory, various events like cultural activities of employees and their family members, sports competitions, tree plantation, blood donation etc. were conducted.

One workman of the Waluj plant received the 'Kamgar Bhushan' Award and six workmen received the 'Gunwant Kamgar' Award, declared by the Government of Maharashtra for the year 2009.

Subsidiaries

PT. Bajaj Auto Indonesia (PT BAI), is a majority shareholding (98.94%) subsidiary of Bajaj Auto Limited. The subsidiary assembles and markets Pulsars in Indonesia. During the year, the

Pulsar upgrades were introduced in Indonesia. So far, there are more than 38,000 satisfied customers, owning Bajaj motorcycles in Indonesia.

Product portfolio will be expanded under Pulsar brand with Pulsar 135 LS in the first quarter of 2010-11. Indonesia, being a light weight high acceleration step-through market (bebek), Pulsar 135 LS will be positioned competitively to upgrade from bebek for the thrill seeking youngsters.

During the year under review, sales and service showrooms were expanded to cover 23 provinces, across 7 major islands.

In an effort to bring down the customs duties, the subsidiary has localised some of the assembly operations. It would continue to pursue the localisation of sub- assemblies further in 2010-11.

With the addition of Pulsar 135 LS to the model line up and with increased local sub-assembly operations, the subsidiary would be in a position to reduce its losses in 2010-11.

Bajaj Auto International Holdings BV, Netherlands (BAIHBV)

During the year under review, BAIHBV invested further Euro 250,290 to increase its stake in KTMS to 31.92%.

The first product developed under the joint development program between KTM and BAL was showcased in Milan Motorshow in November 2009 and was received well. The product will go on sale in 2010-11.

Reinforcing its commitment to KTM and signifying the strategic importance of KTM brand & products, Bajaj invested a further Euro 20 Million in April 2010 in KTM through BAIHBV taking its stake in KTM to 35.67%.

Corporate social responsibility

During the year 2009-10, Bajaj Auto continued its Affirmative Action Plan & Corporate Social Responsibility initiatives in various fields. Activities in this area are set out in greater detail in the CSR Report.

Directors

J N Godrej, S H Khan, Suman Kirloskar and Naresh Chandra retire from the board by rotation this year and being eligible, offer themselves for re-appointment.

Rahul Bajaj, Madhur Bajaj and Rajiv Bajaj have been re-appointed as Chairman, Vice Chairman and Managing Director for a further term of five years commencing from 1 April 2010 and ending 31 March 2015.

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 separately in 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 2009-10. 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 an 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 2009-10 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 General Shareholder Information.

All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2009-10. A declaration to this effect signed by the Chief Executive Officer (CEO) of the company is contained in this annual report.

The CEO and Chief Financial Officer (CFO) have certified to the board with regard to the financial statements and other matters as 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.

Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising "Group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed in the Annual Report for the purpose of Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

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.

Mr A P Raman, cost accountant, Pune has been appointed as cost auditor to conduct the said audit for the year 2010-11, and the government approval in this regard has been received.

On behalf of the board of directors



Rahul Bajaj
Chairman

12 May 2010

Annexure 1

Certificate by Auditors on Corporate Governance

To the Members of
Bajaj Auto Limited

We have reviewed the records concerning the Company's compliance of 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 31 March 2010.

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

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

For **Dalal and Shah**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune: 12 May 2010

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 2010 compliance with the code of conduct of the company laid down for them.

Rajiv Bajaj

Managing Director

Pune : 12 May 2010

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 2010 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

Pune: 12 May 2010

Kevin D'sa

Vice President (Finance)

Report on Corporate Social Responsibility (CSR)

The CSR activities of Bajaj Group are guided by the vision and philosophy of its Founding Father, Shri Jamnalal Bajaj, who enunciated the value of Trusteeship in business and laid the foundation stone for its ethical and value-based functioning.

The core elements of CSR activities include ethical functioning, respect for all stake-holders, protection of human rights and care for the environment.

The Company and Bajaj Group generally implements the above initiatives through its employees, Welfare Funds and Group NGOs / Trusts / Charitable Bodies operating at various locations in the country. It also enlists the help of non-Group NGOs, Local Authorities, Business Associations and Civil Society, wherever deemed necessary.

Some of the major initiatives taken up during the year under review are summarised below :-

A. By the Company

Code of conduct and affirmative action

Your company believes that its success is interlinked with the well-being of all sections of the society and equal opportunity for all sections. The company continues to ensure no discrimination of any type to socially disadvantaged sections in the work place. In the year under review, the company recruited 1182 new employees, of which 161 (13.62%) belong to weaker sections, in line with the affirmative action planned by the company. In the previous year, the same was 6.58%.

Education

Under the Public Private Partnership program (PPP), the company has undertaken to upgrade 2 Industrial Training Institutes (ITI) in Pune and one in Pantnagar. During the year, your company took actions to ensure better quality of output from the Institute and also followed up with the concerned agencies for approval of Institute Development Plan. At Ramgarh in Pantnagar, the new structure is coming up and will be available for the current year.

Economically weaker, brilliant, underprivileged children, who qualify for the coaching of IIT entrance examination, are encouraged to seek financial assistance.

Health

The Anti Retroviral Treatment Centre (ART centre) set up by your company at Yeshwantrao Chavan Municipal Hospital (YCM Hospital) has registered 3500 patients with 1900 cases under ART Centre. This centre is now a bench-mark for new centres and is the largest-one run by industry. The Director General, NACO visited the ART centre and later CII awarded its recognition to Bajaj Auto for its initiatives and long-time commitment in the matter.

B. Through Charitable and other Trusts, NGOs and Group Companies

In addition to the activities carried out by the Group Companies, numerous charitable and rural development activities are carried out through its various Trusts / NGOs etc. Some of those are highlighted below :

1. Jamnalal Bajaj Foundation (JBF – Foundation)

Activities carried out by JBF are highlighted as under :-

AWARDS:

The Foundation gives 4 Awards annually - each of the value of Rs.5 lakhs. Of these, three are given to individuals in India for outstanding contribution in the fields of constructive work on Gandhian lines, application of science and technology for rural development and uplift and welfare of women and children. The fourth one is an International Award - given to individuals other than Indian citizens from foreign countries for their contribution to the promotion of Gandhian values outside India.

RURAL DEVELOPMENT:

The Foundation has been undertaking rural development work in select villages of Wardha District, Maharashtra (since 1987) and in Shikohabad, Dist. Firozabad, U.P. (since 1992).

The activities are undertaken on the basis of the need of the local people. Special emphasis is given on health, family welfare, immunisation, supply of potable drinking water, sanitation and alternative source of renewable energy.

OTHER CHARITABLE ACTIVITIES :

- **Employment Generation Programmes**
Programmes of employment generation in the rural area have helped the women-folk and scheduled castes and the poorer sections to develop self-confidence in themselves.
- **School under National Child Labour Project**
Schools running with the financial support of National Child Labour Project (GOI), are monitored and controlled by JBF. 200 students and 20 staff members are part of these 4 schools.
- **Balwadi (Child Training Centre)**
Balwadi is a pre-school, where under-privileged children are taught by trained teachers. The Foundation is running 24 Balwadis i.e. Bal Sanskar Kendra in rural areas for poor children below six years of age. It also runs free computer training classes, tailoring classes and stitching classes for poor and needy people.

- Community Awareness Campaign & Health Camp
The Foundation carried out people-to-people base awareness programmes about population control, usage of toilet, health, hygiene etc. and organised health camps for women and handicapped persons.

2. Jankidevi Bajaj Gram Vikas Sanstha (JBGVS)

During the year under review, JBGVS undertook a number of development initiatives for economic and environment development, health care and prevention of HIV / AIDS, basic education and literacy, women empowerment and social development.

Activities carried out by JBGVS for community development and empowerment of women are highlighted below :

Rural Development

The company continued with its rural development activities in Pune and Aurangabad districts of Maharashtra through JBGVS. JBGVS aims at integrated development of 43 selected villages, to be carried out by the villagers under their own leadership and through unified efforts forged by Government and local organisations with JBGVS acting as a catalyst. From April, 2010, it plans to increase the number of villages to 61, which includes 11 villages of Sikar District, Rajasthan, birth place of Late Jamnalal Bajaj, founder of the Bajaj Group and additional 13 villages in Pune & Aurangabad districts.

Healthcare

It conducted about 60 health check-up camps, including camps held in conjunction with Kamalnayan Bajaj Hospital at Aurangabad. JBGVS runs a mobile clinic, in 20 villages in Pune with a lady doctor and a nurse to provide primary health care services at the doorstep of the poor.

Tribal Development

A tribal development project, for 1000 tribal families, called Aamrai was launched on 21 August 2009. Rahul Bajaj, Chairman, BAL launched the project. This seven year project involves planting and tending of 27,000 mango trees and 18,000 amla trees on 900 acres of tribal wasteland and distribution of goats, buffaloes & vermi-compost beds for 100 landless tribal families. It is a Rs.3.50 crore project to be done over seven years in partnership with National Bank for Agriculture & Rural Development (NABARD). The project is expected to generate about Rs.4 crores annually from 8th year onwards and substantially improve the quality of life of 1000 tribal families.

3. Trusts for Colleges

- Shiksha Mandal, Wardha founded in 1914 by Late Shri Jamnalal Bajaj runs seven colleges with around 10,000 students on its rolls. These include colleges for commerce, science, agriculture, engineering polytechnic and rural studies. Its mission is to provide high quality education at an affordable cost & to inculcate socially desirable values. One of its Colleges, the Jankidevi Bajaj College of Science has recently been selected by the University Grants Commission as a College with Potential for Excellence. Ten of its students appeared in the University merit list.

Two of its colleges have received UGC grants to run remedial coaching classes and training for competitive exams for SC/ST students.

A new Bajaj College of Engineering, funded by a Rs 25 crore donation from the Bajaj trusts is in the process of being formed.

It is the only educational institution chosen as a resource NGO by the Maharashtra Government for implementing a Rs.600 crore project aimed at increasing farmer incomes in Vidarbha.

- Bajaj Science Centre was started in 2007 as a place for middle and high school children to enjoy science by doing it. For the last two years, one of its students has bagged a medal in the national level Homi Bhabha Bal Vaigyanik competition. Its new Rs 5 crore complex has been funded by the Bajaj trusts and the fees at the center are subsidised at Rs 100/month.
- Gandhi Vihar Parishad runs a 6 month PG Diploma course on Gandhian thought, which attracts students from all over India and recently from abroad too. It organised an international seminar in November 2009 on the occasion of the centennial of the publication of Gandhiji's "Hind Swaraj".

4. Bajaj Allianz Insurance Companies

Bajaj Allianz initiated a 'special awards ceremony' and gave away Recognition Awards to 'disabled / physically challenged' individuals under different categories ranging from sports, entertainment, business, employment and national service. It was a step to recognise and make a difference to the lives of the physically challenged in India.

5. Kamalnayan Bajaj Hospital

Kamalnayan Bajaj Hospital, located in Aurangabad in Marathwada region, is providing super speciality and tertiary care medical facilities, not available elsewhere in this region. Bajaj Auto with its group companies, is supporting the Trust, named – MMRI (Marathwada Medical & Research Institute), which runs the hospital. In the last one year, hospital has expanded its capacity from 150 beds to 250 beds and major part of the expansion has been for general category patients. Recently, it has added cancer treatment facilities, including Linac Accelerator & Brachy therapy. Also added are MRI 1.5 Tesla equipment, new generation Siemens Cath Lab for heart patients, latest ophthalmology equipment and other advanced facilities.

The hospital has been providing annually relief for close to 55,000 patients on OPD basis and close to 7,000 patients, who are admitted to hospital for various treatments. It also provides intensive care unit and cardiac care unit, with a capacity of 22 beds and generally with an occupancy rate of more than 95%.

The hospital also runs a programme of providing relief to Below Poverty Line (BPL) and Economically Weaker Section (EWS) of the society with free / subsidised treatment. It holds camps in the villages of the district of Aurangabad and close to 400 BPL patients have been treated at a cost of Rs. 41 lakhs.

The Trust is in the process of starting a Nursing College in 2010-11.

The Group has another 20 Trusts, which are also engaged in many CSR initiatives. Thus, what is listed above is not exhaustive, but only illustrative to give a glimpse of the importance being given by the company and the Group towards CSR.

A publication of the Group "Beyond Profits – Philanthropic Activities of the Bajaj Group", setting out in greater detail the CSR activities of the Group can be made available to any shareholder on request.

Constituents of 'Group' as defined in MRTP Act, 1969 for the purposes of SEBI (SAST) Regulations, 1997

Persons constituting group within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Sr No	Name of the Person / Entity
1	Anant Bajaj
2	Deepa Bajaj
3	Geetika Bajaj
4	Kiran Bajaj
5	Kriti Bajaj
6	Kumud Bajaj
7	Madhur Bajaj
8	Minal Bajaj
9	Nimisha Bajaj
10	Niraj Bajaj
11	Niravnayan Bajaj
12	Pooja Bajaj
13	Rahul Kumar Bajaj
14	Rajivnayan Bajaj
15	Rishab Bajaj
16	Ruparani Bajaj
17	Sanjali Bajaj
18	Sanjivnayan Bajaj
19	Shefali Bajaj
20	Shekhar Bajaj
21	Siddhant Bajaj
22	Sunaina Kejriwal
23	Manish Kejriwal
24	Aryaman Kejriwal
25	Neelima Bajaj Swamy
26	Aditya Swamy
27	Bachhraj and Company Pvt. Ltd.
28	Bachhraj Factories Pvt. Ltd.
29	Bajaj Allianz Financial Distributors Ltd.
30	Bajaj Allianz General Insurance Company Ltd.
31	Bajaj Allianz Life Insurance Company Ltd.
32	Bajaj Auto Employees' Welfare Funds
33	Bajaj Auto Finance Ltd.
34	Bajaj Auto Holdings Ltd.
35	Bajaj Auto Ltd.
36	Bajaj Electricals Ltd.

Sr No	Name of the Person / Entity
37	Bajaj Financial Securities Ltd.
38	Bajaj Financial Solutions Ltd.
39	Bajaj Finserv Ltd.
40	Bajaj Holdings & Investment Ltd.
41	Bajaj International Pvt. Ltd.
42	Bajaj Sevashram Pvt. Ltd.
43	Baroda Industries Pvt. Ltd.
44	Hercules Hoists Ltd.
45	Hind Musafir Agency Ltd.
46	Jamnalal Sons Pvt. Ltd.
47	Kamalnayan Investment & Trading Pvt. Ltd.
48	Madhur Securities Pvt. Ltd.
49	Mukand Engineers Ltd.
50	Mukand Ltd.
51	Niraj Holdings Pvt. Ltd.
52	Rahul Securities Pvt. Ltd.
53	Sanraj Nayan Investments Pvt. Ltd.
54	Shekhar Holdings Pvt. Ltd.
55	Shishir Holdings Pvt. Ltd.
56	The Hindustan Housing Co Ltd.
57	Anant Trading Company
58	Bachhraj Trading Company
59	Bajaj Trading Company
60	Rishabh Trading Company
61	Anant Trust
62	Aryaman Trust
63	Deepa Trust
64	Geetika Trust
65	Kriti Trust
66	Minal Trust
67	Neelima Trust
68	Nimisha Trust
69	Niravnayan Trust
70	Rishabnayan Trust
71	Sanjali Trust
72	Siddhant Trust

Note: Shareholdings of HUFs, are held in the names of the respective individuals in the capacity of Karta. Hence, HUFs are not separately listed hereinabove.

Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of **BAJAJ AUTO LIMITED**, as at 31 March 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
2. We conducted our audit in accordance with the 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.
 - (e) On the basis of written representations received from the directors, as on 31 March 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act and give 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 affairs of the Company as at 31 March 2010;
 - (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 for the year ended on that date.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 - (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 those books;
4. Further to our comments in the Annexure referred to in paragraph 3 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 those books;

For **Dalal and Shah**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune: 12 May 2010

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bajaj Auto Limited on the financial statements for the year ended 31 March 2010

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them at the close of the year.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(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 Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the 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 material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at 31 March 2010 which have not been deposited on account of a dispute, are shown in Table 1.
10. The Company has no accumulated losses as at 31 March 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the

Annexure to the Auditors' Report (Contd.)

Table 1:

Name of the statute	Nature of dues	Amount (Rs. In Million)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Additional demand received on basis of assessment order received	2,675.3	FY 1996-1997, 1997-1998 1998-99, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005	Commissioner Appeals
	Additional demand received on basis of assessment order received	24.1		Tribunal
	Additional demand received on basis of assessment order received	65.1		High Court
Income Tax	—	—	—	—
Wealth Tax	—	—	—	—
Service Tax	Denial of credit and others	37.8 1.0	FY 2002-2003 FY 2009-2010	High Court Commissioner Appeals
Customs Duty	Recovery of duty by treating the vehicles as not fuel efficient	38.4	FY 1988-1989	High Court
	Denial of DEPB	2.4	FY 2001-2002	CEGAT
Excise	Additional demand received	9.5 51.5 18.1 62.8	Various from 1984 to 2006 Various from 1984 to 2006 Various from 1984 to 2006 Various from 1984 to 2006	Commissioner Appeals CEGAT High Court Supreme Court
Octroi	Rate difference cases	7.0	FY 2002-2003	Commissioner Appeals

Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders during the year.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In respect of shares, securities, debentures and other investments dealt or traded by the Company, proper records have been maintained in respect of the transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.

The company, in our opinion, has maintained proper records and contracts with respect to its investments wherein timely entries of transactions are made.

14. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

15. 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.

16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

18. The Company has not issued any debentures and hence the company has not created any security or charge in respect thereof.

19. The Company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

21. Considering the nature of the business, clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For **Dalal and Shah**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune: 12 May 2010

Balance Sheet as at 31 March

			2010	2009
	Schedule	Rs. In Million	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	27,836.6		17,250.1
			29,283.4	18,696.9
2. Loan Funds				
a) Secured Loans	3	129.8		—
b) Unsecured Loans	4	13,256.0		15,700.0
			13,385.8	15,700.0
3. Deferred Tax Adjustments [See note 13]				
a) Deferred Tax Liabilities		1,918.1		1,647.9
b) Deferred Tax Assets		(1,901.2)		(1,606.0)
			16.9	41.9
	Total		42,686.1	34,438.8
II. Application of Funds				
1. Fixed Assets				
a) Gross Block		33,792.5		33,339.4
b) Less: Depreciation and write downs		18,996.6		18,079.1
c) Net Block	5	14,795.9		15,260.3
d) Capital Work in progress, expenditure to date		415.2		220.6
			15,211.1	15,480.9
2. Technical Know-how	6		—	162.6
3. Investments	7		40,215.2	18,085.2
4. Current Assets, Loans and Advances	8			
a) Inventories		4,462.1		3,388.4
b) Sundry Debtors		2,728.4		3,586.5
c) Cash and Bank Balances		1,014.1		1,368.7
d) Other Current Assets		1,059.7		1,256.8
e) Loans and Advances		20,745.2		13,652.3
		30,009.5		23,252.7
Less: Current Liabilities and Provisions	9			
a) Liabilities		20,262.5		12,134.1
b) Provisions		22,487.2		12,241.5
		42,749.7		24,375.6
Net Current Assets			(12,740.2)	(1,122.9)
5. Miscellaneous Expenditure not written-off				
Voluntary Retirement Compensation [See note 9a)]			—	1,833.0
	Total		42,686.1	34,438.8
Notes forming part of the Financial Statements	14			

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 12 May 2010

J. Sridhar
Company Secretary

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj bajaj

Directors

Profit and Loss Account for the year ended 31 March

		2010		2009
	Schedule	Rs. In Million	Rs. In Million	Rs. In Million
Income				
Sales		121,180.8		90,496.6
Less: Excise Duty		6,095.8		6,127.2
Net Sales		115,085.0		84,369.4
Other Income	10	5,349.8		4,953.2
			120,434.8	89,322.6
Expenditure				
Materials	11	80,704.4		64,634.7
Other Expenses	12	12,736.5		11,692.2
Interest	13	59.8		210.1
Depreciation and write downs		1,364.5		1,297.9
		94,865.2		77,834.9
Less: Expenses, included in above items, capitalised		156.7		144.2
			94,708.5	77,690.7
Operating profit before taxation and exceptional items			25,726.3	11,631.9
Exceptional items				
Expenditure incurred for Voluntary Retirement of employees [See note 9)a]		1,833.0		1,833.0
Valuation losses of derivative hedging instruments [See note 9)b]		(218.0)		218.0
			1,615.0	2,051.0
Profit for the period before taxation			24,111.3	9,580.9
Taxation				
Current Tax [including Rs.26.2 million (previous year Rs.29 million) for Wealth tax]		7,126.2		3,009.0
Deferred Tax [See note 13]		(51.2)		(67.9)
Fringe Benefit Tax		—		75.0
			7,075.0	3,016.1
Profit after tax			17,036.3	6,564.8
Prior Period Expenses			9.0	19.8
Profit for the year			17,027.3	6,545.0
Adjustments on revaluation of deferred tax assets [See note 13]			26.2	—
Profit available for appropriation			17,001.1	6,545.0
Transfer to General Reserve			1,702.7	2,821.0
Proposed Dividend			5,787.3	3,183.0
Corporate Dividend Tax thereon			961.2	541.0
Balance Carried to Balance Sheet			8,549.9	—
Notes forming part of the Financial Statements	14			
Basic and diluted Earnings Per Share (Rs.)			117.7	45.2
Nominal value per share (Rs.)			10.0	10.0
Net Profit (Rs. In Million)			17,027.3	6,545.0
Weighted average number of Shares (In Million)			144.7	144.7

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 12 May 2010

J. Sridhar
Company Secretary

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
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 31 March 2010

Schedule 1 Share Capital

	As at 31 March 2009	
	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** Equity 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 127,902 (181,775)

Schedule 2 Reserves and Surplus

	As at 31 March 2009		
	Rs. In Million	Rs. In Million	Rs. In Million
General Reserve			
As per last account	17,250.1		14,429.1
Set aside this year	1,702.7		2,821.0
		18,952.8	17,250.1
Hedge Reserve [See note 9)b)]		333.9	—
Balance in Profit & Loss Account		8,549.9	—
Total		27,836.6	17,250.1

Schedule 3 Secured Loans

	As at 31 March 2009	
	Rs. In Million	Rs. In Million
From Banks, against hypothecation of Stores, Raw Materials, Finished Goods, Stock in Process and Book Debts		
Cash Credit	129.8	—
Total	129.8	—

Schedule 4 Unsecured Loans

	As at 31 March 2009	
	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	13,255.8	13,214.7
Fixed Deposits, unclaimed	0.2	0.3
Short term loan		
In foreign currency, from a bank as packing credit facility against exports	—	2,485.0
Total	13,256.0	15,700.0

Schedule 5 - Fixed Assets

Particulars	Gross Block (a)				Depreciation				Net Block	
	As at 31 March 2009	Additions	Deductions and Adjustments	As at 31 March 2010	Up to 31 March 2009	Deductions and Adjustments	For the Year (c) & (e)	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
	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	280.0	—	—	280.0	—	—	—	—	280.0	280.0
Land Leasehold	589.3	—	6.6	582.7	—	—	—	—	582.7	589.3
Buildings (b) & (d)	5,019.9	116.2	15.1	5,121.0	1,068.1	12.2	120.9	1,176.8	3,944.2	3,951.8
Waterpumps, Reservoirs and Mains	129.3	1.4	0.1	130.6	47.0	0.1	6.0	52.9	77.7	82.3
Plant & Machinery	16,696.8	106.1	365.7	16,437.2	12,437.6	326.1	646.2	12,757.7	3,679.5	4,259.2
Dies & Jigs	3,728.9	362.0	86.2	4,004.7	2,871.6	79.8	223.9	3,015.7	989.0	857.3
Electric Installations	645.0	6.6	—	651.6	259.7	—	23.7	283.4	368.2	385.3
Factory Equipments	2,114.0	275.7	20.4	2,369.3	872.4	15.3	106.5	963.6	1,405.7	1,241.6
Furniture & Fixtures	465.4	48.2	0.2	513.4	190.9	0.1	30.4	221.2	292.2	274.5
Electric Fittings	166.1	10.9	—	177.0	62.2	—	6.3	68.5	108.5	103.9
Vehicles & Aircraft	3,443.6	45.0	20.2	3,468.4	208.5	8.9	200.6	400.2	3,068.2	3,235.1
Leased Assets :- Dies & Moulds	61.1	—	4.5	56.6	61.1	4.5	—	56.6	—	—
Total	33,339.4	972.1	519.0	33,792.5	18,079.1	447.0	1,364.5	18,996.6	14,795.9	15,260.3
Previous Year 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	

- (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.170.4 million.
(e) Depreciation for the year includes assets written down to the realisable value by Rs.45.3 million being marked for disposal.

Schedule 6 Technical Know-How

	As at 31 March 2009	
	Rs. In Million	Rs. In Million
Developed by the company		
As per last account	37.3	37.3
Add: Expenses incurred on development completed during the year (incurred during the year Rs.Nil , previous year- Rs.Nil)	—	—
	<u>37.3</u>	<u>37.3</u>
Less:		
Amortised in prior years	28.8	18.6
Amortised during the period	8.5	10.2
	<u>37.3</u>	<u>28.8</u>
	—	8.5
Development in Progress		
As per last account	154.1	86.6
Add: Expenses incurred during the year	—	67.5
Less: Amounts written off on redundancy of project	154.1	154.1
	<u>—</u>	<u>—</u>
Balance C/f	—	—
Total	—	162.6

Schedule 7 Investments, at Cost (Unless otherwise stated)

	As at 31 March 2009		
	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.350,000,000 (Previous Year Rs.550,000,000)	320.8		504.2
— 6.05% Government of India Stock 2019 of face value of Rs.Nil (Previous Year Rs.150,000,000)	—		149.9
— (-) 6.07% Government of India Stock 2014 of face value of Rs.200,000,000	198.5		—
— 6.30% Government of India Stock 2023 of face value of Rs.Nil (Previous Year Rs.50,000,000)	—		47.8
— (-) 6.49% Government of India Stock 2015 of face value of Rs.100,000,000	98.8		—
— (-) 6.83% Government of India Stock 2039 of face value of Rs.50,000,000	47.1		—
— (-) 7.02% Government of India Stock 2016 of face value of Rs.300,000,000	299.4		—
— 7.40% Government of India Stock 2035 of face value of Rs.Nil (Previous Year Rs.300,000,000)	—		302.0
— 7.50% Government of India Stock 2034 of face value of Rs.Nil (Previous Year Rs.50,000,000)	—		49.8
— (-) 7.94% Government of India Stock 2021 of face value of Rs.100,000,000	111.7		—
— (-) 8.20% Government of India Stock 2022 of face value of Rs.50,000,000	54.5		—
— 8.35% Government of India Stock 2022 of face value of Rs.Nil (Previous Year Rs.50,000,000)	—		54.9
— 10.71% Government of India Stock 2016 of face value of Rs.1,000,000,000	1,438.5		1,438.5
— 11.83% Government of India Stock 2014 of face value of Rs.3,500,000	5.1		5.1
	<u>2,574.4</u>		<u>2,552.2</u>
Less: Amortisation of Premium/Discount on acquisition	<u>109.8</u>		<u>87.8</u>
		2,464.6	2,464.4
Unquoted :			
6 Years National Saving Certificates of the face value of Rs.11,500			
Carried over		<u>2,464.6</u>	<u>2,464.4</u>

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
Brought over			2,464.6	2,464.4
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
			11.3	11.3
In Subsidiary Company :				
Equity Shares:				
Unquoted :				
2,000	Shares of Euro 100 each in Bajaj Auto International Holdings BV Amsterdam, Netherlands	7,086.4		7,070.4
291,875	(121,875) Shares of US \$ 100 each in PT Bajaj Auto Indonesia	1,378.2		566.8
			8,464.6	7,637.2
In Fully Paid Equity Shares :				
Unquoted :				
565,000	Shares of Rs.10 each in Durovalves India Private Limited	5.7		5.7
			5.7	5.7
In Debentures:				
Fully Paid:				
Other :				
Quoted:				
100	(-) 8.01% Secured Redeemable Non Convertible Debentures of Rs.1,000,000 each of Grasim Industries Limited	100.0		—
250	(-) 6.84% Secured Redeemable Non Convertible Debentures of Rs.1,000,000 each of Housing Development Finance Corporation Limited	259.3		—
250	(-) 8.40% Secured Redeemable Non Convertible Debentures of Rs.1,000,000 each of Housing Development Finance Corporation Limited	250.0		—
—	(150) 7.15% Redeemable Non Convertible Debentures of Rs.1,000,000 each of Housing Development Finance Corporation Limited	—		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
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	10.35% Unsecured Redeemable subordinated Bonds in the nature of Debentures of Rs.1,000,000/- each of HDFC Bank Limited	49.3		49.3
2,500,000	6.00% Non Convertible Debentures with detachable warrants of Rs.100/- each of Indian Hotel Limited	226.4		226.4
100	(-) 7.24% Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each of LIC Housing Finance Limited	100.0		—
Carried over		1,185.0		625.7
Carried over			10,946.2	10,118.6

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
Brought over			10,946.2	10,118.6
In Debentures: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	1,185.0		625.7
200	(-) 7.45% Secured Redeemable Non Convertible Debentures of Rs.1,000,000 each of LIC Housing Finance Limited	200.0		—
30	(-) 7.45% Redeemable Non Convertible Bonds in the nature of Debentures of Rs.2,000,000 each of LIC Housing Finance Limited-Option III	61.9		—
200	(-) 7.99% Secured Redeemable Non Convertible Debentures of Rs.1,000,000 each of LIC Housing Finance Limited	200.0		—
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
350	(-) 11.45% Secured Redeemable Non Convertible Debentures of Rs.1,000,000 each of Reliance Industries Limited	409.2		—
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 Second Redemption	38.4		76.9
100	6.50% Unsecured Non Convertible Redeemable Debentures of Rs.1,000,000 each of Axis Bank Limited-Series VIII	100.0		100.0
		<u>2,394.9</u>		<u>1,003.0</u>
	Less: Amortisation of Premium/Discount on acquisition	<u>(15.1)</u>		<u>(7.6)</u>
			2,410.0	1,010.6
In Bonds:				
Fully Paid:				
Other :				
Quoted:				
200	(-) 11.30% Secured Redeemable Non Convertible Bonds of Rs.1,000,000 each of ACC Limited	221.1		—
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
200	(-) 8.85% Unsecured Redeemable Non Convertible Subordinated Lower Tier-II Bonds (Series VI) in the nature of Promissory Notes ("Bonds") Bonds of Rs.1,000,000 each of Corporation Bank	216.2		—
100	(50) 9.25% Unsecured Redeemable Non Convertible Bonds of Rs.1,000,000 each of Exim Bank Limited (Series K-13)	106.0		51.4
200	(-) 9.25% Unsecured Redeemable Non Convertible Bonds of Rs.1,000,000 each of Exim Bank Limited	225.2		—
250	(-) 5.60% Unsecured Redeemable Taxable Non Convertible Bonds of Rs.1,000,000 each of Exim Bank Limited	<u>250.0</u>		<u>—</u>
	Carried over	1,068.5		101.4
	Carried over		<u>13,356.2</u>	<u>11,129.2</u>

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		13,356.2	11,129.2
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other: (Contd.)				
Quoted: (Contd.)				
	Brought over	1,068.5		101.4
80	(100) 5.85% Secured Taxable, Non Convertible Redeemable Bonds with STRPP Series -II of Rs.1,000,000/- each of Gail (India) Limited	73.4		92.5
—	(15) 13.05% Subordinated Debentures of Rs.10,000,000 each of The Hongkong and Shanghai Banking Corporation Limited	—		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	100.0		100.0
3,500	(-) 6.70% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of Rs.100,000 each of Indian Railway Finance Corporation Limited	350.0		—
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
—	(200) 7.80% Unsecured Redeemable Subordinated Bonds in the nature of Debentures of Rs.1,000,000 each of ICICI Bank Limited	—		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	(-) 6.20% Omni Bonds of Rs.1,000,000 each of Industrial Development Bank of India Limited	101.0		—
500	(-) 7% Secured Non Convertible Redeemable Bonds in the nature of Debentures (Series X) of Rs.1,000,000 each of Indian Oil Corporation Limited	502.2		—
100	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		101.1
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 Railway Bonds of Rs.1,000,000 each of Indian Railway Finance Corporation Limited-2014-Series 43LL	55.4		55.4
	Carried over	3,085.9		1,579.2
	Carried over		13,356.2	11,129.2

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		13,356.2	11,129.2
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	3,085.9		1,579.2
—	(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
400	(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	412.6		49.9
100	(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	99.0		49.0
250	(-) 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 67	250.4		—
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	(-) 8.80% 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 67B	100.2		—
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
100	(-) 9.50% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of Rs.1,000,000 each of National Bank for Agriculture and Rural Development	106.8		—
250	(-) 6.55% Unsecured Redeemable Non Convertible Taxable Bonds of Rs.1,000,000 each of National Housing Bank	250.0		—
250	(-) 6.90% Unsecured Redeemable Non Convertible Taxable Bonds of Rs.1,000,000 each of National Housing Bank	250.0		—
150	(-) 6.40% Unsecured Redeemable Non Convertible Taxable Bonds of Rs.1,000,000 each of National Housing Bank	150.0		—
—	(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
	Carried over	4,804.9		2,064.9
	Carried over		13,356.2	11,129.2

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
Brought over			13,356.2	11,129.2
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	4,804.9		2,064.9
750	(-) 5.95% Secured Non Convertible Taxable Bonds in the nature of Debentures with separately Transferable Redeemable Principal Parts of Rs.200,000 each of National Thermal Power Corporation Limited	151.8		—
150	(-) 8.78% Secured Non Convertible Redeemable Taxable Bonds in the nature of Debentures (Series-XXXI) of Rs.1,000,000 each of National Thermal Power Corporation Limited	150.0		—
650	(-) 8.40% Non Convertible Redeemable Bonds in the nature of Debentures (Series I) of Rs.1,000,000 each of ONGC Videsh Limited	653.7		—
250	(-) 8.45% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of Rs.1,000,000 each of Power Finance Corporation Limited	256.4		—
250	(-) 8.80% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59B of Rs.1,000,000 each of Power Finance Corporation Limited	257.8		—
450	(-) 11.40% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 52-A of Rs.1,000,000 of Power Finance Corporation Limited	500.9		—
40	8.63% Secured Redeemable Non Convertible Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India 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 of India Limited-Series 13H-2013	55.9		55.9
80	8.73% Secured, Non Convertible, Non Cumulative, Redeemable, Taxable Powergrid Bonds XXI-Issue 2006-07 of Rs.1,250,000 each of Power Grid Corporation of India Limited	101.5		101.5
80	(-) 8.90% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures Series B of Rs.1,250,000 each of Power Grid Corporation of India Limited	101.1		—
80	(-) 8.90% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures Series A of Rs.1,250,000 each of Power Grid Corporation of India Limited	101.2		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part A	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part B	50.0		—
	Carried over	7,291.0		2,278.1
	Carried over		13,356.2	11,129.2

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
Brought over			13,356.2	11,129.2
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	7,291.0		2,278.1
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part C	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part D	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part E	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part F	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part G	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part H	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part I	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part J	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part K	50.0		—
40	(-) 8.80% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,250,000 each of Power Grid Corporation of India Limited-Part L	50.0		—
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
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
450	(-) 7.90% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures Series 90C of Rs.1,000,000 each of Rural Electrification Corporation Limited	460.6		—
	Carried over	8,402.2		2,428.7
	Carried over		13,356.2	11,129.2

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
Brought over			13,356.2	11,129.2
In Bonds: (Contd.)				
Fully Paid: (Contd.)				
Other : (Contd.)				
Quoted: (Contd.)				
	Brought over	8,402.2		2,428.7
100	(-) 8.65% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures Series 88 of Rs.1,000,000 each of Rural Electrification Corporation Limited	102.4		—
100	(-) 9.45% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,000,000 each of Rural Electrification Corporation Limited Series 84	110.8		—
100	(-) 10.90% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,000,000 each of Rural Electrification Corporation Limited Series 86B	110.3		—
350	(-) 11.50% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,000,000 each of Rural Electrification Corporation Limited Series 87C	395.3		—
50	(-) 11.45% Secured Non Convertible, Non Cumulative, Redeemable Taxable Bonds in the nature of Debentures of Rs.1,000,000 each of Rural Electrification Corporation Limited Series 87C	53.7		—
200	7.45% Subordinated Non Convertible Bonds of Rs.1,000,000 each of State Bank of India	200.0		200.0
150	(-) 9.05% Unsecured Non Convertible Sub-ordinated Perpetual Tier-I Bonds (Innovative Perpetual Debt Instruments) (Series-II) in the nature of Promissory Notes ("Bonds") of Rs.1,000,000 each of State Bank of India	150.3		—
200	8.96% Subordinated Non Convertible Bonds of Rs.1,000,000 each of State Bank of India	201.4		201.4
135	9.90% Subordinated Non Convertible Bonds of Rs.1,000,000 each of State Bank of Patiala	142.3		142.3
100	7.45% Unsecured Redeemable Non Convertible Subordinated Bonds of Rs.1,000,000 each of Union Bank of India-Series VIII	100.0		100.0
—	(7,189,170) 6.60% Tax Free UTI ARS Bonds Guaranteed by Government of India of Rs.100 each	—		735.1
		9,968.7		3,807.5
	Less: Amortisation of Premium/Discount on acquisition	(16.1)		21.9
			9,984.8	3,785.6
	Carried over		23,341.0	14,914.8

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

			As at 31 March 2009
		Rs. In Million	Rs. In Million
	Brought over		14,914.8
In Mutual Fund Units:			
Unquoted:			
	— (25,000,000.000) Units of Rs.10 each of Fortis Fixed Term Plan-Series 12 : Plan A Growth	—	250.0
			250.0
Current Investments :			
In Commercial Paper :			
Unquoted:			
	500 (-) Commercial Paper of Rs.500,000 each of ONGC Videsh Limited-14.09.2010	240.8	—
	Add: Amortisation of Premium/Discount on acquisition	3.0	—
			243.8
In Certificate of Deposit :			
Unquoted:			
	2,000 (-) Certificate of Deposit of Rs.100,000 each of Allahabad Bank-16.06.2010	189.2	—
	5,000 (-) Certificate of Deposit of Rs.100,000 each of Allahabad Bank-15.09.2010	484.1	—
	1,000 (-) Certificate of Deposit of Rs.100,000 each of Axis Bank Limited- 02.07.2010	94.7	—
	2,500 (-) Certificate of Deposit of Rs.100,000 each of Axis Bank Limited-06.08.2010	242.9	—
	7,500 (-) Certificate of Deposit of Rs.100,000 each of Axis Bank Limited-29.12.2010	717.7	—
	2,500 (-) Certificate of Deposit of Rs.100,000 each of Bank of Baroda-20.12.2010	236.0	—
	2,500 (-) Certificate of Deposit of Rs.100,000 each of Bank of Baroda-22.12.2010	236.0	—
	5,000 (-) Certificate of Deposit of Rs.100,000 each of Bank of Baroda-15.02.2011	471.8	—
	2,500 (-) Certificate of Deposit of Rs.100,000 each of Bank of India-04.03.2011	234.5	—
	5,000 (-) Certificate of Deposit of Rs.100,000 each of Bank of India-11.03.2011	469.5	—
	5,000 (-) Certificate of Deposit of Rs.100,000 each of Bank of Maharashtra-15.09.2010	487.0	—
	2,500 (-) Certificate of Deposit of Rs.100,000 each of Canara Bank-03.09.2010	242.1	—
	Carried over	4,105.5	—
	Carried over	23,584.8	15,164.8

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
		Brought over	23,584.8	15,164.8
In Certificate of Deposit : (Contd.)				
Unquoted: (Contd.)				
		Brought over	4,105.5	—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Canara Bank-04.03.2011	236.3		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Canara Bank-08.03.2011	234.4		—
10,000	(-) Certificate of Deposit of Rs.100,000 each of Central Bank-05.10.2010	964.7		—
1,000	(-) Certificate of Deposit of Rs.100,000 each of Corporation Bank-07.06.2010	94.4		—
5,000	(-) Certificate of Deposit of Rs.100,000 each of Corporation Bank-15.09.2010	484.0		—
5,000	(-) Certificate of Deposit of Rs.100,000 each of Corporation Bank-22.09.2010	478.8		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Corporation Bank-01.11.2010	238.1		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of HDFC Bank Limited-15.12.2010	237.6		—
10,000	(-) Certificate of Deposit of Rs.100,000 each of HDFC Bank Limited-08.03.2011	942.3		—
1,000	(-) Certificate of Deposit of Rs.100,000 each of IDBI Bank Limited-04.06.2010	94.2		—
1,500	(-) Certificate of Deposit of Rs.100,000 each of IDBI Bank Limited-17.09.2010	141.3		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of IDBI Bank Limited-14.01.2011	235.4		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of IDBI Bank Limited-17.02.2011	234.3		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of IDBI Bank Limited-10.03.2011	234.0		—
1,500	(-) Certificate of Deposit of Rs.100,000 each of Jammu & Kashmir Bank Limited-22.06.2010	143.2		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Jammu & Kashmir Bank Limited-17.09.2010	238.1		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Oriental Bank of Commerce-09.06.2010	239.9		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Oriental Bank of Commerce-23.09.2010	239.1		—
		Carried over	9,815.6	—
		Carried over	23,584.8	15,164.8

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
		Brought over		23,584.8
		15,164.8		
In Certificate of Deposit : (Contd.)				
Unquoted: (Contd.)				
		Brought over		9,815.6
2,500	(-) Certificate of Deposit of Rs.100,000 each of Oriental Bank of Commerce -07.01.2011	235.8		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Oriental Bank of Commerce -10.03.2011	234.4		—
5,000	(-) Certificate of Deposit of Rs.100,000 each of Punjab National Bank-15.07.2010	485.4		—
5,000	(-) Certificate of Deposit of Rs.100,000 each of Punjab National Bank-12.08.2010	484.8		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Punjab National Bank-10.09.2010	238.8		—
5,000	(-) Certificate of Deposit of Rs.100,000 each of Punjab National Bank-17.09.2010	481.1		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of State Bank of Hyderabad-02.07.2010	239.3		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of State Bank of Mysore-09.03.2011	234.5		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of State Bank of Patiala-03.09.2010	239.6		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of State Bank of Patiala-15.11.2010	237.7		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of State Bank of Patiala-16.11.2010	238.3		—
5,000	(-) Certificate of Deposit of Rs.100,000 each of State Bank of Travancore-17.09.2010	487.3		—
10,000	(-) Certificate of Deposit of Rs.100,000 each of Syndicate Bank-20.09.2010	973.6		—
5,000	(-) Certificate of Deposit of Rs.100,000 each of Union Bank of India-16.12.2010	474.3		—
10,000	(-) Certificate of Deposit of Rs.100,000 each of UCO Bank-15.09.2010	959.8		—
2,500	(-) Certificate of Deposit of Rs.100,000 each of Vijaya Bank-17.03.2011	234.3		—
—	(1,000) Certificate of Deposit of Rs.100,000 each of IDBI Bank Limited-25.09.2009	—		96.3
Carried over		16,294.6		96.3
Carried over			23,584.8	15,164.8

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

		As at 31 March 2009		
		Rs. In Million	Rs. In Million	Rs. In Million
	Brought over		23,584.8	15,164.8
In Certificate of Deposit : (Contd.)				
Unquoted: (Contd.)	Brought over	16,294.6		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 Limited- 29.06.2009	—		98.0
		16,294.6		292.6
Add:	Amortisation of Premium/Discount on acquisition	163.6		0.3
			16,458.2	292.9
In Mutual Fund Units:				
Unquoted:				
	— (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 NLFGS 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
4,042,459.050	(-) ICICI Prudential Institutional Liquid Plan-Super Institutional Growth	550.0		—
	— (3,735,106.264) IDFC Cash Fund Super Institutional Plan C Growth	—		40.0
	— (40,369,126.403) Sundaram BNP Paribas Money Fund Super Institutional Growth	—		750.7
			550.0	3,140.8
			40,593.0	18,598.5
Less:	Provision for diminution in value of Investments		377.8	513.3
			40,215.2	18,085.2

	Book Value as at		Market Value as at	
	31 March 2010 Rs. In Million	31 March 2009 Rs. In Million	31 March 2010 Rs. In Million	31 March 2009 Rs. In Million
Quoted	14,481.6	6,747.3	*14,848.1	*7,126.2
Unquoted	25,733.6	11,337.9		
Total	40,215.2	18,085.2		

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 Sunlife Cash Plus	1,381,854,276.708	20,612.3	20,617.7
Birla Sunlife Savings Fund IP-Growth	444,493,766.588	7,660.8	7,667.3
DWS Insta. Cash Plus Fund - Super IP - Growth	142,622,570.167	1,650.0	1,650.5
Fortis Bond Fund - Inst -Growth	59,006,511.757	590.1	591.9
Fortis Money Plus - Institutional - Growth	83,438,008.889	1,122.9	1,151.3
Fortis Overnight-Institutional Plus - Growth	75,766,324.468	840.0	840.1
HDFC Cash Management Fund - Treasury Advantage Plan- Wholesale - Growth	22,862,144.148	440.1	440.5
HDFC Floating Rate Income Fund - Short Term Plan-Wholesale Option -Growth	208,575,843.368	3,190.4	3,212.3
HDFC Liquid Fund - Premium Plus Plan - Growth	796,097,667.660	14,371.0	14,374.5
HDFC Short Term Plan- Growth	58,867,160.366	1,000.0	1,058.4
ICICI Prudential Flexible Income Plan Premium - Growth	1,548,614,777.185	41,088.7	41,135.5
ICICI Prudential Institutional Liquid Plan -Super Institutional Growth	5,627,057,642.545	128,140.5	128,167.9
IDFC Cash Fund - Super Inst Plan C - Growth	516,002,945.865	5,550.0	5,551.9
IDFC -SSIF-ST -Plan B - Growth	48,547,931.373	500.0	510.9
Kotak Flexi Debt Scheme - Institutional-Growth	584,899,644.993	6,540.5	6,562.4
Kotak Floater Long Term - Growth	89,157,484.559	1,250.2	1,253.1
Kotak Liquid (Institutional Premium)- Growth	1,034,627,649.081	19,322.4	19,325.8
Reliance Money Manager Fund - Institutional Option-Growth Plan	4,142,167.550	5,030.2	5,076.3
Reliance Liquidity Fund - Growth Option	1,149,220,778.395	15,500.0	15,503.1
Reliance Short Term Fund - Retail Plan-Growth Plan	43,533,414.766	750.1	755.5
SBNPP Money Fund Super Inst.-Growth	42,650,381.733	800.0	800.3
SBNPP Ultra ST Fund Super Inst.- Growth	25,289,739.423	300.0	300.6
UTI Liquid Cash Plan Institutional - Growth Option	16,975,728.969	26,248.7	26,253.5
UTI Treasury Advantage Fund -Institutional Plan - Growth Option	8,454,698.410	10,203.4	10,212.6

(b) Certificate of Deposit :

Name of the company	Maturity Date	Quantity Nos.	Purchase Cost Rs. In Million	Sale Proceeds Rs. In Million
IDBI Bank Limited	13.04.10	1,000	95.0	99.1

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
6.05% GOVERNMENT OF INDIA STOCK 2019	100.1	92.9
6.35% GOVERNMENT OF INDIA STOCK 2020	182.8	182.8
8.35% GOVERNMENT OF INDIA STOCK 2022	55.3	54.6

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 11 in Schedule 14 to the Accounts.

Schedule 8 Current Assets, Loans and Advances

				As at 31 March 2009
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
(a) Inventories #				
Stores, at cost *		80.4		71.1
Tools, at cost *		79.7		66.3
Stock-in-trade, at cost or market value whichever is lower :				
Raw Materials and Components *		1,508.7		1,077.5
Work-in-progress (including factory made components Rs.145.9 million , previous year Rs.75.7 million)		310.3		120.3
Finished Goods:				
Vehicles		1,596.5		1,286.1
Auto Spare parts, etc.		<u>703.2</u>		<u>727.6</u>
As valued and certified by Management		4,278.8		3,348.9
Goods in transit, at cost to date		<u>183.3</u>		<u>39.5</u>
			4,462.1	3,388.4
(b) Sundry Debtors, Unsecured				
Outstanding for a period exceeding six months :				
Good	1.2			5.9
Doubtful	52.0			53.2
Less: Provision	<u>52.0</u>			<u>53.2</u>
	<u>—</u>			<u>—</u>
		1.2		5.9
Others, Good		<u>2,727.2</u>		<u>3,580.6</u>
			2,728.4	3,586.5
(c) Cash and Bank Balances				
Cash on hand		<u>0.9</u>		<u>0.8</u>
Bank Balances :				
With Scheduled Banks:				
In current account		999.5		1,354.1
In margin deposits		10.3		10.2
In fixed deposits		1.7		1.6
Interest accrued on fixed deposits		<u>0.1</u>		<u>0.1</u>
		1,011.6		1,366.0
With Other Banks :				
In current account [See note 14]		<u>1.6</u>		<u>1.9</u>
			1,014.1	1,368.7
(d) Other Current Assets (good, unless otherwise stated)				
Interest receivable on Investments				
Good (Rs.7,049)	—			—
Doubtful	—			8.0
Less: Provision	<u>—</u>			<u>8.0</u>
	<u>—</u>			<u>—</u>
		—		—
Interest receivable on Loans, Deposits etc:		3.3		14.6
Export Incentives Receivable		<u>1,056.4</u>		<u>1,242.2</u>
			1,059.7	1,256.8
Carried over			9,264.3	9,600.4

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

	As at 31 March 2009			
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Brought over			9,264.3	9,600.4
(e) Loans and Advances				
(unsecured, good unless otherwise stated)				
Loan to Bajaj Auto Finance Limited		—		146.0
Loan to Suppliers		—		5.8
Loan given to former employees		431.0		582.3
Advances Recoverable in Cash or in kind or for value to be received:				
@ Others, Good	664.5			593.6
Doubtful	36.5			36.0
Less: Provision	<u>36.5</u>			<u>36.0</u>
	<u>—</u>			<u>—</u>
		664.5		593.6
Advances for capital assets		793.2		844.2
VAT refund receivable		3,747.4		1,408.0
Excise duty rebate receivable on export		169.7		2,061.2
Balances with Customs and Central Excise Departments		466.9		548.9
Sundry Deposits		274.1		262.8
Tax paid in Advance		<u>14,198.4</u>		<u>7,199.5</u>
			<u>20,745.2</u>	<u>13,652.3</u>
Total			<u>30,009.5</u>	<u>23,252.7</u>

Refer Clause 6 in Annexure to Note 1 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.37,500** (previous year Rs.52,500)
Maximum balance outstanding during the year **Rs.52,500** (previous year Rs.67,500)

Schedule 9 Current Liabilities and Provisions

	As at 31 March 2009		
	Rs. In Million	Rs. In Million	Rs. In Million
(a) Liabilities			
Sundry Creditors:			
Dues to Micro and Small enterprises [See note 19]	61.6		30.0
Other than dues to Micro and Small enterprises	<u>15,650.4</u>		<u>7,969.8</u>
		15,712.0	7,999.8
Advances against Orders		1,993.8	1,195.6
Annuity payable to VRS optees		2,479.7	2,813.0
Investor Education Protection Fund (Rs.11,908) (Previous Year Rs.29,908)			
Unclaimed Dividends		17.2	8.7
Deposit from Dealers and others		38.9	40.0
Temporary overdraft as per books of accounts only		<u>20.9</u>	<u>77.0</u>
		20,262.5	12,134.1
(b) Provisions			
Provision for Warranty Claims [See note 12) a.]	308.9		232.0
Provision for Employee Benefits [See note 12) b.]	1,258.6		1,022.5
Provision for valuation losses of derivative hedging instruments [See note 9) b)]	—		218.0
Provision for Taxation	14,171.2		7,045.0
Proposed Dividend	5,787.3		3,183.0
Provision for Corporate Dividend Tax on Proposed Dividend	<u>961.2</u>		<u>541.0</u>
		<u>22,487.2</u>	<u>12,241.5</u>
Total		42,749.7	24,375.6

Schedule 10 Other Income

	Previous Year		
	Rs. In Million	Rs. In Million	Rs. In Million
Technical Know-how Fees Received		—	2.0
Royalty		7.4	10.9
Interest [Gross-Tax Deducted Rs.6.9 million , Previous Year Rs.80.4 million]			
On Government Securities	182.6		304.0
On Debentures and Bonds	409.0		438.9
On Loans	3.0		25.9
Other	<u>220.0</u>		<u>277.1</u>
	814.6		1,045.9
Less: Amortisation of premium / (discount) on acquisition of fixed income securities	<u>(161.4)</u>		<u>2.8</u>
		976.0	1,043.1
Rent		1.7	2.4
Insurance Claims		41.4	10.6
Export Incentives		3,021.3	2,592.9
Miscellaneous Receipts		531.0	593.5
Surplus on Sale of Assets		57.3	35.0
Profit on Sale of Investments,net *		429.4	454.2
Surplus on redemption of Securities *		4.1	—
Dividend on preference shares		2.5	—
Sundry Credit balances appropriated		5.1	4.0
Provision for Diminution in value of Investments written back, net		25.0	—
Provisions for Doubtful Debts and Advances written back	15.7		8.1
Less: Write backs on account of amounts written off during the year,as per contra	<u>1.8</u>		<u>6.5</u>
		13.9	1.6
Provisions no longer required		233.7	203.0
Total		5,349.8	4,953.2

* Including on Current Investments **Rs.345.1 million** (Previous Year Rs.175.7 million)

Schedule 11 Materials

	Rs. In Million	Rs. In Million	Previous Year Rs. In Million
(a) Raw materials and components consumed		77,001.1	60,672.7
(b) Finished Goods purchases			
Two Wheelers	—		—
Auto Spare-Parts	4,197.6		3,740.8
Engineering Products, for export	0.5		2.8
		4,198.1	3,743.6
(c) Excise duty on increase / (decrease) in stocks of finished goods		(18.8)	(26.5)
(d) (Increase)/Decrease in Stocks			
Stocks at close			
Work in progress(including factory made components Rs.145.9 million , Previous Year Rs.75.7 million)	310.3		120.3
Finished Goods	1,596.5		1,286.1
Auto Spare Parts	703.2		727.6
	<u>2,610.0</u>		<u>2,134.0</u>
Less: Stocks at commencement,			
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
	<u>2,134.0</u>		<u>2,378.9</u>
		(476.0)	244.9
Total		<u>80,704.4</u>	<u>64,634.7</u>

Schedule 12 Other Expenses

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
Stores and tools consumed		671.9	604.7
Power,fuel and water		703.5	608.9
Repairs			
Buildings and Roads	197.4		171.7
Machinery	537.9		515.5
Other	26.7		21.5
		762.0	708.7
Employees' Emoluments			
Salaries,wages,bonus etc.	3,072.8		2,732.1
Contribution to Provident and other funds and schemes	459.7		493.1
Welfare expenses	462.1		318.4
		3,994.6	3,543.6
Rent		95.2	74.0
Rates and taxes		14.3	45.2
Insurance		24.3	12.4
Auditors' Remuneration		8.3	8.5
Directors' fees and travelling expenses		2.2	2.5
Managing Directors' remuneration			
Salary	7.2		7.2
Commission	21.6		21.6
		28.8	28.8
Wholetime Directors' remuneration			
Salary	22.5		22.5
Commission	67.5		67.5
		90.0	90.0
Commission to Non Executive Directors		4.2	4.3
Miscellaneous expenses		1,403.4	1,469.2
Sales tax / VAT expenses		178.0	192.9
Packing,forwarding etc.		1,615.5	1,662.6
Advertisement		1,402.1	852.7
Vehicle service charges and other expenses		813.8	783.9
Commission and Discount		191.6	140.6
Incentives & Sales Promotion		428.7	606.0
Royalty		37.5	55.3
Donations		50.1	5.0
Bad debts and other irrecoverable debit balances written off	2.7		8.5
Less: Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	1.8		6.5
		0.9	2.0
Sundry credit balances earlier appropriated, now paid		0.3	0.5
Loss on assets sold,demolished,discarded and scrapped		34.2	38.7
Loss on redemption of securities		—	69.3
Provision for Doubtful Debts and Advances		11.9	40.1
Provision for Diminution in Value of Investments, net		—	25.0
Amount amortised / written off against Technical Know-how		162.6	10.2
Amount written off against leasehold land		6.6	6.6
Total		12,736.5	11,692.2

Schedule 13 Interest

		Previous Year
	Rs. In Million	Rs. In Million
Interest:		
On Fixed Loans	21.6	189.3
Others	38.2	20.8
Total	59.8	210.1

Schedule 14 Notes forming part of financial statements

1 Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this schedule.

	As at 31 March 2009	
	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	4,112.8	4,166.5
(iii) Guarantees given by the Company to banks, on behalf of its subsidiary, PT Bajaj Auto Indonesia	233.5	263.7
(iv) Guarantees given by the Company to Housing Development Finance Corporation Limited - for loans to Employees	4.5	6.6
(v) Excise and Customs demand - matters under dispute and Claims for refund of Excise Duty, if any, against Excise Duty Refund received in the earlier year	681.2	775.8
(vi) Sales Tax matters under dispute	2,764.5	2,602.0
(vii) 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 Limited. The obligation to repay could devolve on the company if not settled by Bajaj Finserv Limited. 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.	386.0	1,434.9
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4 Payments to Auditors :

	Auditors		Cost Auditors	
	2009-2010 Rs. In Million	2008-2009 Rs. In Million	2009-2010 Rs. In Million	2008-2009 Rs. In Million
(i) As Auditors	6.0	6.0	0.3	0.3
(ii) In other capacity:				
For tax audit	0.8	0.8	—	—
For limited review	0.6	0.6	—	—
Certificates & other matters	0.5	0.5	—	—
Sub-Total	7.9	7.9	0.3	0.3
(iii) For expenses	0.4	0.6	—	—
Total	8.3	8.5	0.3	0.3

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

	As at 31 March 2009	
	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	341.7	732.6
Components	2,456.1	1,668.7
	<u>2,797.8</u>	<u>2,401.3</u>
(ii) Machinery Spares	51.4	58.0
(iii) Capital Goods	321.1	3,003.2
* Excluding C.I.F. Value of Stores, Tools, etc. Rs.24.7 million (Previous year Rs.27.7 million)		
(b) Expenditure in foreign currencies:		
(i) Travelling expenses	40.0	25.4
(ii) Royalty, net of tax	37.5	49.8
(iii) Technical Consultancy, net of tax	68.1	62.9
(iv) Interest	5.5	62.0
(v) Research and Development Expenses	1.2	3.6
(vi) Consultancy charges	23.0	15.1
(vii) Advertisement & publicity	69.2	18.2
(viii) Other matters	349.2	177.3
(ix) Capital Expenditure at overseas offices (Rs.22,157)	—	3.5
(x) Investment in shares of PT Bajaj Auto Indonesia	811.4	—
(xi) Investment in shares of BAIH BV.	16.0	1,378.1
(c) Earnings in foreign currencies:		
(i) F.O.B.Value of exports	32,457.5	26,384.0
(ii) F.O.B.Value of exports - goods traded in	0.7	20.0
(iii) Forwarding charges exports recovered	179.7	344.4
(iv) Interest	33.3	57.7
(v) Royalty	7.4	10.9
(vi) Technical Know how	—	2.0
(vii) Others	10.9	0.1
(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"	212.0	(2,797.7)
(ii) On settlement of Export receivables carried forward from the previous accounting period as a part of : "Other Income"	4.9	24.5
(iii) On settlement of other transactions as a part of : "Other Income/ other expenses"	21.9	77.9
(iv) Gain/(Loss) on Cancellation of Forward Contracts as a part of "Other Income/ other expenses"	—	—
(v) On realignment of open forward contracts against exports of the year	43.6	(203.4)
(vi) On realignment of open forward contracts against future exports	—	—
(vii) Marked to Market Gain/(Loss)(net) on change in value of derivative hedging Instruments [Refer note 9)b]	218.0	(218.0)
(b) amount of premium/(discount) on open forward contracts		
(i) recognised for the year in the profit and loss account	—	12.0
(ii) to be recognised in the subsequent accounting period	—	1.1

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
	2010	2009	
(I) Foreign Exchange Derivatives			
(a) Forward contracts			
Forward purchase	Nil	Nil	Hedging
Forward sale	168.0	21.0	Hedging
Par forward sale	117.0	Nil	Hedging
Option sale	Nil	Nil	Hedging
Option sale - Range Forward	462.0	537.0	Hedging
Spot Sale Contracts	Nil	7.5	
(II) Open Foreign Exchange Exposures			
(a) Receivables	8.2	3.7	
(b) Payables	35.7	20.7	
(c) Loans	—	50	
(d) Others	19.6	—	

	2009-2010	
	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		17,027.3
Add: Managing Directors' Remuneration (including perquisites)	34.9	
Wholetime Directors' Remuneration (including perquisites)	112.1	
Commission to Non-Executive Directors	4.2	
Provision for Taxation	7,075.0	
		7,226.2
Less: Excess of Sales price over cost of assets sold	15.9	
Provision for doubtful debts and advances written back	15.7	
Provisions no longer required	233.7	
		265.3
Profit on which commission is payable		23,988.2
(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
(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.23,988.2 million		239.9
Maximum Commission restricted to Rs.50,000/- per Board meeting or committee thereof attended, per person.		4.2

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

(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	
	2009-2010 Rs. In Million	2008-2009 Rs. In Million	2009-2010 Rs. In Million	2008-2009 Rs. In Million
(i) Salary	7.2	7.2	22.5	22.5
(ii) Commission	21.6	21.6	67.5	67.5
(iii) Privilege Leave Entitlement	0.9	1.7	2.0	4.2
(iv) Contribution to Provident Fund, Superannuation & Gratuity	2.5	2.6	8.0	8.0
(v) Other perquisites	0.5	—	1.3	3.2
(vi) Estimated monetary value of perquisite in form of:				
Unfurnished Accommodation	1.2	—	8.3	5.9
Free use of Company's car	1.0	—	0.7	—
Furniture at Residence	—	—	1.8	1.7
	<u>34.9</u>	<u>33.1</u>	<u>112.1</u>	<u>113.0</u>

(a) Mr. Sanjiv Bajaj, an Executive Director of the company is also the 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

(i) Raw materials (including components) consumed	Unit	2009-2010		2008-2009	
		Qty	Rs. In Million	Qty	Rs. In Million
(a) Ferrous Metal	M.T.	16,464	618.7	13,754	573.4
	Sq.Ft				
	Mtrs.	617	—	292	—
	Nos.				
(b) Non-Ferrous Metal	M.T.	915	80.4	1,292	155.1
	Mtrs.				
	Nos.				
(c) Tyres & tubes	Nos.	11,964,101	2,961.5	6,096,951	1,191.3
(d) Other Components			72,942.1		58,380.7
(e) Others			398.4		372.2
Total			<u>77,001.1</u>		<u>60,672.7</u>
(ii) Imported and indigenous raw material consumption (including components)					
		Rs. In Million	Percentage	Rs. In Million	Percentage
(a) Imported (including Customs Duty and other related charges)		2,770.9	3.6	1,426.6	2.4
(b) Indigenous		74,230.2	96.4	59,246.1	97.6
Total		<u>77,001.1</u>	<u>100.0</u>	<u>60,672.7</u>	<u>100.0</u>
(iii) Imported and indigenous Machinery Spares Consumed					
		Rs. In Million	Percentage	Rs. In Million	Percentage
(a) Imported (including Customs Duty and other related charges)		1.7	0.8	22.5	8.9
(b) Indigenous		211.4	99.2	231.5	91.1
Total		<u>213.1</u>	<u>100.0</u>	<u>254.0</u>	<u>100.0</u>
(iv) Details of goods traded in-Purchases					
		Nos.	Rs. In Million	Nos.	Rs. In Million
Two Wheelers		—	—	—	—
Auto Spare Parts			4,197.6		3,740.8
Engineering products, for exports			0.5		2.8
Total			<u>4,198.1</u>		<u>3,743.6</u>

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

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

	2009-2010		2008-2009	
	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)	4,260,000		3,960,000	
(iii) Production	2,864,519		2,175,216	
(iv) Stocks:				
At commencement:				
Two & Three-Wheelers	43,329	1,286.1	62,396	1,694.8
Goods Traded in:				
Two Wheelers				
Auto Spare Parts (c)		727.6		504.7
Engineering Products, for export				
Total		2,013.7		2,199.5
At Close				
Two & Three-Wheelers	53,925	1,596.5	43,329	1,286.1
Goods Traded in:				
Two Wheelers (Rs. Nil - Previous year Rs.Nil)				
Auto Spare Parts (c)		703.2		727.6
Engineering Products, for export				
Total		2,299.7		2,013.7
(iv) Turnover				
Two & Three-Wheelers	2,852,580	112,801.8	2,194,154	83,168.7
Goods Traded in:				
Two Wheelers				
Auto Spare Parts (including factory made parts)		8,378.4		7,321.0
Engineering Products, for export		0.6		6.9
Total		121,180.8		90,496.6
(v) Other:				
Scrapped due to accident/Fire (insurance claim received)	1,344		128	
Free of charge	—		1	
Return of previous year's free of charge	1		—	
(vi) Details of c.k.d.packs included in above				
Stocks at commencement	4,796		14,938	
Production	478,047		358,967	
Turnover:				
Export	469,389		369,109	
Stocks at Close	13,454		4,796	
(II) Special Purpose Machine Tools				
(i) Licensed Capacity (a)	80		80	
(ii) Installed Capacity (b)	80		80	
(iii) Production	3		24	
(iv) Capitalised	3		24	

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 Limited (pre-demerger). 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)

- a) Voluntary Retirement:
During the previous year, company decided to recognise the expenditure incurred on voluntary retirement of employees of it's Akurdi plant, aggregating to Rs.3666 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 1 April 2010. A charge of Rs.1833 million has already been recognised during 2008-09. Accordingly, the company has recognised the balance charge for the year amounting to Rs.1833 million.
- 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 transactions, in appropriate accounting periods, the company has 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/gain (net) consequent to foreign currency fluctuations, in respect of effective hedging instruments, represented by simple forward covers, to hedge future exports, are 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. The amount outstanding in the hedge reserve at the close of the year is Rs.333.9 million.

The company has also 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. The company does not benefit by rupee depreciating beyond the 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. The market value of instruments outstanding at the close of the year indicate a gain aggregating Rs.760.8 million, which as a matter of prudence has not been recognised, as against a loss provided for in the previous year aggregating Rs.218 million which has now been written back.

- 10) 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 2010 pending adjudication of stamp duty. Hence the same were held in trust for the company by Bajaj Holdings and Investment Limited.

11) Investments:

- a. Investments made by the Company other than those with a maturity of less than one year 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 management, no provision has been determined during the year ended 31 March 2010.
- b. PT. Bajaj Auto Indonesia (PT. BAI), a subsidiary of the company, in which the company holds 98.94%, has registered substantial accumulated losses. The company through 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.

12. a. Movement in provisions for warranty

Particulars	Rs. In Million	
	For the year ended 31 March 2010	For the year ended 31 March 2009
Opening balance	232.0	270.0
Add: Provision for the year	289.7	314.4
Less: Payment made during the year	212.8	352.4
Less: Released during the year	—	—
Closing balance	308.9	232.0

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

12) b. 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 31 March 2010	As at 31 March 2009		
	Gratuity	Gratuity		
Present Value of Funded Obligations	1,224.4	959.2		
Fair Value of Plan Assets	(374.0)	(281.3)		
Net Liability	850.4	677.9		
Amounts in Balance Sheet				
Liability	850.4	677.9		
Assets	—	—		
Net Liability	850.4	677.9		
Expense To Be Recognised in the Statement of P&L				
Current Service Cost	49.7	49.4		
Interest on Defined Benefit Obligation	66.9	77.3		
Expected Return on Plan Assets	(20.1)	(42.8)		
Net Actuarial Losses / (Gains) Recognised in Year	172.1	151.9		
Losses / (Gains) on "Curtailements & Settlements"	—	90.2		
Premium allocation difference transferred	—	(13.7)		
Total, Included in "Employee Benefit Expense"	268.6	312.3		
Actual Return on Plan Assets	26.4	15.4		
Reconciliation of Benefit Obligations & Plan Assets For the Period				
Change in Defined Benefit Obligation				
Opening Defined Benefit Obligation	959.2	1,006.3		
Current Service Cost	49.7	49.4		
Interest Cost	66.9	77.3		
Actuarial Losses / (Gain)	178.4	124.4		
Liabilities Extinguished on Settlements	—	(261.2)		
Benefits Paid	(29.8)	(37.0)		
Closing Defined Benefit Obligation	1224.4	959.2		
Change in Fair Value of Assets				
Opening Fair Value of Plan Assets	281.3	569.1		
Expected Return on Plan Assets	20.1	42.8		
Actuarial Gain / (Losses)	6.2	(27.5)		
Assets Distributed on Settlements	—	(351.4)		
Contributions by Employer	96.2	85.3		
Benefits Paid	(29.8)	(37.0)		
Closing Fair Value of Plan Assets	374.0	281.3		
Principal Actuarial Assumptions (Expressed as Weighted Averages)				
Discount Rate (p.a.)	8.20%	7.00%		
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%		
Salary Escalation Rate (p.a.) - Senior Staff	8.00%	7.00%		
Salary Escalation Rate (p.a.) - Junior Staff	9.00%	6.00%		
Unfunded Scheme		(Rs. In Million)		
Particulars	As at 31 March 2010		As at 31 March 2009	
	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present Value of Unfunded Obligations	365.7	42.5	298.8	45.8
Expense recognised in the Statement of P&L	115.7	(2.8)	97.3	45.8
Discount Rate (p.a.)	8.20%	8.20%	7.00%	7.00%
Salary Escalation Rate (p.a.) - Senior Staff	8.00%		7.00%	
Salary Escalation Rate (p.a.) - Junior Staff	9.00%		6.00%	

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

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

Rs. In Million

Particulars	Balance carried as at 31 March 2009	Arising during the period ended 31 March 2010	Adjusted on revaluation during the year*	Balance carried as at 31 March 2010
Deferred Tax Liabilities:				
On account of timing difference in				
a) Depreciation and Amortisation	1,647.9	270.2	—	1,918.1
Total	1,647.9	270.2	—	1,918.1
Deferred Tax Assets:				
On account of timing difference in				
a) Voluntary Retirement Scheme costs	768.1	347.2	—	1,115.3
b) Inventory Valuation (Section 145 A of the Income Tax Act, 1956)	158.4	2.7	—	161.1
c) Diminution in the value of investments	2.8	(2.8)	—	—
d) Provision for bad and doubtful debts, DEPB, ICDs etc.	36.3	(3.8)	—	32.5
e) Provision for privilege leave etc.	140.9	19.0	—	159.9
f) Taxes, duties etc	124.5	(2.9)	—	121.6
g) Amortisation of premium / discount on acquisition of fixed income securities	34.6	(63.8)	5.3	(34.5)
h) Adjustments on account of gratuity provisions	230.4	52.1	—	282.5
i) Transitional provision for diminution in value of investments	110.0	(26.3)	20.9	62.8
Total	1,606.0	321.4	26.2	1,901.2
Net	41.9	(51.2)	26.2	16.9

* A provision for diminution in value of investments vested with company as a part of the manufacturing undertaking was made on 1st April 2007, by adjustment to general reserve. The corresponding deferred tax asset was also recognised by adjustment thereto at a short term gain tax rate of 33.99%. Since the remaining balance of such investments have been held for a long term, the deferred tax assets recognised on corresponding provision for diminution, as also the premium / discount amortised to date would henceforth reverse out at the long term capital gain tax rate of 22.145%. Consequently the deferred tax asset has been revalued at 22.145% and the difference has been adjusted to the balance in the Profit and Loss Account.

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

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

Rs. in Million

Name of Bank	Country	Balance as at 31 March		Maximum Balance outstanding during the year	
		2010	2009	2010	2009
1 CitiBank	Indonesia	—	—	—	0.1
2 Standard Chartered Bank	Sri Lanka	0.2	0.2	0.3	0.8
3 Danamon	Indonesia	—	—	—	0.1
4 Standard Chartered Bank	Dubai	0.8	0.5	2.3	1.8
5 HSBC Bank	Mexico	0.6	1.2	2.1	1.7
Total		1.6	1.9		

- 15) Deposits include a sum of **Rs.92 million** (Previous year Rs.80 million) against use of premises on a Leave License basis, placed with Directors and their relatives, jointly and severally.
- 16) 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, 2010:
- (a) Receivable within one year - **Rs.4.9 million** (Rs.0.1 million)
(b) Receivable between one year and five years - **Rs.13.1 million** (Rs.Nil)
(c) Receivable after five years - **Rs. 1.6 million** (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, 2010:
- (a) Payable within one year- **Rs. 68.3 million** (Rs.58.6 million)
(b) Payable between one year and five years- **Rs.173.1 million** (Rs.123.3 million)
(c) Payable after five years - **Rs. 195.1 million** (Rs.189.4 million)
- 17) Segment Information based on the Consolidated Financial Statements attached to the Independent Financial Statements has been disclosed in the Statement annexed to this Schedule.
- 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) 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.
- 20) Amounts less than Rs.50,000 have been shown at actual against respective line items statutorily required to be disclosed.
- 21) 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
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 12 May 2010

J. Sridhar
Company Secretary

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj bajaj

Directors

Annexure referred to in Note 1 in Schedule 14 to the Financial Statements for the financial year ended 31 March 2010

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, with reference to coupon dates. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the guidelines framed by the management.
- (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.

(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.

Annexure referred to in Note 1 in Schedule 14 to the Financial Statements for the financial year ended 31 March 2010 (Contd.)

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) Fixed income securities remaining with the company on vesting of the manufacturing undertaking of erstwhile Bajaj Auto Limited, are carried at their fair market values as at 1st April 2007 where the carrying costs of such investments were higher on that date, less amortisation of premium/ discount thereafter, as the case may be.
- b) Other 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.

- 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 9(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

Annexure referred to in Note 1 in Schedule 14 to the Financial Statements for the financial year ended 31 March 2010 (Contd.)

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.

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

		Rs. In Million			
		2009-10		2008-09	
Name of related party and Nature of relationship	Nature of transaction	Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
PT.Bajaj Auto Indonesia (98.94% shares held by Bajaj Auto Limited)	Contribution to Equity [291,875 shares of USD 100 each (Previous year 121,875 equity shares of USD 100 each)]	811.4	1,378.2	—	566.8
	Sale of Spare Parts & Vehicles SKD	338.0	23.5	960.9	782.4
	Interest received	29.1	—	52.8	—
	Warranty paid	6.0	—	2.4	—
Bajaj Auto International Holdings BV Amsterdam Netherlands (Fully owned subsidiary)	Contribution to Equity & Share Premium (2,000 shares of Euro 100 each)	16.0	7,086.4	1,378.1	7,070.4
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (Investing party- holds 31.49% shares of Bajaj Auto Limited)	Purchase of shares by BHIL [45,559,500 shares of Rs.10 each (Previous year 44,400,000 shares of Rs.10 each)]	11.6	455.6	9.0	444.0
	Dividend paid	976.8	—	870.0	—
	Business Support Service received	5.0	—	4.6	0.3
	Business Support Service rendered	1.6	—	0.7	—
C Individuals controlling voting power / exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman) (Also Key management personnel)	Remuneration	25.1	—	26.7	—
	Commission	36.0	(36.0)	36.0	(36.0)
	Rent paid for premises	0.3	—	0.3	—
	Deposit paid against premises taken on lease	—	(9.0)	—	(9.0)
Madhur Bajaj (Vice Chairman) (Also Key management personnel)	Remuneration	16.4	—	16.2	—
	Commission	25.2	(25.2)	25.2	(25.2)
	Rent paid for premises	0.3	—	0.2	—
	Deposit paid against premises taken on lease	—	(8.8)	—	(8.8)
Rajiv Bajaj (Managing Director) (Also Key management personnel)	Remuneration	13.3	—	11.5	—
	Commission	21.6	(21.6)	21.6	(21.6)
	Rent paid for premises	3.3	—	0.3	—
	Deposit paid against premises taken on lease	12.0	(21.0)	—	(9.0)
Sanjiv Bajaj (Executive Director) (Also Key management personnel)	Remuneration	3.1	—	2.6	—
	Commission	6.3	(6.3)	6.3	(6.3)
Shekhar Bajaj	Sitting fees	0.1	—	0.1	—
	Commission	0.3	(0.3)	0.3	(0.3)
	Rent paid for premises	0.3	—	0.2	—
	Deposit paid against premises taken on lease	—	(8.8)	—	(8.8)
Niraj Bajaj	Sitting Fees	0.1	—	0.1	—
	Commission	0.3	(0.3)	0.3	(0.3)

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

		Rs. In Million			
		2009-10		2008-09	
Name of related party and Nature of relationship	Nature of transaction	Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
D Key Management Personnel & their Relatives: Included in 'C' above					
E Enterprises over which anyone in (c) & (d) exercises significant influence:					
Bajaj Finserv Limited	Purchase of windpower	295.7	—	261.1	(24.5)
	Business Support Service received	0.8	—	—	—
	Business Support Service rendered	5.0	—	4.7	—
	Interest paid	—	—	8.5	—
	Aviation Charges received	13.8	—	1.7	1.7
	Sale of asset	—	—	3.0	—
	Purchase of 6.20% bonds of IDBI Ltd.	101.0	—	—	—
	Purchase of 7.45% bonds of LIC Housing Finance Ltd.	61.9	—	—	—
	Purchase of 11.45% bonds of Rural Electrification Corporation Ltd.	53.6	—	—	—
Bajaj Financial Solutions Limited	Other debits	0.5	—	—	—
Bajaj Electricals Limited	Rent Paid	0.1	—	0.1	—
	Purchases	—	—	2.1	—
	Other Credits	—	—	0.1	—
Bajaj Ventures Limited	Purchases (Previous year Rs.22,148)	—	—	—	—
Hind Musafir Agency Limited	Services received	73.4	(1.2)	79.1	(2.1)
	Advance paid	9.6	9.6	—	—
Hindustan Housing Co. Limited	Maintenance charges paid	3.1	—	4.7	—
KTM Sportsmotorcycles AG	Purchase of Accessories	—	—	1.5	—
	Sale of material for joint development project	4.5	0.6	0.1	—
	Other credits	—	—	0.1	—
	Services rendered	2.5	—	—	—
Mukand Limited	Other Credits	—	—	0.1	—
	Other Debits (Previous year Rs.14,137)	—	—	—	—
	Interest received	—	—	3.8	0.8
	Advance paid	—	—	230.0	—
	Advance recovered	—	—	230.0	—

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Segment wise Revenue, Results and Capital employed for the year ended 31 March 2010

(a) Primary Segment : Business Segment

	Rs. In Million		
	Automotive	Investments	Consolidated
Revenue			
External Sales and Other Income	119,741.5	1,225.0	120,966.5
Inter segment Sales and Other Income	—	—	—
Total Revenue	119,741.5	1,225.0	120,966.5
Segment Result	21,855.4	1,225.0	23,080.4
Interest Expense	67.5	—	67.5
Income Taxes	—	—	7,034.5
Net Profit	21,787.9	1,225.0	15,978.4
Segment Assets	37,272.9	31,760.6	69,033.5
Unallocated Corporate Assets	—	—	14,241.4
Total Assets	37,272.9	31,760.6	83,274.9
Segment Liabilities	22,247.4	—	22,247.4
Unallocated Corporate Liabilities	—	—	20,919.7
Total Liabilities	22,247.4	—	43,167.1
Capital Employed	15,025.5	31,760.6	40,107.8
Capital Expenditure	975.7	—	975.7
Depreciation and write downs	1,374.1	—	1,374.1
Non Cash Expenses other than Depreciation	169.2	—	169.2

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

	Rs. In Million		
	India	Rest of the world	Consolidated
Segment revenue			
External Sales and Other Income	87,947.5	33,019.0	120,966.5
Segment assets	76,934.7	6,340.2	83,274.9
Capital expenditure	972.1	3.6	975.7

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

(a) Primary Segment : Business Segment

	Rs. In Million		
	Automotive	Investments	Consolidated
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

	Rs. In Million		
	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

Cash Flow Statement

Rs. In Million

Particulars	2009-10	2008-09
I. OPERATING ACTIVITIES		
A) Profit before Taxation	24,111.3	9,580.9
B) Adjustments:		
Add:		
i) Depreciation	1,364.5	1,297.9
ii) VRS compensation charged off	1,833.0	1,833.0
iii) Valuation losses of derivative hedging instruments	(218.0)	218.0
iv) Amount written off against Technical Know-how	162.6	10.2
v) Amount written off against leasehold land	6.6	6.6
vi) Loss on Assets sold, demolished, discarded and scrapped	34.2	38.7
vii) Provision/(write back) for Diminution in Value of Investments	(25.0)	25.0
viii) Provision for Doubtful Debts and Advances	11.9	40.1
ix) Amortisation of premium/discount on acquisition of fixed income securities	(161.4)	2.8
x) Interest on cash credit / fixed term loan	21.6	189.3
xi) Interest paid - others	38.2	20.8
	<u>3,068.2</u>	<u>3,682.4</u>
	27,179.5	13,263.3
Less:		
i) Investment and Other Non-operating Income included in above:		
Interest on Government Securities	182.6	304.0
Interest on Debentures and Bonds	409.0	438.9
Interest on Inter-Corporate Deposits, Loans	3.0	25.9
Profit/(Loss) on Sale of Investments, net	429.4	454.2
Surplus/(Loss) on Redemption of Securities	4.1	(69.3)
Dividend on preference shares	2.5	—
Amortisation of premium/discount on acquisition of fixed income securities	161.4	(2.8)
Provision for Diminution in value of Investments, net	25.0	(25.0)
Provision for Doubtful debts & advances, net	8.0	(8.0)
	<u>1,225.0</u>	<u>1,117.9</u>
ii) Provision for Doubtful debts & advances written back	15.7	8.1
iii) Surplus on Sale of Assets	57.3	35.1
iv) Prior Period Expenses	9.0	19.8
	<u>(1,307.0)</u>	<u>(1,180.9)</u>
Carried over	25,872.5	12,082.4

Cash Flow Statement (Contd.)

		Rs. In Million	
Particulars		2009-10	2008-09
	Brought over	25,872.5	12,082.4
C) (Increase)/Decrease in Current Assets			
i) Inventories		(1,073.7)	107.7
ii) Sundry Debtors		1,187.8	(864.4)
iii) Other Current Assets and Loans and Advances		(200.8)	(1,692.6)
		(86.7)	(2,449.3)
Increase/(Decrease) in Current Liabilities			
i) Liabilities		8,765.8	(200.8)
		8,679.1	(2,650.1)
		34,551.6	9,432.3
D) VRS payout (predominantly Akurdi plant)		(181.6)	(2,094.0)
NET CASH FROM OPERATING ACTIVITIES BEFORE INCOME TAX		34,370.0	7,338.3
Income Tax, Wealth Tax paid		(6,998.9)	(3,212.6)
NET CASH FROM OPERATING ACTIVITIES		27,371.1	4,125.7
II. INVESTMENT ACTIVITIES			
i) (Increase)/Decrease in Investment in subsidiaries, joint ventures and associates, etc.		(827.4)	(1,378.1)
ii) (Increase)/Decrease in other investments, net		(21,116.2)	1,836.5
iii) Capital Expenditure		(1,166.7)	(3,925.4)
iv) Sales Proceeds of Assets/Adjustment to Gross block		88.5	64.6
v) Technical Know-how		—	(67.5)
vi) (Increase)/Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Auto Finance Ltd		146.0	259.0
		(22,875.8)	(3,210.9)
vii) Investment and other Non-operating Income:			
Interest on Government Securities		182.6	304.0
Interest on Debenture and Bonds		409.0	438.9
Interest on Inter-Corporate Deposits, Loans		3.0	25.9
Profit/(Loss) on Sale of Investments, net		429.4	454.2
Surplus/(Loss) on Redemption of Securities		4.1	(69.3)
Dividend on preference shares		2.5	—
Provision for Diminution in value of Investments, net		25.0	(25.0)
Amortisation of premium/discount on acquisition of fixed income securities		161.4	(2.8)
Provision for Doubtful debts & advances, net		8.0	(8.0)
		1,225.0	1,117.9
(Increase)/decrease in non-operating income receivable & dues		14.6	5.6
		1,239.6	1,123.5
NET CASH FROM INVESTMENT ACTIVITIES		(21,636.2)	(2,087.4)
	Carried over	5,734.9	2,038.3

Cash Flow Statement (Contd.)

Particulars	Rs. In Million	
	2009-10	2008-09
Brought over	5,734.9	2,038.3
III. FINANCING ACTIVITIES		
i) Short term bank Loan taken/(repaid)	(2,485.0)	2,485.0
ii) Cash Credit from Banks	129.8	(69.5)
iii) Interest on cash credit / fixed term loan	(21.6)	(189.3)
iv) Interest paid - others	(38.2)	(20.8)
v) Repayment of Fixed Deposits	(0.1)	(0.2)
vi) Deferral /(Repayment) of Unsecured Loans -Sales tax deferral incentive	41.1	(58.7)
vii) Dividend Paid	(3,174.5)	(2,885.0)
viii) Corporate Dividend Tax Paid	(541.0)	(491.8)
NET CASH FROM FINANCING ACTIVITIES	<u>(6,089.5)</u>	<u>(1,230.3)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	<u>(354.6)</u>	<u>808.0</u>
Cash and Cash Equivalents as at 01.04.2009 [Opening Balance]	1,368.7	560.7
Cash and Cash Equivalents as at 31.03.2010 [Closing Balance]	1,014.1	1,368.7

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Rahul Bajaj

Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

Vice Chairman
Managing Director
Executive Director

Anish Amin
Partner
Membership Number: 40451

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

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj bajaj

Directors

Pune: 12 May 2010

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.	L65993PN2007PLC130076
State Code	25
Balance Sheet date	31 March 2010

II CAPITAL RAISED DURING THE YEAR ENDED 31 MARCH 2010

Rupees in Thousands

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

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31 March 2010

Total liabilities	42,686,059
Total assets	42,686,059

SOURCES OF FUNDS:

Paid-up capital	1,446,835
Reserves and surplus	27,836,609
Secured loans	129,757
Unsecured loans	13,255,965
Deferred Tax Adjustments	16,893
	42,686,059

APPLICATION OF FUNDS:

Net Fixed Assets	15,211,091
Investments	40,215,208
Net Current Assets	(12,740,240)
	42,686,059

IV PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31 March 2010

Rupees in Thousands

i) Turnover (sale of products and other income)	120,434,827
ii) Total Expenditure	96,323,595
iii) Profit before tax and extraordinary items	24,111,232
iv) Profit after tax	17,036,192
v) Expenses for earlier years	8,973
vi) Net Profit	17,027,219
vii) Earning per share Rs.(See Note 2)(Face Value Rs.10/-)	117.7
viii) Dividend Rate (%)	400%

V PRODUCTS OF THE COMPANY

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

Notes:

- The above particulars should be read along with the balance sheet as at 31 March 2010, 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.

	Rahul Bajaj	Chairman	
	Madhur Bajaj	Vice Chairman	
	Rajiv Bajaj	Managing Director	
	Sanjiv Bajaj	Executive Director	
J. Sridhar	D.S. Mehta	Suman Kirloskar	} Directors
Company Secretary	Kantikumar R. Podar	Naresh Chandra	
	Shekhar Bajaj	Nanoo Pamnani	
	D.J. Balaji Rao	Manish Kejriwal	
	J.N. Godrej	P. Murari	
Pune: 12 May 2010	S.H. Khan	Niraj bajaj	

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 2010	31 March 2010
3. Holding Company's interest : Equity Share Capital	98.94%	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.117.2 million	Loss Rs.1,019.0 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.804.5 million	Loss Rs.424.4 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

	Rahul Bajaj	Chairman	
	Madhur Bajaj Rajiv Bajaj Sanjiv Bajaj	Vice Chairman Managing Director Executive Director	
J. Sridhar Company Secretary	D.S. Mehta Kantikumar R. Podar Shekhar Bajaj D.J. Balaji Rao J.N. Godrej S.H. Khan	Suman Kirloskar Naresh Chandra Nanoo Pamnani Manish Kejriwal P. Murari Niraj bajaj	} Directors
Pune: 12 May 2010			

The Board of Directors of **BAJAJ AUTO LIMITED**

1. We have audited the attached consolidated balance sheet of Bajaj Auto Limited (the "Company") and its subsidiaries, its jointly controlled entities and associate companies; hereinafter referred to as the "Group" (refer Note 1 of Schedule 14 to the attached consolidated financial statements) as at 31 March 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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.
2. We conducted our audit in accordance with the 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.
3. We did not audit the financial statements of PT Bajaj Auto Indonesia, a subsidiary, whose financial statements for the year ended 31 March 2010 reflect total assets of IDR. 49,060 million (Previous year IDR. -72,788 million) and total revenue of IDR. 182,350 million (Previous year IDR. 230,578 million), and net decrease in cash flows amounting to IDR 2,434 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We have audited the financial statements of Bajaj Auto International Holdings BV, a subsidiary, whose financial statements for the year reflect total consolidated assets of Euro 99.4 million (Previous year Euro 110.7 million) and total consolidated revenue of Euro 0.3 million (Previous year Euro 0.01 million)

Report of the Auditors on the Consolidated Financial Statements

5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 11 – Accounting for the effects of change in Foreign Exchange Rates notified under sub-section 3C of Section 211 of the Companies Act, 1956.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2010;

(b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

For **Dalal and Shah**

Firm Registration Number: 102021W

Chartered Accountants

Anish Amin

Partner

Membership Number: 40451

Pune: 12 May 2010

Consolidated Balance Sheet as at 31 March

			2010	2009
	Schedule	Rs. In Million	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	<u>25,722.5</u>		<u>16,681.1</u>
			27,169.3	18,127.9
2. Minority Interest			3.8	—
3. Loan Funds				
a) Secured Loans	3	129.8		—
b) Unsecured Loans	4	<u>13,480.5</u>		<u>15,953.6</u>
			13,610.3	15,953.6
4. Deferred Tax liability (net)			16.9	41.9
	Total		<u>40,800.3</u>	<u>34,123.4</u>
II. Application of Funds				
1. Fixed Assets				
a) Gross Block		33,855.0		33,395.1
b) Less: Depreciation and write downs		<u>19,021.6</u>		<u>18,093.9</u>
c) Net Block	5	14,833.4		15,301.2
d) Capital Work in progress, expenditure to date		<u>415.2</u>		<u>220.6</u>
			15,248.6	15,521.8
2. Goodwill on investments in associate of subsidiary			3,289.9	3,672.3
3. Technical Know-how	6		—	162.6
4. Investments	7		34,452.3	14,231.9
5. Deferred tax asset (net)			338.2	263.6
6. Current Assets, Loans and Advances	8			
a) Inventories		4,583.9		3,717.6
b) Sundry Debtors		2,719.1		2,809.4
c) Cash and Bank Balances		1,073.0		1,426.4
d) Other Current Assets		1,059.7		1,256.8
e) Loans and Advances		<u>20,848.4</u>		<u>13,809.0</u>
		<u>30,284.1</u>		<u>23,019.2</u>
Less: Current Liabilities and Provisions	9			
a) Liabilities		20,317.9		12,339.5
b) Provisions		<u>22,494.9</u>		<u>12,241.5</u>
		<u>42,812.8</u>		<u>24,581.0</u>
Net Current Assets			(12,528.7)	(1,561.8)
7. Miscellaneous Expenditure not written-off Voluntary Retirement Compensation			—	1,833.0
	Total		<u>40,800.3</u>	<u>34,123.4</u>
Notes forming part of the Financial Statements	14			

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 12 May 2010

J. Sridhar
Company Secretary

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj bajaj

Directors

Consolidated Profit and Loss Account for the year ended 31 March

			2010	2009
	Schedule	Rs. In Million	Rs. In Million	Rs. In Million
Income				
Sales including excise duty		121,527.4		90,587.5
Less: Excise Duty		6,095.8		6,127.2
Net Sales		115,431.6		84,460.3
Other Income	10	5,534.9		4,906.8
			120,966.5	89,367.1
Expenditure				
Materials	11	81,038.1		64,615.7
Other Expenses	12	12,988.0		12,433.5
Interest	13	67.5		218.9
Depreciation and write downs		1,374.1		1,306.2
		95,467.7		78,574.3
Less: Expenses, included in above items, capitalised		156.7		144.2
			95,311.0	78,430.1
Operating profit before taxation and exceptional items			25,655.5	10,937.0
Exceptional items				
Expenditure incurred for Voluntary Retirement of employees		1,833.0		1,833.0
Valuation losses of derivative hedging instruments		(218.0)		218.0
			1,615.0	2,051.0
Profit for the year before income from associate & taxation			24,040.5	8,886.0
Income from associate of subsidiary			(1,027.6)	(622.4)
Profit for the year before taxation			23,012.9	8,263.6
Taxation				
Current Tax [including Rs. 26.2 million (previous year Rs.29 million) for Wealth tax]		7,126.2		3,009.0
Deferred Tax		(91.7)		(195.2)
Fringe Benefit Tax		—		75.0
			7,034.5	2,888.8
Profit after tax			15,978.4	5,374.8
Prior Period Expenses			9.0	21.4
Profit for the year			15,969.4	5,353.4
Minority Interest			(2.8)	(4.5)
			15,972.2	5,357.9
Adjustments on revaluation of deferred tax assets			26.2	—
			15,946.0	5,357.9
Transfer to General Reserve (net of losses of Rs.1055.1 million of subsidiaries and associate of subsidiary)			647.6	1,633.9
Proposed Dividend			5,787.3	3,183.0
Corporate Dividend Tax thereon			961.2	541.0
Balance Carried to Balance Sheet			8,549.9	—
Notes forming part of the Financial Statements	14			
Basic and diluted Earnings Per Share (Rs.)			110.4	37.0
Nominal value per share (Rs.)			10.0	10.0
Net Profit (Rs. In Million)			15,972.2	5,357.9
Weighted average number of Shares (In Millions)			144.7	144.7

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Rahul Bajaj

Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

Vice Chairman
Managing Director
Executive Director

Anish Amin
Partner
Membership Number: 40451

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

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj bajaj

Directors

Pune: 12 May 2010

J. Sridhar
Company Secretary

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 31 March 2010

Schedule 1 Share Capital

	As at 31 March 2009	
	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	<u>1,446.8</u>	<u>1,446.8</u>

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 2009		
	Rs. In Million	Rs. In Million	Rs. In Million
Foreign exchange difference on paid-up capital of subsidiary		31.8	(10.9)
General Reserve			
As per last account	15,767.3		14,314.3
Add: Adjustments on account of change in share of net assets of associate/subsidiary	190.7		(180.9)
Add: Set aside this year	<u>647.6</u>		<u>1,633.9</u>
		16,605.6	15,767.3
Balance in Profit & Loss Account		8,549.9	—
Hedge Reserve		333.9	—
Foreign currency translation reserve		<u>201.3</u>	<u>924.7</u>
Total		<u>25,722.5</u>	<u>16,681.1</u>

Schedule 3 Secured Loans

	As at 31 March 2009	
	Rs. In Million	Rs. In Million
From Banks, against hypothecation of Stores, Raw Materials, Finished Goods, Stock in Process and Book Debts Cash Credit	129.8	—
Total	<u>129.8</u>	<u>—</u>

Schedule 4 Unsecured Loans

	As at 31 March 2009	
	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	13,255.8	13,214.7
Fixed Deposits, unclaimed	0.2	0.3
Short term bank loan	224.5	2,738.6
Total	13,480.5	15,953.6

Schedule 5 Fixed Assets

Particulars	Gross Block (a)				Depreciation				Net Block	
	As at 31 March 2009	Additions	Deductions and Adjustments	As at 31 March 2010	Up to 31 March 2009	Deductions and Adjustments	For the Year (c) & (e)	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
	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	280.0	—	—	280.0	—	—	—	—	280.0	280.0
Land Leasehold	589.3	—	6.6	582.7	—	—	—	—	582.7	589.3
Buildings (b) & (d)	5,019.9	116.2	15.1	5,121.0	1,068.1	12.2	120.9	1,176.8	3,944.2	3,951.8
Waterpumps, Reservoirs and Mains	129.3	1.4	0.1	130.6	47.0	0.1	6.0	52.9	77.7	82.3
Plant & Machinery	16,726.0	106.9	362.0	16,470.9	12,445.8	325.1	651.3	12,772.0	3,698.9	4,280.2
Dies & Jigs	3,728.9	362.0	86.2	4,004.7	2,871.6	79.8	223.9	3,015.7	989.0	857.3
Electric Installations	649.9	6.6	(0.7)	657.2	260.8	(0.1)	24.4	285.3	371.9	389.1
Factory Equipments	2,120.0	276.1	19.6	2,376.5	873.7	15.2	107.4	965.9	1,410.6	1,246.3
Furniture, Fixtures, Office equipment etc	468.3	50.1	(0.1)	518.5	191.8	—	31.3	223.1	295.4	276.5
Electric Fittings	167.9	10.9	(0.3)	179.1	62.5	(0.1)	6.6	69.2	109.9	105.4
Vehicles & Aircraft	3,454.5	45.5	22.8	3,477.2	211.5	9.7	202.3	404.1	3,073.1	3,243.0
Leased Assets :- Dies & Moulds	61.1	—	4.5	56.6	61.1	4.5	—	56.6	—	—
Total	33,395.1	975.7	515.8	33,855.0	18,093.9	446.4	1,374.1	19,021.6	14,833.4	15,301.2
Share of fixed assets of joint ventures	—	—	—	—	—	—	—	—	—	—
Previous Year 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	
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, pending registration amounting to Rs.170.4 million.
- (e) Depreciation for the year includes assets written down to the realisable value by Rs. 45.3 million being marked for disposal.

Schedule 6 Technical Know-How

	As at 31 March 2009	
	Rs. In Million	Rs. In Million
Developed by the company		
As per last account	37.3	37.3
Add: Expenses incurred on development completed during the year (incurred during the year Rs.Nil , previous year- Rs.Nil)	—	—
	<u>37.3</u>	<u>37.3</u>
Less:		
Amortised in prior years	28.8	18.6
Amortised during the period	8.5	10.2
	<u>37.3</u>	<u>28.8</u>
	—	8.5
Development in Progress		
As per last account	154.1	86.6
Add: Expenses incurred during the year	—	67.5
Less: Amounts written off on redundancy of project	154.1	154.1
	<u>—</u>	<u>—</u>
Balance C/f	—	—
Total	<u>—</u>	<u>162.6</u>

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

	As at 31 March 2009		
	Rs. In Million	Rs. In Million	Rs. In Million
In Government and Trust Securities		2,464.6	2,464.4
In fully Paid Preference Shares		11.3	11.3
In Equity Shares			
Long Term: Associate Company	2,701.7		3,783.9
Others	5.7		5.7
	<u>—</u>	2,707.4	<u>3,789.6</u>
In Debentures, Bonds and Secured Premium Notes		2,410.0	1,010.6
In Bonds		9,984.8	3,785.6
In Mutual Fund Units		550.0	3,390.8
In Certificate of Deposits		16,458.2	292.9
In Commercial Paper		243.8	—
Total		<u>34,830.1</u>	<u>14,745.2</u>
Less: Provision for diminution in value of Investments		377.8	513.3
Total		<u>34,452.3</u>	<u>14,231.9</u>

Schedule 8 Current Assets, Loans and Advances

				As at 31 March 2009
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
(a) Inventories #				
Stores, at cost *		80.4		71.1
Tools, at cost *		79.9		66.3
Stock-in-trade, at cost or market value whichever is lower :				
Raw Materials and Components *		1,509.0		1,077.9
Work-in-progress (including factory made components Rs. 145.9 million , previous year Rs.75.7 million)		310.3		120.3
Finished Goods:				
Vehicles		1,673.7		1,462.7
Auto Spare parts, etc.		714.8		743.7
As valued and certified by Management		4,368.1		3,542.0
Goods in transit, at cost to date		215.8		175.6
			4,583.9	3,717.6
(b) Sundry Debtors, Unsecured				
Outstanding for a period exceeding six months :				
Good	1.2			5.9
Doubtful	52.0			53.2
Less: Provision	52.0			53.2
	—			—
		1.2		5.9
Others, Good		2,717.9		2,803.5
			2,719.1	2,809.4
(c) Cash and Bank Balances				
Cash on hand (including cheques on hand Rs. Nil)		1.1		1.0
Bank Balances :				
With Scheduled Banks:				
In current account		999.5		1,354.1
In margin deposits		10.3		10.2
In fixed deposits		1.7		1.6
Interest accrued on fixed deposits		0.1		0.1
		1,011.6		1,366.0
With Other Banks :				
In current account		60.3		59.4
			1,073.0	1,426.4
Carried over			8,376.0	7,953.4

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

				As at 31 March 2009
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
Brought over			8,376.0	7,953.4
(d) Other Current Assets				
(good, unless otherwise stated)				
Dividend and Interest receivable on Investments				
Good (Rs.7,049)	—			—
Doubtful	—			8.0
Less: Provision	—			8.0
	—			—
	—			—
Interest receivable on Loans, Deposits etc:		3.3		14.6
Export Incentives Receivable		1,056.4		1,242.2
			1,059.7	1,256.8
(e) Loans and Advances				
(unsecured, good, unless otherwise stated)				
Loan to Bajaj Auto Finance Limited		—		146.0
Loan to Suppliers		—		5.8
Loan given to former employees		431.0		582.3
Advances Recoverable in Cash or in kind or for value to be received:				
@ Others, Good	672.4			648.8
Doubtful	36.5			36.0
Less: Provision	36.5			36.0
	—			—
		672.4		648.8
Advances for capital assets		793.2		844.2
VAT refund receivable		3,795.6		1,461.8
Excise duty rebate receivable on export		169.7		2,061.2
Balances with Customs and Central Excise Departments		466.9		548.9
Sundry Deposits		278.2		266.0
Tax paid in Advance		14,241.4		7,244.0
			20,848.4	13,809.0
Total			30,284.1	23,019.2

* Except obsolete and slow moving inventory at estimated realisable value

@ Includes amount due from an Officer of the Company **Rs. 37,500** (previous year Rs.52,500)
Maximum balance outstanding during the year **Rs. 52,500** (previous year Rs.67,500)

Schedule 9 Current Liabilities and Provisions

	As at 31 March 2009		
	Rs. In Million	Rs. In Million	Rs. In Million
(a) Liabilities			
Sundry Creditors:			
Dues to Micro and Small enterprises	61.6		30.0
Other than dues to Micro and Small enterprises	15,701.7		8,173.3
		15,763.3	8,203.3
Advances against Orders		1,993.8	1,195.6
Annuity payable to VRS optees		2,479.7	2,813.0
Investor Education Protection Fund (Rs. 11,908) (Previous Year Rs. 29,908)			
Unclaimed Dividends		17.2	8.7
Deposit from Dealers and others		43.0	41.9
Temporary overdraft with bank as per books		20.9	77.0
		20,317.9	12,339.5
(b) Provisions			
Provision for Warranty Claims	308.9		232.0
Provision for Employee Benefits	1,266.3		1,022.5
Provision for valuation losses of derivative hedging instruments	—		218.0
Provision for Taxation	14,171.2		7,045.0
Proposed Dividend	5,787.3		3,183.0
Provision for Corporate Dividend Tax on Proposed Dividend	961.2		541.0
		22,494.9	12,241.5
Total		42,812.8	24,581.0

Schedule 10 Other Income

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
Technical Know-how Fees Received		—	2.0
Royalty		7.4	10.9
Interest			
On Government Securities	182.6		304.0
On Debentures and Bonds	409.0		438.9
On Loans	3.0		25.9
Other	191.0		226.4
	<u>785.6</u>		<u>995.2</u>
Less: Amortisation of premium / discount on acquisition of fixed income securities	(161.4)		2.8
		947.0	992.4
Rent		1.7	2.4
Insurance Claims		41.4	10.6
Export Incentives		3,021.3	2,592.9
Miscellaneous Receipts		717.9	597.7
Surplus on Sale of Assets		57.3	35.1
Profit on Sale of Investments, net		429.4	454.2
Surplus on redemption of Securities		4.1	—
Dividend on preference shares		2.5	—
Sundry Credit balances appropriated		5.1	4.0
Refund of Dividend Tax		19.3	—
Provision for Diminution in value of Investments written back, net		25.0	—
Provisions for Doubtful Debts and Advances written back	15.7		8.1
Less: Write backs on account of amounts written off during the year, as per contra	1.8		6.5
		13.9	1.6
Provisions no longer required		241.6	203.0
Total		<u>5,534.9</u>	<u>4,906.8</u>

Schedule 11 - Materials

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
(a) Raw materials and components consumed		77,204.0	60,846.4
(b) Finished Goods purchases			
Two Wheelers	—		—
Auto Spare-Parts	4,224.5		3,740.8
Engineering Products, for export	0.5		2.8
		<u>4,225.0</u>	<u>3,743.6</u>
(c) Excise duty on increase/(decrease) in stocks of finished goods		(18.8)	(26.5)
(d) (Increase)/Decrease in Stocks			
Stocks at close			
Work in progress (including factory made components Rs. 145.9 million - Previous year Rs. 75.7 million)	310.3		120.3
Finished Goods	1,673.7		1,462.7
Auto Spare Parts	714.8		743.7
	<u>2,698.8</u>		<u>2,326.7</u>
Less: Stocks at commencement,			
Work in progress (including factory made components Rs. 75.7 million - Previous year Rs. 103.6 million)	120.3		179.4
Finished Goods	1,462.7		1,694.8
Auto Spare Parts	743.7		504.7
	<u>2,326.7</u>		<u>2,378.9</u>
		(372.1)	52.2
Total		<u>81,038.1</u>	<u>64,615.7</u>

Schedule 12 Other Expenses

			Previous Year
	Rs. In Million	Rs. In Million	Rs. In Million
Stores and tools consumed		673.4	604.7
Power, fuel and water		703.5	609.2
Repairs			
Buildings and Roads	199.0		172.2
Machinery	538.0		515.6
Other	26.9		21.7
		763.9	709.5
Employees' Emoluments			
Salaries, wages, bonus etc.	3,128.8		2,781.8
Contribution to Provident and other funds and schemes	460.9		494.2
Welfare expenses	471.5		324.9
		4,061.2	3,600.9
Rent		110.9	88.2
Rates and taxes		14.3	45.2
Insurance		27.3	16.4
Auditors' Remuneration		8.3	8.5
Directors' fees and travelling expenses		2.4	2.7
Managing Directors' remuneration			
Salary	7.2		7.2
Commission	21.6		21.6
		28.8	28.8
Wholetime Directors' remuneration			
Salary	22.5		22.5
Commission	67.5		67.5
		90.0	90.0
Commission to Non Executive Directors		4.2	4.3
Miscellaneous expenses		1,416.1	1,862.7
Sales tax / VAT expenses		178.0	192.9
Packing, forwarding etc.		1,629.5	1,681.5
Advertisement		1,474.1	1,045.5
Vehicle service charges and other expenses		818.7	800.2
Commission and Discount		192.0	140.6
Incentives & Sales Promotion		487.3	649.0
Royalty		37.5	55.3
Donations		50.1	5.0
Bad debts and other irrecoverable debit balances written off	2.7		8.5
Less: Provisions made in earlier years in respect of amounts written off during the year, adjusted as per contra	1.8		6.5
		0.9	2.0
Sundry credit balances earlier appropriated, now paid		0.3	0.5
Loss on assets sold, demolished, discarded and scrapped		34.2	38.7
Loss on redemption of securities		—	69.3
Provision for Doubtful Debts and Advances		11.9	40.1
Provision for Diminution in Value of Investments, net		—	25.0
Amount written off against Technical Know-how		162.6	10.2
Amount written off against leasehold land		6.6	6.6
Total		12,988.0	12,433.5

Schedule 13 Interest

		Previous Year
	Rs. In Million	Rs. In Million
Interest:		
On Fixed Loans	21.6	198.1
Others	45.9	20.8
Total	67.5	218.9

Schedule 14 Notes forming part of the Consolidated Accounts

1. The Consolidated Financial Statements include results of the Subsidiaries of Bajaj Auto Ltd., consolidated in accordance with AS-21 "Consolidated Financial Statements", AS-23 "Accounting for Investment in Associates in Consolidated Financial Statements".

Name of the Company	Country of incorporation	% Shareholding of Bajaj Auto Ltd.	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	98.94%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100%	Subsidiary

- The Consolidated Financial Statements of Bajaj Auto International Holdings BV include 31.92% 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 1 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 2010 (Rs. In Million)	As at 31 March 2009 (Rs. In Million)
Liabilities	1,918.1	1,647.9
Assets	2,239.4	1,869.6
Net	(321.3)	(221.7)

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
Firm Registration Number: 102021W
Chartered Accountants

Rahul Bajaj Chairman
Madhur Bajaj Vice Chairman
Rajiv Bajaj Managing Director
Sanjiv Bajaj Executive Director

Anish Amin
Partner
Membership Number: 40451

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

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj bajaj

Directors

Pune: 12 May 2010

J. Sridhar
Company Secretary

Consolidated Cash Flow Statement

Rs. In Million

Particulars	2009-10	2008-09
I. OPERATING ACTIVITIES		
A) Profit before Taxation	23,012.9	8,263.6
B) Adjustments:		
Add:		
i) Depreciation	1,374.1	1,306.2
ii) VRS compensation charged off	1,833.0	1,833.0
iii) Valuation losses of derivative hedging instruments	(218.0)	218.0
iv) Amount written off against Technical Know-how	162.6	10.2
v) Amount written off against leasehold land	6.6	6.6
vi) Loss on Assets sold, demolished, discarded and scrapped	34.2	38.7
vii) Provision/(write back) for Diminution in Value of Investments	(25.0)	25.0
viii) Provision for Doubtful Debts and Advances	11.9	40.1
ix) Amortisation of premium/discount on acquisition of fixed income securities	(161.4)	2.8
x) Interest on cash credit / fixed term loan	21.6	198.1
xi) Interest paid - others	45.9	20.8
	<u>3,085.5</u>	<u>3,699.5</u>
	26,098.4	11,963.1
Less:		
i) Investment and Other Non-operating Income included in above:		
Interest on Government Securities	182.6	304.0
Interest on Debentures and Bonds	409.0	438.9
Interest on Inter-Corporate Deposits, Loans	3.0	25.9
Profit/(Loss) on Sale of Investments, net	429.4	454.2
Surplus/(Loss) on Redemption of Securities	4.1	(69.3)
Dividend on preference shares	2.5	—
Amortisation of premium/discount on acquisition of fixed income securities	161.4	(2.8)
Provision for Diminution in value of Investments, net	25.0	(25.0)
Provision for Doubtful debts & advances, net	8.0	(8.0)
	<u>1,225.0</u>	<u>1,117.9</u>
ii) Provision for Doubtful debts & advances written back	15.7	8.1
iii) Surplus on Sale of Assets	57.3	35.1
iv) Prior Period Expenses	9.0	21.4
	<u>(1,307.0)</u>	<u>(1,182.5)</u>
Carried over	24,791.4	10,780.6

Consolidated Cash Flow Statement (Contd.)

		Rs. In Million	
Particulars	2009-10	2008-09	
Brought over	24,791.4		10,780.6
C) (Increase)/Decrease in Current Assets			
i) Inventories	(866.3)	(56.3)	
ii) Sundry Debtors	420.0	(311.9)	
iii) Other Current Assets and Loans and Advances	(148.8)	(1,732.9)	
	<u>(595.1)</u>	<u>(2,101.1)</u>	
Increase/(Decrease) in Current Liabilities			
i) Liabilities	<u>8,623.5</u>	<u>(60.8)</u>	
	<u>8,028.4</u>		<u>(2,161.9)</u>
	<u>32,819.8</u>		<u>8,618.7</u>
D) VRS payout (predominantly Akurdi plant)	(181.6)		(2,094.0)
NET CASH FROM OPERATING ACTIVITIES BEFORE INCOME TAX	32,638.2		6,524.7
Income Tax, Wealth Tax paid	(6,997.4)		(3,237.9)
NET CASH FROM OPERATING ACTIVITIES	25,640.8		3,286.8
II. INVESTMENT ACTIVITIES			
i) (Increase)/Decrease in Investment in subsidiaries, joint ventures and associates, etc.	—	—	
ii) (Increase)/Decrease in other investments, net	(19,651.6)	817.8	
iii) Capital Expenditure	(1,170.3)	(3,928.6)	
iv) Sales Proceeds of Assets/Adjustment to Gross block	85.9	65.7	
v) Technical Know-how	—	(67.5)	
vi) (Increase)/Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Auto Finance Ltd	<u>146.0</u>	<u>259.0</u>	
	<u>(20,590.0)</u>	<u>(2,853.6)</u>	
vii) Investment and other Non-operating Income:			
Interest on Government Securities	182.6	304.0	
Interest on Debenture and Bonds	409.0	438.9	
Interest on Inter-Corporate Deposits, Loans	3.0	25.9	
Profit/(Loss) on Sale of Investments, net	429.4	454.2	
Surplus/(Loss) on Redemption of Securities	4.1	(69.3)	
Dividend on preference shares	2.5	—	
Provision for Diminution in value of Investments, net	25.0	(25.0)	
Amortisation of premium/discount on acquisition of fixed income securities	161.4	(2.8)	
Provision for Doubtful debts & advances, net	<u>8.0</u>	<u>(8.0)</u>	
	<u>1,225.0</u>	<u>1,117.9</u>	
(Increase)/decrease in non-operating income receivable & dues	<u>14.6</u>	<u>5.6</u>	
	<u>1,239.6</u>	<u>1,123.5</u>	
NET CASH FROM INVESTMENT ACTIVITIES	(19,350.4)		(1,730.1)
Carried over	6,290.4		1,556.7

Consolidated Cash Flow Statement (Contd.)

Particulars	Rs. In Million	
	2009-10	2008-09
Brought over	6,290.4	1,556.7
III. FINANCING ACTIVITIES		
i) Short term bank Loan taken/(repaid)	(2,514.1)	2,618.2
ii) Cash Credit from Banks	129.8	(69.5)
iii) Interest on cash credit / fixed term loan	(21.6)	(198.1)
iv) Interest paid - others	(45.9)	(20.8)
v) Repayment of Fixed Deposits	(0.1)	(0.2)
vi) Deferral /(Repayment) of Unsecured Loans-Sales tax deferral incentive	41.1	(58.7)
vii) Dividend Paid	(3,174.5)	(2,885.0)
viii) Corporate Dividend Tax Paid	(541.0)	(491.8)
	<u>(6,126.3)</u>	<u>(1,105.9)</u>
Adjustment to net worth on consolidation:		
i) Foreign currency translation reserve	(750.9)	436.5
ii) Foreign exchange difference on paid-up capital of subsidiary	42.7	(0.1)
iii) Adjustment to minority interest	—	7.7
iv) On account of change in share of net assets of associate	<u>190.7</u>	<u>(180.9)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>(6,643.8)</u>	<u>(842.7)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	<u>(353.4)</u>	<u>714.0</u>
Cash and Cash Equivalents as at 01.04.2009 [Opening Balance]	1,426.4	712.4
Cash and Cash Equivalents as at 31.03.2010 [Closing Balance]	1,073.0	1,426.4

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 12 May 2010

J. Sridhar
Company Secretary

Rahul Bajaj

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman

Vice Chairman
Managing Director
Executive Director

Suman Kirloskar
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj bajaj

Directors

Financial information of Subsidiaries for the year ended 31 March 2010

Particulars	Rs. In Million	
	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV.
(a) Paid -Up Share Capital	1,359.4	12.1
(b) Share Premium Other reserves	— (1,003.9)	7,221.1 (1,226.5)
(c) Total Assets	665.4	6,006.7
(d) Total Liabilities	665.4	6,006.7
(e) Investments*	—	2,701.7
(f) Turnover/Operating result	883.6	19.3
(g) Profit Before Taxation	(159.0)	(1,019.0)
(h) Provision for Taxation	(40.5)	—
(i) Profit After Taxation	(118.5)	(1,019.0)
(j) Proposed Dividend	—	—

Closing exchange rates

1 Euro = Rs. 60.4525

1 USD = Indonesian Rupiah 9115

1 USD = Rs. 44.90

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





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Distinctly Ahead

Bajaj Auto Limited
Akurdi Pune 411 035 India
www.bajajauto.com