

**BAJAJ**

Bajaj Holdings &  
Investment Limited

Sixty Third Annual Report

2007-08

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## Board of Directors

**Rahul Bajaj**  
Chairman

**Madhur Bajaj**

**Rajiv Bajaj**

**Sanjiv Bajaj**

**D J Balaji Rao**

**S H Khan**

**Nanoo Pamnani**

**Manish Kejriwal**

## CEO (Operations)

**V S Raghavan**

## Company Secretary

**Mandar Velankar**

## Auditors

Dalal & Shah  
Chartered Accountants

## Bankers

Citibank NA

Registered under Indian  
Companies Act, 1913

## Registered Office

Mumbai-Pune Road,  
Akurdi, Pune – 411 035

# Directors' Report

## Introduction

The directors present their sixty-third annual report and the audited statements of accounts for the year ended 31 March 2008.

## Demerger

During the year under review, the Hon'ble High Court of Judicature at Bombay approved the scheme of arrangement of demerger of the company vide its order dated 18 December 2007. Accordingly, the manufacturing undertaking of the erstwhile Bajaj Auto Ltd. (BAL) has been vested with new Bajaj Auto Limited and the strategic business undertaking consisting of wind farm business and financial services business has been vested with Bajaj Finserv Limited. The appointed date of this demerger was closing hours of business on 31 March 2007.

Consequently, the name of the company has changed from Bajaj Auto Limited to Bajaj Holdings & Investment Limited and a fresh certificate of incorporation in the new name of the company has been issued by the Registrar of Companies, Maharashtra, Pune on 5 March 2008.

Pursuant to the demerger, the company now holds strategic investments in the group.

The demerger enables the new companies to tap (on an arm's length basis) into the cash pool of the company to support their future growth initiatives, even while enabling the company to participate in the growth of the auto business and the financial services business. The company will function primarily as an investment company and will focus on new business opportunities.

The operations and financial results of the company are elaborated in the annexed Management Discussion and Analysis Report. On account of the demerger, the previous year's figures of the company are not comparable and hence are not given. The highlights are as under :-

## Financial results

|   | 2007-08<br>Rs. In Million |
|---|---------------------------|
| Operative income                              | 3,553                     |
| Gross profit before interest & depreciation   | 3,495                     |
| Depreciation                                  | 2                         |
| <b>Profit before taxation</b>                 | <b>3,493</b>              |
| Provision for taxation                        | 423                       |
| <b>Profit after tax</b>                       | <b>3,070</b>              |
| Disposable surplus                            | 3,070                     |
| Proposed dividend (inclusive of dividend tax) | 2,368                     |
| <b>Earnings per share (Rs.)</b>               | <b>30.3</b>               |

## Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of dividend of Rs. 20 per share (200 per cent) for the year ended 31 March 2008. The amount of dividend and the tax thereon aggregates to Rs. 2,368 million.

Dividend paid for the year ended 31 March 2007 was Rs.40 per share (400 per cent). The amount of dividend and the tax thereon aggregated to Rs. 4,735 million. In view of the demerger, the dividend figures for the year 2006-07 and 2007-08 are not comparable.

## Conservation of energy, technology absorption and foreign exchange earnings & outgo

The company, having become an investment company pursuant to the demerger of the company, has nothing to report on 'Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo' during the year under review.

## Joint ventures / new companies

After the demerger of the company, investments of the company in Bajaj Allianz Life Insurance Company Limited (BALICL), Bajaj Allianz General Insurance Company Limited (BAGICL) have been transferred to Bajaj Finserv Limited and investments in PT. Bajaj Auto Indonesia (PTBAI) and Bajaj Auto International Holdings BV (BAIHBV) have been transferred to new Bajaj Auto Limited.

After the demerger, the following are the companies, which are the subsidiary companies / joint venture / associate companies of the company:

- |                              |               |
|------------------------------|---------------|
| a. Bajaj Auto Holdings Ltd.  | Subsidiary    |
| b. Maharashtra Scooters Ltd. | Joint Venture |
| c. Bajaj Auto Ltd.           | Associate     |
| d. Bajaj Finserv Ltd.        | Associate     |

**Maharashtra Scooters Ltd. (MSL)** is a company jointly promoted by erstwhile BAL and Western Maharashtra Development Corporation Ltd. (WMDC). WMDC had offered to sell its 27 per cent shareholding in MSL and erstwhile BAL had confirmed its willingness to purchase these shares. The price at which the shares were to be sold, had been jointly referred to a sole arbitrator, Justice Arvind V Savant (Retd.), with an understanding in writing that arbitral award would be final and binding on both.

As reported last year, the award of the arbitrator dated 14 January 2006 valuing the share price of MSL at Rs. 151.63 per share as the rate at which 3,085,712 equity shares of MSL held by WMDC are to be sold to erstwhile BAL i.e. to the company, has been challenged by WMDC in the Bombay High Court.

## Directors

Consequent to demerger of the company and vesting of manufacturing undertaking with Bajaj Auto Limited and strategic business undertaking with Bajaj Finserv Limited, eight directors of the company viz. Kantikumar Podar, D S Mehta, J N Godrej, Ms Suman Kirloskar, Naresh Chandra, P Murari, Shekhar Bajaj and Niraj Bajaj resigned

as directors of the company with effect from the 20 February 2008 the effective date of scheme of arrangement of demerger.

Further, Rahul Bajaj resigned as executive chairman, Madhur Bajaj resigned as executive vice chairman, Rajiv Bajaj resigned as managing director and Sanjiv Bajaj resigned as executive director of the company with effect from 20 February 2008, the effective date of scheme of arrangement of demerger. Rahul Bajaj will continue to act as non-executive chairman and Madhur Bajaj, Rajiv Bajaj and Sanjiv Bajaj shall continue on the board as non-executive directors.

Madhur Bajaj and Rajiv Bajaj retire from the board by rotation this year and being eligible, offer themselves for re-appointment.

## 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 judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit 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, associates and joint ventures 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

An application has been made for exemption with regard to attaching of the balance sheet, profit and loss account and other documents of its subsidiary company, Bajaj Auto Holdings Limited and the approval for the same is awaited. The summary of the key financials of the company's subsidiary is included in this annual report.

The annual accounts of the subsidiary company and the related detailed information will be made

available to the members of the company and its subsidiary company, seeking such information at any point of time. The annual accounts of the subsidiary company 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.

An application has been made for exemption with regard to disclosure of investments in the investment schedule in the accounts under section 211(4) of the Companies Act, 1956 and the approval for the same is awaited. Any shareholder interested in obtaining the details thereof may write to the company.

As required under the provisions of sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of the employees are set out in the Annexure to the Directors Report. As per provisions of section 219(1)(b)(iv) of the said Act, these particulars will be made available to any shareholder on request.

Particulars regarding technology absorption, conservation of energy and foreign exchange earning and outgo required under section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the report of board of directors) Rules, 1988 : The company, having become an investment company pursuant to the demerger of the company, the company has nothing to report on 'Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo' during the year under review.

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 2007-08 is attached to the balance sheet.

## Corporate governance

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

All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2007-08. A declaration to this effect signed by the Chief Executive Officer (Operations) [CEO (O)] of the company is contained in this annual report.

The CEO (O) and Chief Financial Officer (CFO) have certified to the board with regard to the financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is contained in this annual report.

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## Auditors' report

The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

## Auditors

The members are requested to appoint auditors 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.

In view of demerger of the company, provisions relating to cost audit will no longer be applicable to the company from the year under review.

On behalf of the board of directors



**Rahul Bajaj**  
Chairman

22 May 2008



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## Annexure 1

### Certificate by the Auditors on Corporate Governance

To the members of  
Bajaj Holdings & Investment Limited

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on March 31, 2008.

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

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

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

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

For and on behalf of  
**Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Membership No. 40451  
Partner  
Mumbai: 22 May 2008

## Annexure 2

### Declaration by Chief Executive Officer (CEO)

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I, V S Raghavan, CEO (Operations) of Bajaj Holdings & Investment Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31 March 2008 compliance with the code of conduct of the company laid down for them.

**V S Raghavan**

CEO (Operations)

Mumbai : 22 May 2008

## Annexure 3

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

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We, V S Raghavan, CEO (Operations) and Kevin D'sa, CFO of Bajaj Holdings & Investment Limited, certify :

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2008 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.

**V S Raghavan**

CEO (Operations)

Mumbai : 22 May 2008

**Kevin D'sa**

Chief Financial Officer

# Management Discussion and Analysis

During the year under review, Bajaj Holdings & Investment Limited [(BHIL) – erstwhile Bajaj Auto Limited (BAL)] was demerged as per Order dated 18 December 2007 of the Hon'ble Bombay High Court, whereby its manufacturing undertaking has been transferred to the new Bajaj Auto Limited and its strategic business undertaking consisting of wind farm and financial services business has been vested with Bajaj Finserv Limited (BFS). All the businesses and all properties, assets, investments and liabilities of erstwhile BAL, other than the manufacturing undertaking and the strategic business undertaking, now remain with BHIL.

BHIL, under the scheme, will function primarily as an investment company with focus on new business opportunities. The company will also extend support to the new companies under the scheme, viz. Bajaj Auto Ltd. (BAL) and Bajaj Finserv Ltd. (BFS), whereby the two new companies can tap on an arm's length basis into the cash pool of BHIL for their future growth

initiatives. The company's assets broadly consist of different investments, including strategic investments and investments in government securities, bonds, debentures and mutual funds. The strategic investments made by the company so far include investments in BAL, BFS, joint venture company – Maharashtra Scooters Ltd. as well as the wholly-owned subsidiary, Bajaj Auto Holdings Ltd. The company's other major investment is in the equity shares of ICICI Bank.

**Table 1:** Position of investments held by the company

| Rs. In Million                  | 31 March 2008 |               |
|---------------------------------|---------------|---------------|
|                                 | Cost          | Market Value  |
| Equity shares – Group companies | 1,861         | 5,238         |
| Equity shares                   | 19,893        | 34,899        |
| Mutual funds – equity based     | 150           | 111           |
| Preference shares               | 246           | 246           |
| Government securities           | 7,885         | 7,888         |
| Debentures and bonds            | 1,650         | 1,793         |
| Fixed income group - others     | 389           | 392           |
| Real estate venture fund        | 260           | 263           |
| <b>Total</b>                    | <b>32,334</b> | <b>50,830</b> |

As BAL and BFS are not listed as on 31st March 2008, the market value of these shares have been shown at cost i.e Rs. 435 million and Rs. 218 million respectively.

## Income from investment activities

During the year, income from investments earned by the company was Rs. 3,553 million.

**Table 2:** Break up of income from investments

| Rs. In Million                | 31 March 2008 |
|-------------------------------|---------------|
| Interest                      | 818           |
| Income from mutual funds      | 15            |
| Dividend                      | 519           |
| Profit on sale of investments | 2,128         |
| Others                        | 73            |
| <b>Total</b>                  | <b>3,553</b>  |

The previous year's figures are not given, as the same are not comparable on account of the demerger of the undertakings, which has taken place during the year under review.

The company in its Investment activity, is guided by its investment philosophy of prudence and will continue to endeavour to achieve good returns, while ensuring adequate security and safety of the capital. The company would constantly explore the market for identifying good investment opportunities. The performance of the company is directly related to the performance of its investments.

## SEZ activities

The company has the formal approval dated 17 April 2007 from the Department of Commerce, Ministry of Commerce and Industry, Government of India for the setting up of a Special Economic Zone at Waluj Industrial Area, Aurangabad District, Maharashtra.

The company has received all clearances in this regard and plans are afoot to develop the SEZ on the company's 100 hectare land situated in Waluj, Aurangabad.

## Status of Subsidiary, Associates and Joint Venture

### Subsidiary Bajaj Auto Holdings Ltd. (BAHL)

BAHL, is a 100% subsidiary of BHIL. The summary financial results is given below :

**Table 3:** Summary financial results

| Rs. In Million                     | 2007-08 | 2006-07 |
|------------------------------------|---------|---------|
| Operating income                   | 15      | 30      |
| Profit before tax                  | 14      | 30      |
| Profit after tax                   | 11      | 28      |
| Profit attributable to BHIL (100%) | 11      | 28      |

### Associates Bajaj Auto Ltd. (BAL)

BHIL, after the approval of the scheme of demerger and the allotment of shares under the said scheme, holds 30.07% shares in BAL. The summary of consolidated financial results of BAL is given below :

**Table 4:** Summary consolidated financial results

| Rs. In Million                       | 2007-08 |
|--------------------------------------|---------|
| Net sales & other income             | 91,640  |
| Profit before tax                    | 11,175  |
| Profit after tax                     | 7,496   |
| Profit attributable to BHIL (30.07%) | 2,254   |

Previous year's figures are not given as this is the first year of BAL after its incorporation.

## Bajaj Finserv Ltd. (BFS)

BHIL, after the approval of the scheme of demerger and the allotment of shares under the said scheme, holds 30.07% shares in BFS. The summary of consolidated financial results of BFS is given below :

**Table 5:** Summary consolidated financial results for the year 2007-08

| Rs. In Million                       | 2007-08 |
|--------------------------------------|---------|
| Operating & other income             | 621     |
| Profit before tax                    | 224     |
| Profit after tax                     | (328)   |
| Profit attributable to BHIL (30.07%) | (99)    |

Previous year's figures are not given as this is the first year of BFS after its incorporation.

## Joint Venture

### Maharashtra Scooters Ltd.

A joint sector company promoted by the company with Western Maharashtra Development Corporation Limited (WMDC) continued to earn its income from its various investments. The summary of its financial results is given below :

**Table 6:** Summary financial results

| Rs. In Million                    | 2007-08 | 2006-07 |
|-----------------------------------|---------|---------|
| Sales & other income              | 292     | 306     |
| Profit before tax                 | 120     | 100     |
| Profit after tax                  | 118     | 99      |
| Profit attributable to BHIL (24%) | 28      | 24      |

## Consolidation of accounts and segment reporting

BHIL has consolidated the financial statements of its subsidiary, associates and joint venture in accordance with the relevant accounting standards issued by The Institute of Chartered Accountants of India. The summary of consolidated segment-wise profit and loss account is tabulated in Table 7.

**Table 7:** Summary consolidated financial results

| Rs. In Million                   | 2007-08 |
|----------------------------------|---------|
| Net sales & other income         | 3,630   |
| Income from associates after tax | 2,155   |
| Profit before tax                | 5,683   |
| Profit after tax                 | 5,257   |

## Cautionary Statement

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

# Corporate Governance

The commitment of Bajaj Holdings & Investment Limited ('erstwhile Bajaj Auto', 'BHIL' or 'the company') to the highest standards of good corporate governance practices predates SEBI and clause 49 of the listing agreements. Transparency, fairness, disclosure and accountability are central to the working of the company and its board of directors.

Given below are the company's corporate governance policies and practices for 2007-08.

## Board of directors

Consequent upon the demerger of the company the board of directors of the company has been pruned from a sixteen member board to a eight member board during the year under review.

Accordingly, Kantikumar Podar, D S Mehta, J N Godrej, Ms Suman Kirloskar, Naresh Chandra, P Murari, Shekhar Bajaj and Niraj Bajaj resigned as directors of the company with effect from 20 February 2008, the effective date of scheme of arrangement of demerger.

Further, Rahul Bajaj resigned as executive chairman, Madhur Bajaj resigned as executive vice chairman, Rajiv Bajaj resigned as managing director and Sanjiv Bajaj resigned as executive director of the Company with effect

from 20 February 2008. Rahul Bajaj continues as chairman and Madhur Bajaj, Rajiv Bajaj and Sanjiv Bajaj continue as directors, but all in a non-executive capacity.

V S Raghavan has been appointed as CEO (Operations) and is the 'Manager' under the Companies Act, 1956 with effect from 20 February 2008. He, however, is not on the board of the company.

## Composition

As on 31 March 2008, the board of BHIL consisted of eight directors, all of whom were non-executive. Three out of the eight non-executive directors were independent. The board has no institutional nominee directors.

According to clause 49 as in force as on 31 March 2008, if the chairman is non executive, at least one third of the board should consist of non-executive, independent directors. As Table 1 below shows, the company is in compliance with the guidelines.

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. 6 of

the 8 directors of BHIL as on 31 March 2008 were liable to retirement by rotation. This year, the retiring directors are Madhur Bajaj and Rajiv Bajaj, who, being eligible, have offered their candidature for re-appointment.

### Non-executive directors' compensation

Until 20 February 2008, the non-executive directors were entitled to commission at the rate of Rs.50,000 per meeting of the board and its committees attended by them within the overall ceiling of 1 per cent on net profits. The board of directors at its meeting held on 30 January 2008 revised the directors' remuneration policy,

whereby the non-executive directors would be entitled only to a sitting fee of Rs.20,000 per meeting of the board or its committee and no commission would be payable to non-executive directors with effect from 20 February 2008.

The company currently does not have a stock option programme.

### Board procedures

During 2007-08, the board of directors met six times: on 17 May 2007, 12 July 2007, 18 August 2007, 19 October 2007, 30 January 2008 and 28 March 2008. 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 2007-08

| Name of director                | Category                   | Meetings attended | Whether attended last AGM on 12 July 2007 |
|---------------------------------|----------------------------|-------------------|---|
| Rahul Bajaj <sup>1</sup>        | Chairman, non-executive    | 6/6               | Yes                                       |
| Madhur Bajaj <sup>1</sup>       | Non- executive             | 6/6               | Yes                                       |
| Rajiv Bajaj <sup>1</sup>        | Non- executive             | 6/6               | Yes                                       |
| Sanjiv Bajaj <sup>1</sup>       | Non- executive             | 6/6               | Yes                                       |
| D S Mehta <sup>2&amp;3</sup>    | Non-executive              | 4/5               | Yes                                       |
| Kantikumar R Podar <sup>3</sup> | Non-executive, independent | 4/5               | Yes                                       |
| Shekhar Bajaj <sup>3</sup>      | Non-executive              | 5/5               | Yes                                       |
| D J Balaji Rao                  | Non-executive, independent | 6/6               | Yes                                       |
| J N Godrej <sup>3</sup>         | Non-executive, independent | 1/5               | No  |
| S H Khan                        | Non-executive, independent | 6/6               | Yes                                       |
| Suman Kirloskar <sup>3</sup>    | Non-executive, independent | 5/5               | Yes                                       |
| Naresh Chandra <sup>3</sup>     | Non-executive, independent | 4/5               | Yes                                       |
| Nanoo Pamnani                   | Non-executive, independent | 5/6               | Yes                                       |
| Manish Kejriwal                 | Non-executive              | 5/6               | Yes                                       |
| P Murari <sup>3</sup>           | Non-executive, independent | 2/5               | Yes                                       |
| Niraj Bajaj <sup>3</sup>        | Non-executive              | 4/5               | Yes                                       |

<sup>1</sup> were occupying executive positions until 20 February 2008

<sup>2</sup> was in an executive position until 31 July 2007

<sup>3</sup> resigned with effect from 20 February 2008

## Information supplied to the board

In advance of each meeting, the board is presented with all relevant information on various matters related to the working of the company, especially those that require deliberation at the highest level. 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 BHIL is far ahead of the list mandated under clause 49 of the listing agreement.

## Outside directorships and memberships of board committees

Table 2 gives the number of outside directorships and committee positions held by the directors of BHIL

Table 2: Outside directorships / committee positions as on 31 March 2008

| Name of director | In listed companies | In unlisted public limited companies | As chairman / member of board committees of companies |
|------------------|---------------------|--------------------------------------|---|
| Rahul Bajaj      | 2                   | 4                                    | —   |
| Madhur Bajaj     | 3                   | 8                                    | —   |
| Rajiv Bajaj      | 1                   | 3                                    | —   |
| Sanjiv Bajaj     | 2                   | 5                                    | 4   |
| D J Balaji Rao   | 4                   | 4                                    | 10  |
| S H Khan         | 2                   | 5                                    | 7   |
| Nanoo Pamnani    | 1                   | 2                                    | 6   |
| Manish Kejriwal  | —                   | 2                                    | —   |

Note: 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 ten committees, nor a chairman in more than five committees across all companies in which he 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 16 July 2005 laid down a code of conduct for all directors and senior management of the company, which has been posted on the web-site [www.bhil.in](http://www.bhil.in). All directors and senior management personnel have affirmed compliance with the code for 2007-08. A declaration to this effect signed by the CEO (Operations) is given in this annual report.



## Audit committee

### Constitution and composition

BHIL set up its audit committee in 1987. Since then, the company has been reviewing and making appropriate changes in the composition and working of the committee from time to time to bring about greater effectiveness, and comply with various requirements under the Companies Act, 1956 and clause 49 of the listing agreement.

The audit committee consisted of the following members until 19 February 2008 :

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

Consequent upon the demerger of the company, with the reconstitution of the board, the audit committee was reconstituted with the following directors as its members with effect from 20 February 2008 :

1. Nanoo Pamnani, Chairman
2. S H Khan
3. Manish Kejriwal

As required by clause 49, at least 2 members of the committee viz. Nanoo Pamnani and S H Khan are independent directors and all the members of the audit committee are 'financially literate'. Moreover, all the current members have accounting and related financial management expertise.

### Meetings, attendance and topics discussed

During 2007-08, the audit committee met four times: 17 May 2007, 12 July 2007, 19 October 2007 and 30 January 2008.

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.

**Table 3:** Composition of the audit committee and attendance record of members for 2007-08

| Sr. No. | Name of director             | Meetings attended |
|---------|------------------------------|-------------------|
| 1       | S H Khan, Chairman           | 4/4               |
| 2       | D J Balaji Rao <sup>1</sup>  | 4/4               |
| 3       | J N Godrej <sup>1</sup>      | 1/4               |
| 4       | Naresh Chandra <sup>1</sup>  | 4/4               |
| 5       | Nanoo Pamnani <sup>3</sup>   | 3/4               |
| 6       | Manish Kejriwal <sup>2</sup> | 1/1               |

<sup>1</sup> Resigned as member of audit committee consequent to re-constitution of audit committee with effect from 20 February 2008.

<sup>2</sup> Appointed as member of the audit committee with effect from 20 February 2008

<sup>3</sup> Appointed as chairman of the audit committee with effect from 20 February 2008 in place of Shri S H Khan

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.

## Subsidiary companies

During the year, the audit committee reviewed the financial statements (in particular, the investments made) of each unlisted subsidiary company — Bajaj Auto Holdings Ltd. (BAHL), Bajaj Allianz General Insurance Company Ltd. (BAGICL), Bajaj Allianz Life Insurance Company Ltd. (BALICL), PT. Bajaj Auto Indonesia (PTBAI) and Bajaj Auto International Holdings BV, Netherlands (BAIHBV). Minutes of the board meetings of these subsidiary companies were regularly placed before the board of BHIL. So too was a statement of the significant transactions and arrangements entered into by these subsidiary companies.

However, it is to be noted that consequent upon the demerger of the company, investments of the company in Bajaj Allianz General Insurance Company Ltd. (BAGICL) and Bajaj Allianz Life Insurance Company Ltd. (BALICL) got vested in Bajaj Finserv Limited and hence the two insurance companies have become the subsidiaries of Bajaj Finserv Limited. Further, investments of the company in PT. Bajaj Auto Indonesia (PTBAI) and Bajaj Auto International Holdings BV, Netherlands (BAIHBV) got vested in new Bajaj Auto Ltd. and hence the two overseas subsidiaries have become the subsidiaries of Bajaj Auto Ltd.

## Disclosures

A summary statement of transactions with related parties was placed periodically before the audit

committee during the year. Suitable disclosures have been made in the financial statements, together with the management's explanation in the event of any treatment being different from that prescribed in accounting standards.

At its meeting of 16 July 2005, the board laid down procedures to inform it of the company's risk assessment and minimisation procedures. These would be periodically reviewed to ensure that management identifies and controls risk through a properly defined framework.

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

## Remuneration committee

BHIL constituted a remuneration committee of the board on 16 January 2002. For 2007-08, the committee consisted of the following non-executive independent directors:

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

Consequent to demerger of the company, remuneration committee was re-constituted with the following non-executive independent directors as its members:

1. S H Khan, Chairman
2. D J Balaji Rao
3. Nanoo Pamnani

The remuneration committee met on 22 May 2008 to fix the remuneration payable to V S Raghavan, who is the CEO (Operations) and also the 'Manager' of the company under Companies Act, 1956.

## Remuneration of directors

### Pecuniary relationship or transactions of non-executive directors

1. J N Godrej (director of the company until 20 February 2008) is a director and shareholder of Godrej & Boyce Manufacturing Company Limited, which is a vendor to erstwhile Bajaj Auto. Purchases of goods from this company has been in the ordinary course of business and, for the year ended 31 March 2008, amounted to Rs. 29.8 million.
2. Shekhar Bajaj (director of the company until 20 February 2008) is a director of Hind Musafir Agency Limited, an accredited travel agency. During the year ended 31 March 2008, the total value of services availed of by erstwhile Bajaj Auto from Hind Musafir Agency Limited amounted to Rs. 44.4 million.
3. The Register of Contracts maintained by the company under Section 301 of The Companies Act, 1956, contains record of the transactions entered into with the above companies. The register is signed by all the directors present during the respective board meetings.

### Criteria of making payments to non-executive directors

The criteria of making payments to non-executive directors as approved by the board at its meeting held on 30 January 2008 have been put on the company's web-site [www.bhil.in](http://www.bhil.in).

## Non-executive Directors

Non-executive directors are paid sitting fees as separately stated in this report.

## Executive Directors

Consequent upon the demerger of the company, managerial personnel of the company resigned with effect from 20 February 2008. Accordingly, Rahul Bajaj resigned as executive chairman, Madhur Bajaj resigned as executive vice chairman, Rajiv Bajaj resigned as managing director & Sanjiv Bajaj resigned as executive director of the Company. Further, Rahul Bajaj continues to act as chairman and Madhur Bajaj, Rajiv Bajaj and Sanjiv Bajaj continue on the board as non-executive directors. D S Mehta ceased to be whole-time director of the company with effect from 1 August 2007.

There was no change in the terms of remuneration paid to Rahul Bajaj, Madhur Bajaj, Rajiv Bajaj, Sanjiv Bajaj and D S Mehta during the year under review. On their retirement, all the executive directors, excluding D S Mehta, 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.

BHIL has no stock option plans 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 2007-08, the company did not advance any loans to any of the executive and / or non-executive directors. Table 3 gives details of the remuneration paid or payable to directors during 2007-08.

Table 3: Remuneration paid / payable to Directors during 2007-08

| Name of director                | Relationship with other directors  | Sitting fees<br>Rs. | Salary & perquisites<br>Rs. | Commission<br>Rs. | Total<br>Rs. |
|---------------------------------|--|---------------------|-----------------------------|-------------------|--------------|
| Rahul Bajaj <sup>1</sup>        | Father of Rajiv Bajaj & Sanjiv Bajaj, father-in-law of Manish Kejriwal         | 20,000              | —                           | —                 | 20,000       |
| Madhur Bajaj <sup>1</sup>       | Brother of Shekhar Bajaj & Niraj Bajaj   | 20,000              | —                           | —                 | 20,000       |
| Rajiv Bajaj <sup>1</sup>        | Son of Rahul Bajaj, brother of Sanjiv Bajaj, brother-in-law of Manish Kejriwal | 20,000              | —                           | —                 | 20,000       |
| Sanjiv Bajaj <sup>1</sup>       | Son of Rahul Bajaj, brother of Rajiv Bajaj, brother-in-law of Manish Kejriwal  | 20,000              | —                           | —                 | 20,000       |
| D S Mehta <sup>2&amp;3</sup>    | —  | 40,000              | —                           | —                 | 40,000       |
| Kantikumar R Podar <sup>3</sup> | —  | 80,000              | —                           | —                 | 80,000       |
| Shekhar Bajaj <sup>3</sup>      | Brother of Madhur Bajaj & Niraj Bajaj  | 100,000             | —                           | —                 | 100,000      |
| D J Balaji Rao                  | —  | 200,000             | —                           | —                 | 200,000      |
| J N Godrej <sup>3</sup>         | —  | 40,000              | —                           | —                 | 40,000       |
| S H Khan                        | —  | 220,000             | —                           | —                 | 220,000      |
| Suman Kirloskar <sup>3</sup>    | —  | 100,000             | —                           | —                 | 100,000      |
| Naresh Chandra <sup>3</sup>     | —  | 160,000             | —                           | —                 | 160,000      |
| Nanoo Pamnani                   | —  | 180,000             | —                           | —                 | 180,000      |
| Manish Kejriwal                 | Son-in-law of Rahul Bajaj, brother-in-law of Rajiv Bajaj and Sanjiv Bajaj      | 120,000             | —                           | —                 | 120,000      |
| P Murari <sup>3</sup>           | —  | 40,000              | —                           | —                 | 40,000       |
| Niraj Bajaj <sup>3</sup>        | Brother of Madhur Bajaj & Shekhar Bajaj  | 80,000              | —                           | —                 | 80,000       |

<sup>1</sup> Resigned from executive positions with effect from 20 February 2008.

<sup>2</sup> Resigned from executive position with effect from 1 August 2007.

<sup>3</sup> Resigned as director with effect from 20 February 2008.

Note: 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 2008, who held shares in the Company are as under :

| Name of director | Number of shares held as on 31 March 2008 |
|------------------|---|
| Rahul Bajaj      | 2,002,992                                 |
| Madhur Bajaj     | 836,516                                   |
| Rajiv Bajaj      | 373,050                                   |
| Sanjiv Bajaj     | 401,271                                   |
| Manish Kejriwal  | 100                                       |

## Management

### Management discussion and analysis

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

### Disclosure of material transactions

Senior management made 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.

### Warning against insider trading

Comprehensive guidelines in accordance with the SEBI regulations are in place. The code of conduct and corporate disclosure practices framed by the company have helped in ensuring compliance with the requirements.

## Shareholders

### Appointment and / or re-appointment of directors

Consequent to demerger of the company and vesting of manufacturing undertaking with Bajaj Auto Limited and strategic business undertaking with Bajaj Finserv Limited, eight directors of the company viz. Kantikumar Podar, D S Mehta, J N Godrej, Ms Suman Kirloskar, Naresh Chandra, P Murari, Shekhar Bajaj and Niraj Bajaj resigned as directors of the company with effect from the 20 February 2008.

Further, Rahul Bajaj resigned as executive chairman, Madhur Bajaj resigned as executive vice chairman, Rajiv Bajaj resigned as managing director and Sanjiv Bajaj resigned as executive director of the company with effect from 20 February 2008. Rahul Bajaj continues as chairman and Madhur Bajaj, Rajiv Bajaj and Sanjiv Bajaj continue on the board as non-executive directors.

Madhur Bajaj and Rajiv Bajaj retire from the board by rotation this year and being eligible, offer themselves for re-appointment.

Profiles of retiring directors have been given in the notice convening the sixty third annual general meeting of the company.

### Communication to shareholders

Quarterly, half-yearly and annual financial results are published in numerous leading dailies, such as Hindustan Times, Times of

India, The Economic Times, Sakal, Kesari, Financial Express, Hindu Businessline and Business Standard along with the official press release. The company also sends the half-yearly financial results, along with a detailed write-up, to each household of shareholders.

BHIL has its own web-site, [www.bhil.in](http://www.bhil.in) which contains all important public domain information, including presentations made to the media, analysts and institutional investors. The web-site also contains information on matters such as dividend and bonus history, answers to frequently asked queries (FAQs) by the various shareholder categories and details of the corporate contact persons. All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the company's web-site.

The company also files the following information, statements and 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 statements, half-yearly financial statements and quarterly financial statements.
- Corporate governance report.
- Shareholding pattern.

The company further files on-line on the approved website of London Stock Exchange such information on financial statements and other matters as specified by it.

## Information on general body meetings

The last three annual general meetings of the company were held at the registered office of the company at Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time:

|        |              |               |
|--------|--------------|---------------|
| 60 AGM | 16 July 2005 | at 11.30 a.m. |
| 61 AGM | 15 July 2006 | at 11.30 a.m. |
| 62 AGM | 12 July 2007 | at 11.30 a.m. |

### Details of special resolution(s) passed at General Meetings during the last three years' Annual General Meetings (AGM)

At the 62nd AGM held on 12 July 2007, no special resolutions were passed.

At the 61st AGM held on 15 July 2006, one special resolution was passed, pertaining to payment of commission to non-executive directors. The resolution was put to vote by show of hands and was passed with the requisite majority.

At the 60th AGM held on 16 July 2005, five special resolutions were passed, first special resolution pertained to appointment of Rahul Bajaj as the chairman of the company, second special resolution pertained to appointment of Madhur Bajaj as vice chairman of the company, third special resolution pertained to appointment of Rajiv Bajaj as managing director of the company, fourth special resolution pertained to appointment of Sanjiv Bajaj as

executive director and fifth special resolution pertained to amending the articles of association, so as to fix the minimum number of directors at three and maximum number of directors at eighteen. All the resolutions were put to vote by show of hands and were passed with requisite majority.

### Extraordinary general meetings (EGM)

Pursuant to the Order dated 6 July 2007, passed by the Hon'ble High Court of Judicature at Bombay in Company Application No. 715 of 2007, a meeting of the shareholders was convened on 18 August 2007 for approving the demerger of the company. As required by law, a poll was conducted at the meeting and the resolution pertaining to approval of scheme of arrangement of demerger was passed with requisite majority.

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 last three years.

### Shareholders' and investors' grievance committee

The board of directors of BHIL constituted its shareholders' and investors' grievance committee in 2000. This committee specifically looks 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 until 19 February 2008 :

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

During the year under review, consequent to demerger of the company, the committee was re-constituted to consist of the following non-executive directors as its members with effect from 20 February 2008 :

1. Nanoo Pamnani, Chairman
2. S H Khan
3. Manish Kejriwal

During the year under review, the committee met on 28 March 2008 to review the status of investors' services rendered. All members were present at the meeting. The secretarial auditor as well as the company secretary (who is also the compliance officer) were also present.

All physical transfers of shares as well as requests for dematerialisation / rematerialisation are processed in weekly cycles. BHIL has not appointed any registrar or share transfer agent and the work regarding dematerialisation / rematerialisation is handled in-house through connectivities with the National Securities Depository Limited and Central Depository Services (India) Limited. No query / complaint received during the year under review remained unattended / unresolved, except where the matters were sub-judice.

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

### CEO / CFO certification

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

### Report on corporate governance

This chapter, read together with the information given in the chapters on Management Discussion

and Analysis and Additional Shareholder Information, constitute the compliance report on corporate governance during 2007-08.

### 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.

### Combined code of governance of the London Stock Exchange

The London Stock Exchange has formulated a combined code, which sets out the principles of good governance and code of best practice. The code is not legally applicable to the company. However, given that BHIL's GDRs are listed on the London Stock Exchange, the company has examined the code and has noted that it is substantially in compliance with the critical parameters, especially in matters of transparency and disclosures.



# Additional Shareholder Information

## Annual general meeting

Date : 10 July 2008  
Time : 04.00 p.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 |

## Change in name of company

The name of the company was changed from Bajaj Auto Ltd. to Bajaj Holdings & Investment Ltd. on 5 March 2008 pursuant to the scheme of

demerger, which was approved by the Hon'ble High Court of Bombay vide its order dated 18 December 2007. Fresh share certificates have been sent to the shareholders holding shares in physical mode. Share Certificates held in the old name are no longer valid.

## Dividend

The board of directors of BHIL has proposed a dividend of Rs.20 per equity share (200 per cent) for the financial year 2007-08, subject to approval by the shareholders at the annual general meeting. Dividend paid in the previous year was Rs.40 per equity share (400 per cent). On account of demerger, which took place during the year, the dividends for the two years are not comparable.

## Dates of book closure

The register of members and share transfer books of the company will remain closed from Tuesday, 1 July 2008 to Thursday, 10 July 2008, 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 14 July 2008 :

- a) to all those beneficial owners holding shares in electronic form, as per the ownership data made available to the company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end-of-the-day on Monday, 30 June 2008; and
- b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company on or before the closing hours on Monday, 30 June 2008.

## Payment of dividend

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

## Unclaimed dividends

Unclaimed dividends up to 1994-95 have been transferred to the general revenue account of

the central government. Those who have not cashed their dividend warrants for the period prior to and including 1994-95 are requested to claim the amount from Registrar of Companies, Maharashtra, Pune, PMT Building, Deccan Gymkhana, Pune 411 004.

As per Section 205-C 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. Accordingly, the unpaid / unclaimed dividends for the years 1995-96 to 1999-2000 were transferred by the company to the said fund in the years 2003 to 2007. No claims shall lie against the fund or the company in respect of amounts so transferred.

Unpaid / unclaimed dividend for 2000-01 shall become transferable to the fund in September 2008. Shareholders are requested to verify their records and send claims, if any, for 2000-01, before the amount becomes due for transfer to the fund.

## Registrar and share transfer agent

The company has no external registrar or share transfer agent. All work relating to physical transfer, transmission, splitting of share certificates, dematerialisation and rematerialisation processing, payment of dividend, etc. is done in-house at the registered office of the company.

## Share transfer system

Share transfers received by the company are 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 2007-08 was 443,426 versus 428,777 shares during 2006-07.

## Dematerialisation of shares

During 2007-08, 9,220,830 shares were dematerialised, compared to 2,158,927 shares during 2006-07. Distribution of shares as on 31 March 2008 and 2007 is given in Table 1.

**Table 1:** Shares held in physical and electronic mode

|                 | Position as on<br>31 March 2008 |                            | Position as on<br>31 March 2007 |                            | Net change<br>during 2007-08 |                            |
|-----------------|---------------------------------|----------------------------|---------------------------------|----------------------------|------------------------------|----------------------------|
|                 | No. of<br>Shares                | % to total<br>shareholding | No. of<br>shares                | % to total<br>shareholding | No. of<br>shares             | % to total<br>shareholding |
| <b>Physical</b> | <b>32,344,676</b>               | <b>31.97</b>               | <b>41,565,506</b>               | <b>41.08</b>               | <b>(9,220,830)</b>           | <b>(9.11)</b>              |
| <b>Demat:</b>   |                                 |                            |                                 |                            |                              |                            |
| NSDL            | 67,178,670                      | 66.39                      | 58,371,539                      | 57.69                      | 8,807,131                    | 8.70                       |
| CDSL            | 1,660,164                       | 1.64                       | 1,246,465                       | 1.23                       | 413,699                      | 0.41                       |
| Sub Total       | 68,838,834                      | 68.03                      | 59,618,004                      | 58.92                      | 9,220,830                    | 9.11                       |
| <b>Total</b>    | <b>101,183,510</b>              | <b>100.00</b>              | <b>101,183,510</b>              | <b>100.00</b>              | <b>—</b>                     | <b>—</b>                   |

## Global depository receipts (GDRs)

BHIL issued Global Depository Receipts (GDRs) in 1994 and the underlying shares against each GDR were issued in the name of the overseas depository — the Bankers Trust Company (whose name changed to Deutsche Bank Trust Company Americas from 15 April 2002). As on 31 March 2008, 1,805,071 GDRs were outstanding, and represented an equal number of underlying equity shares.

GDRs of the company have been transferred from the Main Market to the Professional Securities Market of the London Stock Exchange, with effect from 10 March 2007. With this transfer, the company can continue to present its financial statements under Indian GAAP.

## Stock code

|                            |              |
|----------------------------|--------------|
| 1. BSE, Mumbai             | 500490       |
| 2. National Stock Exchange | BAJAJHLDNG   |
| 3. Reuters                 | BJAT.BO      |
| 4. Bloomberg               | BJHI.IN      |
| 5. ISIN                    | INE118A01012 |

## Listing on stock exchanges

Shares of BHIL 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    |

GDRs are listed on the London Stock Exchange, having its office at EC2N 1HP, London UK.

During 2007-08, 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 BHIL's shares on the Bombay Stock Exchange (BSE), the National Stock Exchange (NSE) and for the GDRs, on the London Stock Exchange.

**Table 2:** Monthly highs and lows of Bajaj Holdings & Investment Ltd. (erstwhile Bajaj Auto Ltd.) shares during 2007-08 (Rs.) vis-à-vis BSE Sensex

| Month               | BSE      |          | NSE      |          | LONDON SE (GDRs) |          | Closing BSE Sensex |
|---------------------|----------|----------|----------|----------|------------------|----------|--------------------|
|                     | High     | Low      | High     | Low      | High             | Low      |                    |
| Apr-07              | 2,575.00 | 2,250.00 | 2,574.00 | 2,250.00 | 2,549.70         | 2,284.97 | 13,872.37          |
| May-07              | 2,762.00 | 2,145.00 | 2,767.20 | 2,131.25 | 2,749.11         | 2,168.04 | 14,544.46          |
| Jun-07              | 2,264.00 | 2,063.00 | 2,354.15 | 2,058.00 | 2,230.00         | 2,078.76 | 14,650.51          |
| Jul-07              | 2,460.00 | 2,081.00 | 2,460.00 | 2,085.00 | 2,460.74         | 2,087.74 | 15,550.99          |
| Aug-07              | 2,497.70 | 2,160.00 | 2,690.00 | 2,150.00 | 2,376.30         | 2,159.76 | 15,318.60          |
| Sep-07              | 2,595.00 | 2,280.10 | 2,600.00 | 2,280.00 | 2,608.21         | 2,262.32 | 17,291.10          |
| Oct-07              | 2,679.00 | 2,220.00 | 2,684.70 | 2,127.00 | 2,869.63         | 2,407.67 | 19,837.99          |
| Nov-07              | 2,751.00 | 2,310.00 | 2,750.00 | 2,310.00 | 2,772.93         | 2,199.68 | 19,363.19          |
| Dec-07              | 2,880.00 | 2,591.00 | 2,900.00 | 2,580.00 | 2,823.54         | 2,444.66 | 20,286.99          |
| Jan-08              | 2,650.00 | 1,800.95 | 2,630.00 | 1,850.00 | 2,598.44         | 2,046.10 | 17,648.71          |
| Feb-08              | 2,507.80 | 1,995.05 | 2,509.90 | 1,995.00 | 2,473.06         | 2,031.62 | 17,578.72          |
| Mar-08 <sup>1</sup> | 2,320.00 | 1,735.00 | 2,330.00 | 1,871.00 | 2,629.67         | 1,894.78 | 15,644.44          |
| Mar-08 <sup>2</sup> | 1,060.00 | 585.00   | 1,060.00 | 585.00   | 669.50           | 564.76   |                    |

<sup>1</sup> Before demerger in the name of Bajaj Auto Limited

<sup>2</sup> After demerger in the name of Bajaj Holdings & Investment Limited.

## Distribution of shareholdings

Table 3 gives details about the pattern of shareholdings among various categories as on 31 March 2008, while Table 4 gives the data according to size classes.

**Table 3:** Distribution of shareholdings across categories

| Categories                          | 31 March 2008      |                    | 31 March 2007      |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                     | No. of shares      | % to total capital | No. of shares      | % to total capital |
| Promoters                           | 29,247,805         | 28.91              | 30,201,184         | 29.85              |
| Friends and associates of promoters | 16,454,136         | 16.26              | 16,896,811         | 16.70              |
| GDRs <sup>1</sup>                   | 1,805,071          | 1.78               | 1,995,654          | 1.97               |
| Foreign Institutional Investors     | 20,266,586         | 20.03              | 19,716,879         | 19.49              |
| Public Financial Institutions       | 8,707,469          | 8.61               | 5,328,386          | 5.27               |
| Mutual Funds                        | 1,123,175          | 1.11               | 2,037,689          | 2.01               |
| Nationalised & other banks          | 251,704            | 0.25               | 300,466            | 0.30               |
| NRIs & OCBs                         | 613,745            | 0.61               | 631,644            | 0.62               |
| Others                              | 22,713,819         | 22.45              | 24,074,797         | 23.79              |
| <b>Total</b>                        | <b>101,183,510</b> | <b>100.00</b>      | <b>101,183,510</b> | <b>100.00</b>      |

<sup>1</sup> 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 4:** Distribution of shareholding according to size class as on 31 March 2008

| No of shares     | No of shareholders |               | Shares held in each class |               |
|------------------|--------------------|---------------|---------------------------|---------------|
|                  | Number             | %             | Number                    | %             |
| 1 TO 100         | 64,078             | 84.76         | 1,278,020                 | 1.26          |
| 101 TO 200       | 3,779              | 5.00          | 587,193                   | 0.58          |
| 201 TO 500       | 3,187              | 4.22          | 1,067,092                 | 1.05          |
| 501 TO 1000      | 1,511              | 2.00          | 1,105,792                 | 1.09          |
| 1001 TO 5000     | 1,993              | 2.64          | 4,508,642                 | 4.46          |
| 5001 TO 10000    | 436                | 0.58          | 3,034,320                 | 3.00          |
| 10001 TO 100000  | 470                | 0.62          | 14,474,822                | 14.31         |
| 100001 AND ABOVE | 143                | 0.18          | 75,127,629                | 74.25         |
| <b>Total</b>     | <b>75,597</b>      | <b>100.00</b> | <b>101,183,510</b>        | <b>100.00</b> |

## Shareholders' and investors' grievances

The board of directors of BHIL currently has a shareholders' / investors' grievance committee consisting of three non-executive 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 concerning 34 complaints filed by the shareholders on various matters. In respect of each of these complaints (most of which were repetitive and related to sub-judice matters) replies were filed with SEBI 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 case of death of the registered shareholder(s). The prescribed nomination form is routinely 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.

## Address for correspondence

Investors and shareholders can correspond with the registered office of the Company at the following address:

Bajaj Holdings & Investment Limited  
Mumbai-Pune Road  
Akurdi, Pune 411 035.  
Tel : (020) 27472851 (Extn 6063),  
27406063  
Fax : (020) 27407380  
e-mail : [investors@bhil.in](mailto:investors@bhil.in)  
Web-site : [www.bhil.in](http://www.bhil.in)

## Report of the Auditors to the Members

We have audited the attached Balance Sheet of BAJAJ HOLDINGS & INVESTMENT LIMITED, as at 31st March 2008 and also the annexed Profit and Loss Account and the statement of Cash Flows of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

- (1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annexe hereto a Statement on the matters specified in paragraphs 4 of the said Order;
- (3) Further to our comments in Annexure referred to in paragraph 2 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the Books of the Company;
  - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
- (e) On the basis of the written representations received from the Directors as at 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, subject to the manner of disclosure of investments pending approval of the Ministry of Corporate Affairs, as detailed in Note 5(c), and read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008,
  - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
  - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants

**Anish Amin**  
Partner

Mumbai: 22 May 2008

Membership No: 40451

## Annexure to the Auditors' Report

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**Statement referred to in Paragraph 2 of the Auditors' Report of even date to the Members of BAJAJ HOLDINGS & INVESTMENT LIMITED on the Accounts for the year ended 31st March, 2008.**

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, in terms of information and explanations given to us on our enquiries and in consideration of the scheme of arrangement detailed in Note No.1 in Schedule 12 to the financial statements, we state that:

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, considering the nature of the Fixed Assets, the same have been physically verified by the management at reasonable intervals during the year in accordance with the verification policy adopted by the Company prior to the demerger detailed in Note No. 1, whereby all the assets were verified, in a phased manner, once in a block of three years. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material and the same have been properly dealt with in the Books of Account.
  - (c) On the demerger of the company's "Manufacturing undertaking" and "Strategic Business Undertaking" with effect from 1st April 2007, as detailed in Note No 1 to Schedule 12 to the financial statements, the company operates as an Investment company with large sums invested and generating profits which do not in any manner threaten the going concern. Hence, sale out of the remaining assets would not have an impact on the operations of the company.
- ii) (a) As per the information and explanations given to us and the records produced to us for our verification, the company has not granted loans, secured or unsecured, to any Company, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 .
  - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - iii) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and for the sale of goods and services, if any.



As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal audit department of the company during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company;

- iv) (a) On the basis of the audit procedures performed by us and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the particulars of contracts and arrangements required to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) The transactions effected in pursuance of such contracts and arrangements, as the case may be, aggregating in excess of Rs.500,000/- in respect of each party during the year, have been, in our opinion, as per the information and explanation given to us, made at prices which are reasonable having regard to prevailing market prices as available with the Company for such transactions or prices at which transactions, if any, for similar goods have been made with other parties at the relevant time;
- v) On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the Company has an adequate internal audit system commensurate with the size and nature of its business;

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

| Statutes     | FORUM BEFORE WHOM PENDING |                |                |                |                |
|--------------|---------------------------|----------------|----------------|----------------|----------------|
|              | Commissioner Appeals      | Tribunal       | High Court     | Supreme Court  | Total          |
|              | Rs. In million            | Rs. In million | Rs. In million | Rs. In million | Rs. In million |
| Sales Tax    | —                         | —              | —              | —              | —              |
| Income Tax   | 141.44                    | 10.23          | 88.39          | —              | 240.05         |
| Wealth Tax   | —                         | —              | —              | —              | —              |
| Service Tax  | —                         | —              | —              | —              | —              |
| Customs Duty | —                         | —              | —              | —              | —              |
| Excise       | —                         | —              | —              | —              | —              |

- vii) The Company, in our opinion, has maintained proper records and contracts with respect to its investments wherein timely entries of transactions are made. Investments at the close of the year are in the process of being transferred in the name of the company as detailed in Note No. 1 to schedule "12" to

the financial statements, however, with the exception of certain investments where the titles are under dispute detailed in foot note 1 to Schedule "7" to the financial statements;

- viii) As per the information and explanations given to us on our enquiries on this behalf there were no frauds on or by the company which have been noticed or reported during the year;

In view of the nature of business carried on by the company subsequent to the demerger of the Manufacturing and Strategic Business Undertakings with effect from 1st April 2007, clause no (ii), (viii), (xiii) of CARO, 2003 are not applicable to the company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (iii) (b), (c), (d), (f) and (g), (vi), (x), (xi), (xii), (xv), (xvi), (xvii), (xviii), (xix) and (xx), the said clauses are, at present, not applicable.

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants

**Anish Amin**  
Partner  
Membership No: 40451  
Mumbai: 22 May 2008

## Balance Sheet as at 31 March

|  |          | 2008           |                 | 2007            |
|--|----------|----------------|-----------------|-----------------|
|  | Schedule | Rs. In Million | Rs. In Million  | Rs. In Million  |
| <b>I. Sources of Funds</b>                       |          |                |                 |                 |
| 1. Shareholders' Funds                           |          |                |                 |                 |
| a) Share Capital                                 | 1        | 1,011.8        |                 | 1,011.8         |
| b) Reserves & Surplus                            | 2        | 30,273.3       |                 | 54,331.4        |
|  |          |                | 31,285.1        | 55,343.2        |
| 2. Loan Funds                                    |          |                |                 |                 |
| a) Secured Loans                                 | 3        | —              |                 | 224.6           |
| b) Unsecured Loans                               | 4        | —              |                 | 16,029.7        |
|  |          |                | —               | 16,254.3        |
| 3. Deferred Tax Adjustments [See note 7]         |          |                |                 |                 |
| a) Deferred Tax Liabilities                      |          | —              |                 | 1,844.9         |
| b) Deferred Tax Assets                           |          | —              |                 | (1,103.2)       |
|  |          |                | —               | 741.7           |
| <b>Total</b>                                     |          |                | <b>31,285.1</b> | <b>72,339.2</b> |
| <b>II. Application of Funds</b>                  |          |                |                 |                 |
| 1. Fixed Assets                                  |          |                |                 |                 |
| a) Gross Block                                   |          | 1,022.4        |                 | 31,744.1        |
| b) <b>Less:</b> Depreciation                     |          | 897.0          |                 | 19,224.4        |
| c) Net Block                                     | 5        | 125.4          |                 | 12,519.7        |
| d) Lease Adjustment Account -Plant and Machinery |          | 175.0          |                 | 175.0           |
|  |          | 300.4          |                 | 12,694.7        |
| e) Capital Work in progress,expenditure to date  |          | —              |                 | 269.2           |
|  |          |                | 300.4           | 12,963.9        |
| 2. Technical Know -how                           | 6        |                | —               | 41.3            |
| 3. Investments                                   | 7        |                | 32,292.0        | 64,475.3        |
| 4. Deferred Tax Adjustments [See note 7]         |          |                |                 |                 |
| a) Deferred Tax Liabilities                      |          | (76.4)         |                 | —               |
| b) Deferred Tax Assets                           |          | 547.5          |                 | —               |
|  |          |                | 471.1           | —               |
| 5. Current Assets, Loans and Advances            | 8        |                |                 |                 |
| a) Inventories                                   |          | —              |                 | 3,097.0         |
| b) Sundry Debtors                                |          | —              |                 | 5,298.3         |
| c) Cash and Bank Balances                        |          | 73.7           |                 | 834.8           |
| d) Other Current Assets                          |          | 247.6          |                 | 362.2           |
| e) Loans and Advances                            |          | 24,115.9       |                 | 28,594.0        |
|  |          | 24,437.2       |                 | 38,186.3        |
| <b>Less:</b> Current Liabilities and Provisions  | 9        |                |                 |                 |
| a) Liabilities                                   |          | 568.6          |                 | 14,989.7        |
| b) Provisions                                    |          | 25,647.0       |                 | 28,337.9        |
|  |          | 26,215.6       |                 | 43,327.6        |
| Net Current Assets                               |          |                | (1,778.4)       | (5,141.3)       |
| <b>Total</b>                                     |          |                | <b>31,285.1</b> | <b>72,339.2</b> |
| Notes forming part of the Financial Statements   | 12       |                |                 |                 |

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)  
Mandar Velankar  
Company Secretary

Rahul Bajaj

Madhur Bajaj  
Rajiv Bajaj  
Sanjiv Bajaj  
D J Balaji Rao  
S H Khan  
Nanoo Pamnani  
Manish Kejriwal

Chairman

Directors

## Profit and Loss Account for the financial year ended 31 March 2008

|  | Schedule | Rs. In Million | Rs. In Million |
|--|----------|----------------|----------------|
| <b>Income</b>  |          |                |                |
| From operations and Other Income   | 10       | 3,553.3        |                |
|  |          |                | 3,553.3        |
| <b>Expenditure</b>   |          |                |                |
| Other Expenses   | 11       | 57.5           |                |
| Depreciation   |          | 2.3            |                |
|  |          |                | 59.8           |
| Profit for the financial year before taxation  |          |                | 3,493.5        |
| <b>Taxation</b>  |          |                |                |
| Current Tax [ including <b>Rs. 0.6 million</b> for<br>Wealth tax]  |          | 350.6          |                |
| Deferred Tax [See note 7]  |          | 72.5           |                |
| Fringe Benefit Tax   |          | 0.2            |                |
|  |          |                | 423.3          |
| Profit for the financial year  |          |                | 3,070.2        |
| Transfer to General Reserve  |          |                | 702.6          |
| Proposed Dividend  |          |                | 2,023.7        |
| Corporate Dividend Tax thereon   |          |                | 343.9          |
|  |          |                | —              |
| Balance Carried to Balance Sheet   |          |                | —              |
| Notes forming part of the Financial Statements<br>See Note No. 13 ) read with Note No. 1)<br>with regards to previous year's figures | 12       |                |                |
| <b>Basic and diluted Earnings Per Share (Rs.)</b>  |          |                | <b>30.3</b>    |
| Nominal value per share (Rs.)  |          |                | 10.0           |
| <b>Net Profit (Rs. In Million)</b>   |          |                | <b>3,070.2</b> |
| Number of Shares (In Million)  |          |                | 101.2          |

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)  
Mandar Velankar  
Company Secretary

Rahul Bajaj

Madhur Bajaj  
Rajiv Bajaj  
Sanjiv Bajaj  
D J Balaji Rao  
S H Khan  
Nanoo Pamnani  
Manish Kejriwal

Chairman

Directors

Schedules No 1-12 annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the financial year ended 31st March 2008

### Schedule 1 - Share Capital

|   | As at<br>31st March, 2007 |                |
|---|---------------------------|----------------|
|   | Rs. In Million            | Rs. In Million |
| <b>Authorised</b>                         |                           |                |
| 150,000,000 Shares of Rs. 10 each         | 1,500.0                   | 1,500.0        |
| <b>Issued,Subscribed and Paid up</b>      |                           |                |
| *101,183,510 Equity Shares of Rs. 10 each | 1,011.8                   | 1,011.8        |
| <b>Total</b>                              | 1,011.8                   | 1,011.8        |

#### Notes

\* Includes prior to buy back of 18,207,304 Equity Shares of Rs. 10 each :

1. **114,174,388** Equity Shares allotted as fully paid Bonus Shares by way of Capitalisation of Share Premium Account and Reserves
2. **4,342,676** Equity Shares issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares excluding 2,171,388 Equity Shares allotted as Bonus Shares thereon. Outstanding GDR's were 1,805,071 (1,995,654)

### Schedule 2 - Reserves and Surplus

|  | As at<br>31st March, 2007 |                |                |
|--|---------------------------|----------------|----------------|
|  | Rs. In Million            | Rs. In Million | Rs. In Million |
| <b>Capital redemption reserve</b>  |                           |                |                |
| As per last account  | 182.1                     |                | 182.1          |
| <b>Less:</b> Transferred and vested with demerged undertakings consequent to scheme of arrangement, See Note No 1            | 182.1                     |                | —              |
|  |                           | —              | 182.1          |
| <b>General Reserve</b>   |                           |                |                |
| As per last Account  | 54,149.3                  |                | 46,513.4       |
| <b>Less:</b> Transferred and vested with demerged undertakings consequent to scheme of arrangement referred to in Note No.1. | 23,820.4                  |                | —              |
|  | 30,328.9                  |                | 46,513.4       |
| <b>Less:</b> Diminution in the value of Fixed Income securities, Net of deferred tax, See Note No 5a.                        | 758.2                     |                | —              |
|  | 29,570.7                  |                | 46,513.4       |
| Set aside this year  | 702.6                     |                | 7,635.9        |
|  |                           | 30,273.3       | 54,149.3       |
| <b>Total</b>   |                           | 30,273.3       | 54,331.4       |

### Schedule 3 - Secured Loans

|  | As at<br>31st March, 2007 |                |                |
|--|---------------------------|----------------|----------------|
|  | Rs. In Million            | Rs. In Million | Rs. In Million |
| From Banks, against hypothecation of Stores, Raw Materials<br>Finished Goods, Stock in Process and Book Debts<br>Cash Credit. As per last account  | 224.6                     |                |                |
| <b>Less:</b><br>Transferred and vested with Bajaj Finserv Ltd. and<br>Bajaj Auto Ltd. to the extent they relate to the<br>undertakings demerged to the respective companies, under<br>the scheme of arrangement referred to in Note No. 1) | <u>224.6</u>              | —              | <u>224.6</u>   |
|  |                           | —              | <u>224.6</u>   |

### Schedule 4 - Unsecured Loans

|   | As at<br>31st March, 2007 |                |                 |
|---|---------------------------|----------------|-----------------|
|   | Rs. In Million            | Rs. In Million | Rs. In Million  |
| Sales tax deferral Liability / Loan, an incentive under Package<br>Scheme of Incentives 1983,1988,1993 and 1998-Interest free,<br>as per last account   | 16,028.4                  |                | 16,028.4        |
| <b>Less:</b><br>Transferred and vested with Bajaj Finserv Ltd. and<br>Bajaj Auto Ltd., to the extent they relate to the<br>undertakings demerged to the respective companies, under<br>the scheme of arrangement referred to in Note No. 1. | <u>16,028.4</u>           | —              | <u>—</u>        |
| Fixed Deposits, As per Last account   | 1.3                       |                | 1.3             |
| <b>Less:</b><br>Transferred and vested with Bajaj Finserv Ltd. and<br>Bajaj Auto Ltd., to the extent they relate to the<br>undertakings demerged to the respective companies, under<br>the scheme of arrangement referred to in Note No. 1. | <u>1.3</u>                |                | <u>—</u>        |
|   |                           | —              | 1.3             |
| <b>Total</b>  |                           | —              | <u>16,029.7</u> |

## Schedule 5 — Fixed Assets

| Particulars                      | Gross Block (a)        |   |                |                            | Depreciation           |                        |   |                            | Net Block        |                        |                        |                        |
|----------------------------------|------------------------|---|----------------|----------------------------|------------------------|------------------------|---|----------------------------|------------------|------------------------|------------------------|------------------------|
|                                  | As at 31st March, 2007 | Transferred & vested with resulting companies on demerger (Ref Note No.1) | Additions      | Deductions and Adjustments | As at 31st March, 2008 | Up to 31st March, 2007 | Transferred & vested with resulting companies on demerger (Ref Note No.1) | Deductions and Adjustments | For the Year (c) | Up to 31st March, 2008 | As at 31st March, 2008 | As at 31st March, 2007 |
|                                  | 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         | Rs. In Million         | Rs. In Million         |
| Land Freehold                    | 178.1                  | 177.9   | —              | —                          | 0.2                    | —                      | —   | —                          | —                | —                      | 0.2                    | 178.1                  |
| Land Leasehold                   | 578.0                  | 564.3   | —              | 0.2                        | 13.5                   | —                      | —   | —                          | —                | —                      | 13.5                   | 578.0                  |
| Buildings (b)                    | 3,653.6                | 3,520.9   | —              | —                          | 132.7                  | 892.7                  | 873.0   | —                          | 2.2              | 21.9                   | 110.8                  | 2,760.9                |
| Waterpumps, Reservoirs and Mains | 71.0                   | 71.0  | —              | —                          | —                      | 35.4                   | 35.4  | —                          | —                | —                      | —                      | 35.6                   |
| Plant & Machinery                | 16,777.2               | 16,777.2  | —              | —                          | —                      | 11,715.3               | 11,715.3  | —                          | —                | —                      | —                      | 5,061.9                |
| Dies & Jigs                      | 3,457.2                | 3,457.2   | —              | —                          | —                      | 2,409.2                | 2,409.2   | —                          | —                | —                      | —                      | 1,048.0                |
| Electric Installations           | 611.6                  | 611.6   | —              | —                          | —                      | 266.1                  | 266.1   | —                          | —                | —                      | —                      | 345.5                  |
| Factory Equipments               | 1,638.5                | 1,638.5   | —              | —                          | —                      | 766.0                  | 766.0   | —                          | —                | —                      | —                      | 872.5                  |
| Furniture & Fixtures             | 357.2                  | 357.2   | —              | —                          | —                      | 174.7                  | 174.7   | —                          | —                | —                      | —                      | 182.5                  |
| Electric Fittings                | 125.5                  | 125.5   | —              | —                          | —                      | 72.5                   | 72.5  | —                          | —                | —                      | —                      | 53.0                   |
| Vehicles & Aircraft              | 510.6                  | 510.6   | 1.0            | —                          | 1.0                    | 135.4                  | 135.3   | 0.1                        | 0.1              | 0.1                    | 0.9                    | 375.2                  |
| Wind Mill                        | 2,838.1                | 2,838.1   | —              | —                          | —                      | 1,809.6                | 1,809.6   | —                          | —                | —                      | —                      | 1,028.5                |
| Leased Assets :-                 |                        |   |                |                            |                        |                        |   |                            |                  |                        |                        |                        |
| Plant & Machinery                | 875.0                  | —   | —              | —                          | 875.0                  | 875.0                  | —   | —                          | —                | 875.0                  | —                      | —                      |
| Dies & Moulds                    | 72.5                   | 72.5  | —              | —                          | —                      | 72.5                   | 72.5  | —                          | —                | —                      | —                      | —                      |
| <b>Total</b>                     | <b>31,744.1</b>        | <b>30,722.5</b>   | <b>1.0</b>     | <b>0.2</b>                 | <b>1,022.4</b>         | <b>19,224.4</b>        | <b>18,329.6</b>   | <b>0.1</b>                 | <b>2.3</b>       | <b>897.0</b>           | <b>125.4</b>           | <b>12,519.7</b>        |
| Previous Year Total              | 28,928.8               | —   | 3,453.5        | 638.2                      | 31,744.1               | 17,787.2               | —   | 465.4                      | 1,902.6          | 19,224.4               | 125.4                  | 12,519.7               |

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

(b) i Includes Premises on ownership basis in Co-operative Society Rs. 78.6 million and cost of shares therein Rs. 2,000/—

ii Includes Premises on ownership basis Rs. 53.8 million represented by 66 equity shares and 182 debentures of the face value of Rs. 660 and Rs. 18,900,000/— respectively.

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

## Schedule 6 - Technical Know- How

|  | As at<br>31st March, 2007 |                |
|--|---------------------------|----------------|
|  | Rs. In Million            | Rs. In Million |
| (i) Acquired   |                           |                |
| As per last account  | 2.2                       | 2.2            |
| <b>Less:</b>   |                           |                |
| Transferred and vested with Bajaj Auto Ltd. under the scheme of arrangement referred to in Note No. 1.                             | 2.2                       | —              |
|  | —                         | 2.2            |
| (ii) Developed by the company  |                           |                |
| As per last account  | 3.3                       | 3.3            |
| <b>Less:</b>   |                           |                |
| Transferred and vested with Bajaj Auto Ltd. under the scheme of arrangement referred to in Note No. 1.                             | 3.3                       | —              |
|  | —                         | 3.3            |
| Development in Progress<br>(Transferred and vested with Bajaj Auto Ltd. under the scheme of arrangement referred to in Note No. 1) | —                         | 35.8           |
|  | —                         | —              |
| <b>Total</b>   | —                         | 41.3           |



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

|  | As at<br>31st March, 2007 |                |                |
|--|---------------------------|----------------|----------------|
|  | Rs. In Million            | Rs. In Million | Rs. In Million |
| <b>Long Term Investments :</b>   |                           |                |                |
| <b>  In Government and Trust Securities :</b>                              |                           |                |                |
| <b>    Quoted :</b>  |                           |                |                |
| — 5.64% Government of India Stock 2019 of face value of Rs.600,000,000     | 600.7                     |                | 600.7          |
| — 6.05% Government of India Stock 2019 of face value of Rs.1,200,000,000   | 1,036.0                   |                | 1,215.6        |
| — 6.17% Government of India Stock 2023 of face value of Rs.300,000,000     | 317.2                     |                | 317.2          |
| — 6.35% Government of India Stock 2020 of face value of Rs.750,000,000     | 795.6                     |                | 795.6          |
| — 7.49% Government of India Stock 2017 of face value of Rs.500,000,000     | 575.5                     |                | 1,114.2        |
| — 7.94% Government of India Stock 2021 of face value of Rs.250,000,000     | 256.5                     |                | 307.7          |
| — (-) 7.99% Government of India Stock 2017 of face value of Rs.350,000,000 | 360.6                     |                | —              |
| — 8.33% Government of India Stock 2036 of face value of Rs.300,000,000     | 316.8                     |                | 362.3          |
| — 8.35% Government of India Stock 2022 of face value of Rs.250,000,000     | 288.6                     |                | 692.6          |
| — 10.03% Government of India Stock 2019 of face value of Rs.1,300,000,000  | 1,787.8                   |                | 1,787.8        |
| — 10.18% Government of India Stock 2026 of face value of Rs.400,000,000    | 492.3                     |                | 551.0          |
| — 10.45% Government of India Stock 2018 of face value of Rs.750,000,000    | 1,085.6                   |                | 1,085.6        |
| — 10.47% Government of India Stock 2015 of face value of Rs.700,000,000    | 963.1                     |                | 963.1          |
| Others   | 47.9                      |                | 13,360.5       |
|  | 8,924.2                   |                | 23,153.9       |
| <b>Less: Amortisation of Premium / Discount on acquisition</b>             | 177.1                     |                | 511.2          |
|  |                           | 8,747.1        | 22,642.7       |
| Carried over   |                           | 8,747.1        | 22,642.7       |

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

|  |   | As at<br>31st March, 2007 |                |                |
|--|---|---------------------------|----------------|----------------|
|  |   | Rs. In Million            | Rs. In Million | Rs. In Million |
| Brought over   |   |                           | 8,747.1        | 22,642.7       |
| <b>Long Term Investments : (Contd.)</b>              |   |                           |                |                |
| <b>In Government and Trust Securities : (Contd.)</b> |   |                           |                |                |
| <b>Unquoted :</b>                                    |   |                           |                |                |
|  | 6 Years National Saving Certificates of the face value of Rs.11,500   | —                         | —              | —              |
| <b>In Fully Paid Preference Shares :</b>             |   |                           |                |                |
| <b>Unquoted :</b>                                    |   |                           |                |                |
| 500,000  | 6% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each in The Arvind Mills Limited - balance after part redemption | 25.0                      |                | 35.0           |
| —  | (1,130,000) 12.50% Redeemable Cumulative Preference Shares of Rs.10 each in Durovales India Private Limited.                          | —                         |                | 11.3           |
| 3,000,000  | 16% Redeemable Cumulative Preference Shares of Rs.10 each in Goodvalue Marketing Company Limited                                      | 30.0                      |                | 30.0           |
| 250,000  | 12% Cumulative Redeemable Preference Shares of Rs.100 each in Himachal Futuristic Communications Limited                              | 25.0                      |                | 25.0           |
| 20,661,200   | 5% Redeemable Cumulative Preference Shares of Rs.10 each in IFCI Limited  | 206.6                     |                | 206.6          |
| 2,000,000  | 9% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each in Kopran Limited  | 20.0                      |                | 20.0           |
| 2,000,000  | 13.5% Redeemable Cumulative Preference Shares of Rs.10 each in Marvel Industries Limited  | 20.0                      |                | 20.0           |
| 196,169  | 0.01% Cumulative Redeemable Preference Shares of Rs.10 each in Mukand Limited   | 2.0                       |                | 2.0            |
| 100,000  | 14.75% Cumulative Redeemable Preference Shares of Rs.100 each in Pentafour Products Ltd. - balance after part redemption              | 5.0                       |                | 5.0            |
| 100,000  | 16% Redeemable Cumulative Preference Shares of Rs.100 each in The Pharmaceutical Products of India Limited                            | 10.0                      |                | 10.0           |
|  | Carried over  | 343.6                     |                | 364.9          |
|  | Carried over  |                           | 8,747.1        | 22,642.7       |

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

|   |  | As at<br>31st March, 2007 |                |                |
|---|--|---------------------------|----------------|----------------|
|   |  | Rs. In Million            | Rs. In Million | Rs. In Million |
| Brought over                                      |  |                           | 8,747.1        | 22,642.7       |
| <b>In Fully Paid Preference Shares : (Contd.)</b> |  |                           |                |                |
| <b>Unquoted : (Contd.)</b>                        |  |                           |                |                |
| Brought over                                      |  | 343.6                     |                | 364.9          |
| 300,000   | 14.50% Redeemable Cumulative Non Convertible Preference Shares of Rs.100 each in Southern Petrochemical Industries Corporation Limited | 30.0                      |                | 30.0           |
| 318,445   | (-) 2% Redeemable Cumulative Preference Shares of Rs.100 each in Tata Steel Limited  | 31.8                      |                | —              |
| 200,000   | 15% Cumulative Redeemable Preference Shares of Rs.100 each in Viral Filaments Limited - balance after part redemption                  | 19.5                      |                | 19.5           |
|   |  |                           | 424.9          | 414.4          |
| <b>In Fully Paid Equity Shares :</b>              |  |                           |                |                |
| <b>Trade :</b>                                    |  |                           |                |                |
| <b>Quoted :</b>                                   |  |                           |                |                |
| —   | (6,597,060) Shares of Rs.10 each in Bajaj Auto Finance Limited   | —                         |                | 3,081.4        |
| 2,742,848   | Shares of Rs.10 each in Maharashtra Scooters Limited   | 2.4                       |                | 2.4            |
|   |  |                           | 2.4            | 3,083.8        |
| <b>Unquoted:</b>                                  |  |                           |                |                |
| 1   | Shares of Rs. 100 each in The Poona District Motor Transport Co-operative Co Limited   |                           | —              | —              |
| <b>In Subsidiary Company :</b>                    |  |                           |                |                |
| <b>Unquoted :</b>                                 |  |                           |                |                |
| —   | (111,272,320) Shares of Rs.10 each in Bajaj Allianz Life Insurance Co Limited  | —                         |                | 1,112.7        |
| —   | (81,498,457) Shares of Rs.10 each in Bajaj Allianz General Insurance Co Limited  | —                         |                | 815.0          |
| —   | (1,200,000) Shares of Rs.10 each in Bajaj Allianz Financial Distributors Limited   | —                         |                | 12.0           |
| —   | (118,750) Shares of US \$ 100 each in PT. Bajaj Auto Indonesia   | —                         |                | 554.0          |
|   | Carried over   | —                         |                | 2,493.7        |
|   | Carried over   |                           | 9,174.4        | 26,140.9       |

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

|   |  | As at<br>31st March, 2007 |                |                |
|---|--|---------------------------|----------------|----------------|
|   |  | Rs. In Million            | Rs. In Million | Rs. In Million |
|   |  |                           | 9,174.4        | 26,140.9       |
| <b>In Subsidiary Company : (Contd.)</b> |  |                           |                |                |
| <b>Unquoted : (Contd.)</b>              |  |                           |                |                |
|   | Brought over   |                           |                | 2,493.7        |
| 24,500                                  | Shares of Rs.100 each in Bajaj Auto Holdings Limited - a wholly owned subsidiary | 2.5                       |                | 2.4            |
| 43,500,000                              | (-) Shares of Rs.10 each in Bajaj Auto Limited                                   | 435.0                     |                | —              |
| 43,500,000                              | (-) Shares of Rs. 5 each in Bajaj Finserv Limited                                | 217.5                     |                | —              |
|   |  |                           | 655.0          | 2,496.1        |
| <b>In Fully Paid Equity Shares :</b>    |  |                           |                |                |
| <b>Other</b>                            |  |                           |                |                |
| <b>Quoted :</b>                         |  |                           |                |                |
| 13,068,511                              | Shares of Re.1 each in Bajaj Hindustan Limited                                   | 871.8                     |                | 871.8          |
| 2,139,561                               | Shares of Rs.10 each in Force Motors Limited                                     | 460.6                     |                | 460.6          |
| 37,960,897                              | (36,783,457) Shares of Rs.10 each in ICICI Bank Limited                          | 13,904.1                  |                | 12,062.9       |
|   | Others   | 4,599.6                   |                | 3,428.7        |
|   |  |                           | 19,836.1       | 16,824.0       |
| <b>In Fully Paid Equity Shares :</b>    |  |                           |                |                |
| <b>Unquoted :</b>                       |  |                           |                |                |
| 231,292                                 | (-) Shares of Rs.1 each in Bombay Stock Exchange Limited                         | 1,216.2                   |                | —              |
| —                                       | (565,000) Shares of Rs.10 each in Durovalves India Private Limited               | —                         |                | 5.7            |
| (300,000)                               | Shares of Rs.10 each in Endurance Systems India Private Limited                  | —                         |                | 3.0            |
| 300,000                                 | Shares of Rs.10 each in Kowa Spinning Limited                                    | 5.3                       |                | 5.3            |
| 600,000                                 | Shares of Rs.10 each in SICOM Limited  | 48.2                      |                | 48.2           |
| (235,000)                               | Shares of Rs.10 each in Kumar Housing Corporation Limited                        | —                         |                | 36.0           |
|   |  |                           | 1,269.7        | 98.2           |
|   | Carried over   |                           | 30,935.2       | 45,559.2       |

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

|                       |   | As at<br>31st March, 2007 |                |                |
|-----------------------|---|---------------------------|----------------|----------------|
|                       |   | Rs. In Million            | Rs. In Million | Rs. In Million |
| Brought over          |   |                           | 30,935.2       | 45,559.2       |
| <b>In Debentures:</b> |   |                           |                |                |
| <b>Fully Paid:</b>    |   |                           |                |                |
| <b>Other :</b>        |   |                           |                |                |
| <b>Quoted:</b>        |   |                           |                |                |
|                       | Others  | 750.6                     |                | 3,714.1        |
|                       | <b>Less:</b> Amortisation of Premium / Discount on acquisition  | (6.5)                     |                | 48.6           |
|                       |   |                           | 757.1          | 3,665.5        |
| <b>Unquoted :</b>     |   |                           |                |                |
| 500,000               | 16% Redeemable Secured Non Convertible Debentures of Rs.100 each of Ashima Limited - balance Non Convertible Portion of Rs.33.34 each after second redemption | 16.8                      |                | 16.8           |
| 100,000               | 18% Non Convertible Debentures of Rs.100 each of Goodearth Organic (India) Limited  | 9.5                       |                | 9.5            |
| —                     | (20,000) 18% Secured Non Convertible Debentures of Rs.1,000 each of Mafatal Finance Limited, balance after part redemption.                                   | —                         |                | 10.0           |
| 690                   | Unsecured Redeemable Non Convertible Debentures of Rs.3,625 each of Mahadev Industries Limited (Scheme C-Deep Discount Debentures)                            | 2.5                       |                | 2.5            |
| 300,000               | 18% Secured Redeemable Non-Convertible Debentures of Rs.100 each of Punjab Wireless Systems Limited   | 30.0                      |                | 30.0           |
| 100,000               | 20% Non Convertible Debentures of Rs.100 each - Series-1 of Shaan Interwell (India) Limited - balance after part redemption                                   | 6.2                       |                | 6.1            |
|                       |   |                           | 65.0           | 74.9           |
| Carried over          |   |                           | 31,757.3       | 49,299.6       |

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

|   | As at<br>31st March, 2007 |                 |                 |
|---|---------------------------|-----------------|-----------------|
|   | Rs. In Million            | Rs. In Million  | Rs. In Million  |
| Brought over  |                           | 31,757.3        | 49,299.6        |
| <b>In Bonds:</b>  |                           |                 |                 |
| <b>Fully Paid:</b>  |                           |                 |                 |
| <b>Other :</b>  |                           |                 |                 |
| <b>Quoted:</b>  |                           |                 |                 |
| Others  | 1,083.0                   |                 | 10,011.6        |
| <b>Less: Amortisation of Premium / Discount on acquisition</b>  | <u>(3.0)</u>              |                 | <u>43.8</u>     |
|   |                           | 1,086.0         | 9,967.8         |
| <b>In Mutual Fund Units:</b>  |                           |                 |                 |
| Quoted:   |                           |                 |                 |
| Others  |                           | 300.7           | 2,400.7         |
| Unquoted:   |                           |                 |                 |
| Fully Paid  |                           |                 |                 |
| 2,000 (2,000) Urban Infrastructure Opportunities Fund-Face Value Rs.1 lakh each - Previous year partly paid |                           | 200.0           | 100.0           |
| Unquoted :  |                           |                 |                 |
| Partly Paid   |                           |                 |                 |
| 10,000 (-) J M Financial Property Fund - I of Face Value of Rs. 10,000 each, Rs. 6,000 paid up              |                           | 60.0            | —               |
| <b>Current Investments :</b>  |                           |                 |                 |
| <b>In Certificate of Deposit :</b>  |                           |                 |                 |
| <b>Quoted:</b>  |                           |                 |                 |
| Others  | 194.3                     |                 | 3,165.3         |
| <b>Add: Amortisation of Premium / Discount on acquisition</b>   | <u>3.3</u>                |                 | <u>44.2</u>     |
|   |                           | 197.6           | 3,209.5         |
| Carried over  |                           | <u>33,601.6</u> | <u>64,977.6</u> |

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

|  |  | As at<br>31st March, 2007 |                |
|--|--|---------------------------|----------------|
|  |  | Rs. In Million            | Rs. In Million |
| Brought over   |  | 33,601.6                  | 64,977.6       |
| <b>In Warrants</b>   |  |                           |                |
| <b>Unquoted:</b>   |  |                           |                |
| <b>Partly Paid :</b>   |  |                           |                |
| —  | (1,247,940) Warrants of Rs.410/- each of<br>Bajaj Auto Finance Limited - Rs.41 Paid Up | —                         | 51.2           |
|  |  | 33,601.6                  | 65,028.8       |
| <b>Less: Provision for diminution in value of Investments</b>            |  | 1,367.3                   | 573.5          |
|  |  | 32,234.3                  | 64,455.3       |
| Application Money for Investment in<br>Shares, Bonds & Mutual Fund Units |  | 57.7                      | 20.0           |
|  |  | 32,292.0                  | 64,475.3       |

|          | Book Value as at |                  | Market Value as at |                  |
|----------|------------------|------------------|--------------------|------------------|
|          | 31st March, 2008 | 31st March, 2007 | 31st March, 2008   | 31st March, 2007 |
|          | Rs. In Million   | Rs. In Million   | Rs. In Million     | Rs. In Million   |
| Quoted   | 29,809.0         | 61,514.6         | * 48,305.7         | * 83,305.0       |
| Unquoted | 2,425.3          | 2,940.7          |                    |                  |
|          | 32,234.3         | 64,455.3         |                    |                  |

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

### Notes to Investment Schedule :

#### 1 In case of following Investments the title is under dispute :

##### (a) Mutual Funds :

| Name   | No of<br>Units |
|--|----------------|
| Unit Trust of India - Mastergain 1992              | 59,000         |
| Unit Trust of India - Master Plus Unit Scheme 1991 | 2,900          |
| Unit Trust of India - Mastershares                 | 1,549          |
| Unit Trust of India - UGS 5000                     | 400            |

##### (b) Equity Shares :

| Name of the Company                   | No of<br>Shares |
|---------------------------------------|-----------------|
| Force Motors Ltd.                     | 100             |
| The Great Eastern Shipping Co Limited | 90              |
| Mahindra Gesco Developers Limited     | 11              |
| Larsen & Toubro Limited               | 250             |
| Reliance Capital Limited              | 100             |
| Reliance Industries Limited           | 3               |
| Sterlite Industries (India) Limited   | 800             |
| Sterlite Optical Technologies Limited | 600             |
| Tata Chemicals Limited                | 249             |
| Tata Steel Limited                    | 50              |

#### 2 Following Investments were purchased and sold during the year :

##### (a) Equity Shares :

| Name of the Company           | Quantity<br>Nos | Purchase Cost<br>Rs. In Million | Sale Proceeds<br>Rs. In Million |
|-------------------------------|-----------------|---------------------------------|---------------------------------|
| Bharat Heavy Electricals Ltd. | 55,436          | 63.3                            | 143.7                           |
| Guajarat Ambuja Cement Ltd.   | 225,000         | 29.8                            | 34.7                            |
| IFCI Ltd.                     | 775,445         | 46.1                            | 82.9                            |
| Indiabulls Real Estate Ltd.   | 32,564          | 14.6                            | 19.9                            |
| ITC Ltd.                      | 55,500          | 8.5                             | 12.2                            |
| JSW Steel Ltd.                | 20,000          | 13.2                            | 18.7                            |
| Larsen Toubro Ltd.            | 31,187          | 78.3                            | 138.4                           |
| Reliance Industries Ltd.      | 103,997         | 142.5                           | 231.0                           |
| Sesa Goa Ltd.                 | 9,389           | 15.4                            | 20.9                            |
| State Bank of India           | 110,026         | 126.8                           | 200.4                           |
| Steel Authority of India Ltd. | 491,500         | 63.3                            | 131.5                           |
| Suzlon Energy Ltd.            | 40,000          | 51.4                            | 75.5                            |



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

### Notes to Investment Schedule :

#### 2. Following Investments were purchased and sold during the year : (Contd.)

##### (b) Mutual Funds :

| Name of the Company                             | Quantity<br>Nos | Purchase Cost<br>Rs. In Million | Sale Proceeds<br>Rs. In Million |
|---|-----------------|---------------------------------|---------------------------------|
| Reliance Monthly Interval Fund Sr. 1 FMP Growth | 46,792,309      | 480.1                           | 483.7                           |
| Tata Dynamic Bond Fund                          | 20,385,697      | 250.0                           | 252.1                           |

##### (c) Commercial Paper

| Name of the Company               | Quantity<br>Nos | Purchase Cost<br>Rs. In Million | Sale Proceeds<br>Rs. In Million |
|-----------------------------------|-----------------|---------------------------------|---------------------------------|
| G E Money Financial Services Ltd. | 500             | 245.3                           | 248.9                           |
| HDFC Ltd.                         | 300             | 148.6                           | 150.0                           |
| EXIM Bank Ltd.                    | 400             | 199.4                           | 200.0                           |

##### (d) Certificate of Deposits :

| Name of the Company                        | Quantity<br>Nos | Purchase Cost<br>Rs. In Million | Sale Proceeds<br>Rs. In Million |
|--|-----------------|---------------------------------|---------------------------------|
| Canara Bank - 29.2.2008                    | 1,000           | 91.3                            | 95.8                            |
| HDFC Bank Ltd. - 25.7.2007                 | 500             | 48.6                            | 48.7                            |
| HSBC Bank - 10.4.2008                      | 1,000           | 90.5                            | 94.3                            |
| ICICI Bank Ltd. - 13.4.2007                | 1,000           | 99.6                            | 100.0                           |
| IDBI Bank Ltd. - 1.8.2007                  | 1,000           | 98.2                            | 99.1                            |
| Jammu & Kashmir Bank Ltd. - 27.11.2007     | 1,000           | 99.7                            | 100.0                           |
| Punjab National Bank - 22.11.2007          | 1,500           | 149.8                           | 150.0                           |
| Standard Chartered Bank - 30.7.2007        | 1,000           | 97.4                            | 98.7                            |
| Standard Chartered Bank - 14.12.2007       | 2,500           | 248.5                           | 250.0                           |
| State Bank of Bikaner & Jaipur - 11.6.2007 | 1,000           | 98.8                            | 99.0                            |
| State Bank of Bikaner & Jaipur - 8.6.2007  | 1,000           | 98.6                            | 99.0                            |
| State Bank of Bikaner & Jaipur - 29.2.2008 | 1,000           | 93.5                            | 95.8                            |
| State Bank of Bikaner & Jaipur - 29.2.2008 | 1,000           | 97.7                            | 98.3                            |
| State Bank of Hyderabad - 6.6.2008         | 1,500           | 140.0                           | 143.1                           |
| State Bank of Hyderabad - 30.6.2008        | 1,000           | 94.6                            | 95.6                            |
| State Bank of India - 29.5.2008            | 2,500           | 228.2                           | 234.3                           |
| State Bank of Indore - 28.12.2007          | 1,000           | 93.2                            | 97.2                            |
| State Bank of Indore - 28.12.2007          | 1,000           | 93.2                            | 97.5                            |
| State Bank of Indore - 4.3.2008            | 2,000           | 183.0                           | 192.2                           |
| State Bank of Indore - 27.5.2008           | 2,500           | 236.8                           | 238.8                           |
| State Bank of Indore - 10.6.2008           | 2,500           | 241.3                           | 241.9                           |
| State Bank of Patiala - 6.9.2007           | 1,000           | 93.9                            | 98.8                            |
| State Bank of Patiala - 29.5.2008          | 2,500           | 239.5                           | 240.4                           |
| State Bank of Patiala - 30.6.2008          | 1,000           | 91.8                            | 93.5                            |
| State Bank of Saurashtra - 13.6.2007       | 1,000           | 97.6                            | 98.9                            |
| State Bank of Saurashtra - 27.8.2007       | 1,000           | 91.4                            | 93.6                            |
| State Bank of Saurashtra - 12.5.2008       | 1,000           | 91.6                            | 94.0                            |
| State Bank of Travancore - 3.7.2008        | 500             | 46.5                            | 46.6                            |

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

### Notes to Investment Schedule :

#### 2. Following Investments were purchased and sold during the year : (Contd.)

##### (d) Certificate of Deposits : (Contd.)

| Name of the Company                  | Quantity<br>Nos | Purchase Cost<br>Rs. In Million | Sale Proceeds<br>Rs. In Million |
|--------------------------------------|-----------------|---------------------------------|---------------------------------|
| State Bank of Travancore - 3.7.2008  | 2,000           | 187.0                           | 191.0                           |
| State Bank of Travancore - 18.3.2008 | 1,000           | 98.7                            | 99.1                            |
| UCO Bank - 12.12.2007                | 1,000           | 99.5                            | 100.0                           |
| Union Bank of India - 4.3.2008       | 500             | 45.9                            | 46.2                            |
| Union Bank of India - 27.3.2008      | 1,000           | 90.6                            | 90.8                            |
| Union Bank of India - 30.3.2008      | 1,000           | 93.7                            | 94.0                            |

##### (e) Debentures and Bonds

| Name of the Company      | Quantity<br>Nos | Purchase Cost<br>Rs. In Million | Sale Proceeds<br>Rs. In Million |
|--------------------------|-----------------|---------------------------------|---------------------------------|
| Reliance Industries Ltd. | 25              | 250.0                           | 250.1                           |
| State Bank of India      | 72              | 72.0                            | 72.2                            |

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

| Particulars                          | Purchase Cost<br>Rs. In Million | Sale Proceeds<br>Rs. In Million |
|--------------------------------------|---------------------------------|---------------------------------|
| 5.87% Government of India Loan, 2010 | 97.7                            | 98.2                            |
| 6.85% Government of India Loan, 2009 | 101.4                           | 101.0                           |
| 6.96% Government of India Loan, 2009 | 97.6                            | 98.8                            |
| 7.38% Government of India Loan, 2015 | 106.5                           | 99.4                            |
| 7.99% Government of India Loan, 2017 | 358.5                           | 361.1                           |
| 8.07% Government of India Loan, 2017 | 357.3                           | 361.3                           |
| 8.20% Government of India Loan, 2017 | 50.1                            | 52.0                            |
| 8.23% Government of India Loan, 2027 | 28.8                            | 30.5                            |
| 8.33% Government of India Loan, 2036 | 100.9                           | 102.7                           |

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 '5' in Schedule '12' to the Accounts.

## Schedule 8 - Current Assets, Loans and Advances

|  | As at<br>31st March, 2007 |                |                |                |
|--|---------------------------|----------------|----------------|----------------|
|  | Rs. In Million            | Rs. In Million | Rs. In Million | Rs. In Million |
| <b>(a) Inventories</b>                                       |                           |                |                |                |
| Stores, at cost  |                           | —              |                | 71.3           |
| Tools, at cost   |                           | —              |                | 113.3          |
| Stock-in-trade, at cost or market value whichever is lower : |                           |                |                |                |
| Raw Materials and Components                                 |                           | —              |                | 938.5          |
| Work-in-progress (including factory made components)         |                           |                |                |                |
| <b>Rs. Nil</b> Previous Year Rs. 89.6 million )              |                           | —              |                | 195.8          |
| Finished Goods:  |                           |                |                |                |
| Vehicles   |                           | —              |                | 1,123.2        |
| Auto Spare parts, etc.                                       |                           | —              |                | 381.4          |
| As valued and certified by Management                        |                           | —              |                | 2,823.5        |
| Goods in transit, at cost to date                            |                           | —              |                | 273.5          |
| As valued and certified by Management                        |                           |                | —              | 3,097.0        |
| <b>(b) Sundry Debtors, Unsecured</b>                         |                           |                |                |                |
| Outstanding for a period exceeding six months:               |                           |                |                |                |
| Good   | —                         |                |                | 1.1            |
| Doubtful   | —                         |                |                | 21.3           |
| <b>Less: Provision</b>                                       | —                         |                |                | 21.3           |
|  | —                         |                |                | —              |
|  |                           | —              |                | 1.1            |
| Others, Good   |                           |                |                | 5,297.2        |
|  |                           |                | —              | 5,298.3        |
| <b>(c) Cash and Bank Balances</b>                            |                           |                |                |                |
| Cash on hand (including cheques on hand)                     |                           |                |                |                |
| <b>Rs. Nil</b> Previous year Rs. Nil)                        |                           |                |                | 1.4            |
| Bank Balances :  |                           |                |                |                |
| With Scheduled Banks:  |                           |                |                |                |
| In current account   |                           | 73.7           |                | 619.2          |
| In margin deposits   |                           | —              |                | 10.0           |
| In fixed deposits  |                           | —              |                | 203.1          |
| Interest accrued on fixed deposits                           |                           |                |                |                |
| <b>(Rs. Nil - Previous Year Rs. 78,100)</b>                  |                           | —              |                | 0.1            |
|  |                           | 73.7           |                | 832.4          |
| With Other Banks :   |                           |                |                |                |
| In curren accounts   |                           |                |                | 1.0            |
|  |                           |                | 73.7           | 834.8          |
| Carried over   |                           |                | 73.7           | 9,230.1        |

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

|   |                |                |                | As at<br>31st March, 2007 |
|---|----------------|----------------|----------------|---------------------------|
|   | Rs. In Million | Rs. In Million | Rs. In Million | Rs. In Million            |
|   |                |                | 73.7           | 9,230.1                   |
| <b>(d) Other Current Assets, good</b><br>(Unless otherwise stated)  |                |                |                |                           |
| Dividend and Interest receivable<br>on Investments  | 97.6           |                |                | 25.0                      |
| Doubtful  | 51.1           |                |                | 51.1                      |
| <b>Less: Provision</b>  | 51.1           |                |                | 51.1                      |
|   | —              |                |                | —                         |
|   |                | 97.6           |                | 25.0                      |
| Interest receivable on Loans etc:   |                |                |                | 2.6                       |
| Doubtful  | 51.2           |                |                | 51.2                      |
| <b>Less: Provision</b>  | 51.2           |                |                | 51.2                      |
|   | —              |                |                | —                         |
|   |                |                |                | 2.6                       |
| Redemption money receivable on Investments  |                | 150.0          |                | 11.8                      |
| Export Incentives Receivable  |                | —              |                | 297.3                     |
| Credit receivable for Windpower generated   |                | —              |                | 25.5                      |
|   |                |                | 247.6          | 362.2                     |
| <b>(e) Loans and Advances, unsecured, good</b><br>(Unless otherwise stated)   |                |                |                |                           |
| Loans to Suppliers  |                | —              |                | 450.9                     |
| Amount receivable on sale of investments  |                | 25.6           |                | —                         |
| Deposits with Joint Stock Companies:<br>(Including <b>Rs. 16.1 million</b> secured against pledge<br>of Securities, Previous Year Rs. 16.1 million) | 16.1           |                |                | 16.1                      |
| Doubtful  | 133.9          |                |                | 133.9                     |
| <b>Less: Provision</b>  | 133.9          |                |                | 133.9                     |
|   | —              |                |                | —                         |
|   |                | 16.1           |                | 16.1                      |
| Advances Recoverable in Cash or<br>in kind or for value to be received:   |                |                |                |                           |
| Due from Subsidiaries   | —              |                |                | 6.5                       |
| @ Others, Good  | 229.6          |                |                | 1,826.3                   |
| Doubtful  | —              |                |                | 36.0                      |
| <b>Less: Provision</b>  | —              |                |                | 36.0                      |
|   | —              |                |                | —                         |
|   |                | 229.6          |                | 1,832.8                   |
| Advances for capital assets   |                | —              |                | 807.0                     |
| VAT refund receivable   |                | —              |                | 1,360.2                   |
| Balances with Customs and Central Excise Departments  |                | —              |                | 159.5                     |
| Sundry Deposits   |                | 2.6            |                | 185.8                     |
| Tax paid in Advance   |                | 23,842.0       |                | 23,781.7                  |
|   |                |                | 24,115.9       | 28,594.0                  |
| <b>Total</b>  |                |                | 24,437.2       | 38,186.3                  |

@ Includes amount due from an Officer of the Company **Rs. Nil** (Previous Year Rs. 82,500 )  
Maximum balance outstanding during the year **Rs. Nil** (Previous Year Rs. 97,500)

## Schedule 9 - Current Liabilities and Provisions

|   | As at<br>31st March, 2007 |                |                |
|---|---------------------------|----------------|----------------|
|   | Rs. In Million            | Rs. In Million | Rs. In Million |
| <b>(a) Liabilities</b>  |                           |                |                |
| Sundry Creditors:, See Note No. 1)  |                           |                |                |
| Other than dues to Micro and<br>Small scale enterprises, See Note. 8)   |                           | 311.2          | 13,745.1       |
| Advances against Orders, See Note No.1)   |                           | —              | 952.5          |
| Deposits received, See Note No.1)   |                           | 183.7          | 231.7          |
| Investor Education Protection Fund<br>(Rs. Nil - Previous Year Rs. 24,415)  |                           | —              | —              |
| Unclaimed Dividends   |                           | 73.7           | 57.8           |
| Unclaimed amount of Sale proceeds of<br>Fractional coupons of Bonus Shares<br>(Rs. 5,595 - Previous Year Rs. 5,595) |                           | —              | —              |
| Interest accrued but not due on loans   |                           | —              | —              |
| Temporary overdraft with bank as per books  |                           | —              | 2.6            |
|   |                           | 568.6          | 14,989.7       |
| <b>(b) Provisions</b>   |                           |                |                |
| Provision for Warranty Claims, See Note No.1)   | —                         |                | 320.0          |
| Provision for Employee Benefits [See note 6 ]   | 2.4                       |                | 356.6          |
| Provision for Taxation  | 23,277.0                  |                | 22,926.2       |
| Proposed Dividend   | 2,023.7                   |                | 4,047.3        |
| Provision for Corporate Dividend Tax on<br>Proposed Dividend  | 343.9                     |                | 687.8          |
|   |                           | 25,647.0       | 28,337.9       |
| <b>Total</b>  |                           | 26,215.6       | 43,327.6       |

## Schedule 10 - Income from Operations & Other Income

|  | Rs. In Million | Rs. In Million |
|--|----------------|----------------|
| <b>Income from Operations:</b>   |                |                |
| Dividends  |                |                |
| From Trade Investments   | —              |                |
| Other  | 518.5          |                |
| Interest [Gross-Tax Deducted <b>Rs. 27.8 million</b> ]                                       |                | 518.5          |
| On Government Securities   | 580.6          |                |
| On Debentures and Bonds  | 239.6          |                |
| On Loans   | —              |                |
| Other  | 1.7            |                |
|  | 821.9          |                |
| <b>Less:</b> Amortisation of premium / discount on acquisition<br>of fixed income securities | 3.4            |                |
|  |                | 818.5          |
| Income From Units of Mutual Funds  |                | 15.0           |
| Leasing Business   |                |                |
| Lease Rent ( <b>Rs. 1,000</b> - Previous Year Rs. 3,000)                                     |                | —              |
| Profit on Sale of Investments, net *   |                | 2,128.0        |
| Surplus on redemption of Securities *  |                | 26.1           |
| Provision for Diminution in value of<br>Investments written back, net                        |                | 44.8           |
| <b>Other Income:</b>   |                |                |
| Rent   |                | 2.4            |
| <b>Total</b>   |                | <b>3,553.3</b> |

\* Including on Current Investments Rs. 163.3 million

## Schedule 11 - Other Expenses

|   | Rs. In Million | Rs. In Million |
|---|----------------|----------------|
| Repairs & Maintenance                                 |                |                |
| Buildings and Roads                                   | 0.6            |                |
| Machinery   | —              |                |
| Other   | —              |                |
|   |                | 0.6            |
| Employees' Emoluments                                 |                |                |
| Salaries,wages,bonus etc.                             | 6.7            |                |
| Contribution to Provident and other funds and schemes | 1.2            |                |
| Welfare expenses                                      | 0.1            |                |
|   |                | 8.0            |
| Rent  |                | 0.1            |
| Rates and taxes                                       |                | 0.3            |
| Insurance   |                | —              |
| Auditors' Remuneration                                |                |                |
| Audit Fees  | 0.3            |                |
| Audit Fees in connection with the demerger            | 0.7            |                |
| Limited Review  | 0.3            |                |
|   |                | 1.3            |
| Directors' fees and travelling expenses               |                | 1.9            |
| Miscellaneous expenses                                |                | 45.0           |
| Loss on assets sold,demolished,discarded and scrapped |                | 0.1            |
| Amount written off against leasehold land             |                | 0.2            |
| <b>Total</b>  |                | <b>57.5</b>    |

## Schedule 12 - Notes forming part of financial statements

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### 1. Significant change in the operations of the company:

The Company was, until 31st March 2007, engaged in the business of manufacturing and trading in two and three wheelers ("The Manufacturing Undertaking"), Financial services businesses comprising insurance, retail finance and financial product distribution etc. through its subsidiaries, associates and joint Ventures and Wind Farm business (both comprising "The Strategic Business Undertaking") and Investments activity.

Under a Scheme of Arrangement, sanctioned by the High Court of judicature Mumbai, with Bajaj Holdings & Investment Limited (now known as Bajaj Auto Limited) and Bajaj Finserv Limited (both referred to as the "Resulting Companies") under section 391 to 394 of the Companies Act, 1956, the Manufacturing Undertaking and the Strategic Business Undertaking of the company were demerged to the later two companies respectively. The said scheme became effective from 20th February, 2008 but operative with retrospective effect from 1st April 2007, the Appointed date.

Upon the scheme becoming effective,

- a. the name of the company changed to Bajaj Holdings & Investment Limited, simultaneous to the change in the name of Bajaj Holdings & Investment Limited to Bajaj Auto Limited.
- b. the business and operations of the demerged undertaking were deemed to have been vested with the resulting companies with effect from 1st April 2007. Consequently,
  - i. The related assets and liabilities of the respective undertakings, including those specifically identified in the scheme, at the close of business on 31st March 2007 were deemed to have been transferred to the respective resulting companies on 1st April 2007.
  - ii. The company, in trust, carried on the business of the two demerged undertakings for the resulting companies, from 1st April 2007 to 20th February 2008 pending the scheme becoming effective.
- c. the said transfer and vesting of the assets of the two undertaking was deemed to be on a going concern basis.
- d. the accounting treatment of assets and liabilities was to be as specified in Part V of the scheme

Accordingly, the broad details of the assets and liabilities transferred and vested with the resulting companies as at 1st April 2007 are as follows:



Schedule 12 - Notes to and forming part of financial statements (Contd.)

| Particulars   | Manufacturing Undertaking |                  | Strategic Business Undertaking |                 |
|---|---------------------------|------------------|--------------------------------|-----------------|
|   | Rs. In Million            | Rs. In Million   | Rs. In Million                 | Rs. In Million  |
| <b>ASSETS:</b>  |                           |                  |                                |                 |
| <b>Fixed Assets</b>                                       |                           |                  |                                |                 |
| Gross Block   | 27,697.7                  |                  | 3024.8                         |                 |
| Accumulated Depreciation                                  | 16,503.9                  |                  | 1825.7                         |                 |
| Net Block   | 11,193.8                  |                  | 1199.1                         |                 |
| Capital work in Progress                                  | 269.2                     |                  | —                              |                 |
| Total Fixed Assets  |                           | <b>11,463.0</b>  |                                | <b>1,199.1</b>  |
| <b>Technical Know-how</b>                                 |                           | <b>41.3</b>      |                                | <b>—</b>        |
| <b>Investments</b>  |                           |                  |                                |                 |
| in fixed income securities                                | 16,173.6                  |                  | 8,752.9                        |                 |
| in subsidiaries, associates,<br>joint ventures and others | 562.7                     |                  | 5,072.3                        |                 |
|   |                           | <b>16,736.3</b>  |                                | <b>13,825.2</b> |
| <b>Current Assets, Loans and Advances</b>                 |                           |                  |                                |                 |
| a) Inventories  | 3,097.0                   |                  | —                              |                 |
| b) Sundry Debtors   | 5,298.3                   |                  | —                              |                 |
| c) Cash & Bank Balances                                   | 568.8                     |                  | —                              |                 |
| d) Other Current Assets                                   | 299.9                     |                  | 25.5                           |                 |
| c) Loans & Advances                                       | 3,952.6                   |                  | 4.9                            |                 |
|   | 13,216.6                  |                  | 30.4                           |                 |
| <b>Current Liabilities and Provisions</b>                 |                           |                  |                                |                 |
| a) Current Liabilities                                    | 14,649.4                  |                  | 14.3                           |                 |
| b) Provisions   | 674.9                     |                  | 1.7                            |                 |
|   | 15,324.3                  |                  | 16.0                           |                 |
| <b>Net working Capital</b>                                |                           | <b>(2,107.7)</b> |                                | <b>14.4</b>     |
| <b>Total Assets</b>                                       |                           | <b>26,132.9</b>  |                                | <b>15,038.7</b> |
| <b>LOANS</b>  |                           |                  |                                |                 |
| Secured Loans   | 224.6                     |                  | —                              |                 |
| Unsecured Loans   | 13,129.3                  |                  | 2,900.4                        |                 |
|   | 13,353.9                  |                  | 2,900.4                        |                 |
| <b>DEFERRED TAX LIABILITY (Net)</b>                       | 606.8                     |                  | 308.0                          |                 |
|   |                           | <b>13,960.7</b>  |                                | <b>3,208.4</b>  |
| <b>Net Worth</b>  |                           | <b>12,172.2</b>  |                                | <b>11,830.3</b> |
| TOTAL NETWORTH DEMERGED:                                  |                           |                  |                                | <b>24,002.5</b> |
| REDUCED FROM:   |                           |                  |                                |                 |
| Capital Redemption Reserve                                |                           |                  |                                | <b>182.1</b>    |
| General Reserve   |                           |                  |                                | <b>23,820.4</b> |

As the scheme became effective only on 20th February, 2008 the titles to the Assets vested and those resulting from the conduct of business thereafter, could not, where necessary, be transferred, as at 31st March 2008, which partially, have since been transferred. Hence, the company, in trust, held the same for the resulting companies.

## Schedule 12 - Notes to and forming part of financial statements (Contd.)

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

3. A. Contingent Liability, not provided for:

|                                   | As at<br>31 March 2008 |
|-----------------------------------|------------------------|
|                                   | (Rs. In Million)       |
| Income Tax Matters under dispute: |                        |
| i. Appeal by the Company          | 1,022.4                |
| ii. Appeal by the Department      | 1,880.1                |
|                                   | 2,902.5                |

B. The company, after the scheme of demerger has become operative, is prima facie a "Non Banking Finance Company" (NBFC). However, being the first financial year of the company post demerger, the process with regard to the registration of the company as a NBFC would be commenced after the first audited accounts are adopted by the shareholders at the ensuing annual general meeting. This is also as per legal opinion received by the company.

4. a Managerial remuneration:

The Executive Directors, during the year, have performed their functions in executive capacity, predominantly for the manufacturing business / undertaking. Consequently, their executive functions have been transferred together with other employees to Bajaj Auto Limited (formerly Bajaj Holdings & Investment Limited) as per the covenants of the Scheme. Hence, remuneration paid to them during the year upto the effective date has been considered as an expense of the manufacturing undertaking and accordingly not borne by the company. Disclosures in this regards have been made in the financial statements of Bajaj Auto Ltd.

|   | For the period 20th February 2008<br>to 31st March 2008 * |
|---|---|
|   | Rs. In Million  |
| (i) Salary  | 0.7   |
| (ii) Commission   | —   |
| (iii) Privilege Leave Entitlement   | —   |
| (iv) Contribution to Provident Fund,<br>Superannuation & Gratuity   | 0.1   |
| (v) Other perquisites   | —   |
| (vi) Estimated monetary value of<br>perquisite in form of:<br>Unfurnished Accommodation<br>Furniture at Residence | —   |
|   | 0.8   |

\* Mr. V. S. Raghavan was designated as CEO w.e.f. 20 Feb 2008

b. Disclosures required to be made under para 4D of Part II of Schedule VI of the Companies Act, 1956.

Information herein below is restricted to the extent the relevant expenditure and income has been recognised in the profit and loss account of the company. Expenses and income incurred by the company, in the conduct of the business of the demerged undertakings, referred to in Note No. 1 above, from 1st April 2007 in trust pending the scheme becoming effective, has been disclosed in the financial statements of the respective resulting companies. Consequently there are no disclosures necessary for this financial year.

## Schedule 12 - Notes to and forming part of financial statements (Contd.)

### 5. Investments:

- a. Fixed Income Securities remaining with the company after transfers, consequent to the demerger of erstwhile Bajaj Auto Ltd. under the scheme of arrangement discussed in Note No. 1 above were, on 1st April 2007, recognised at their fair market values, where the carrying cost of such securities were higher. Fair Market value has been determined with reference to the yield prevailing in the market for similar types of securities as at 1st April 2007. The diminution, net of Deferred Tax aggregating Rs. 370.5 million, amounting to **Rs. 758.2 million**, has been provided for by a debit / charge to the General Reserve as per the accounting principles specified in the said scheme.
  - b. Investments made by the Company other than those with a maturity of 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. However, on an assessment of the non-performing investments (quoted and unquoted) as per guidelines adopted by the Company during the year ended 31st March 2008 the management has not determined any further provisions for possible diminution / losses.
  - c. The company has applied to the Department of Company Affairs, Ministry of Finance, seeking permission to disclose in its financial statements for the year ended 31st March 2008, as abridged Investment Schedule instead of the complete Investment Schedule. Pending receipt of the permission, the company has disclosed the Investment Schedule in an Abridged Form, which is consistent with the permissions received for disclosure in the previous years.
6. 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.

(Rs. In Million)

| Amount To Be Recognised in Balance Sheet                    | As at<br>31 March 2008 |                         |
|---|------------------------|-------------------------|
|   | Gratuity               | Compensated<br>Absences |
| Present Value of Funded Obligations                         | 3.5                    | —                       |
| Present Value of Unfunded Obligations                       | —                      | 0.8                     |
| Fair Value of Plan Assets (managed by insurer)              | (1.9)                  | —                       |
| <b>Net Liability</b>  | <b>1.6</b>             | <b>0.8</b>              |
| Amounts in Balance Sheet                                    |                        |                         |
| Liability   | 1.6                    | 0.8                     |
| Assets  | —                      | —                       |
| <b>Net Liability</b>  | <b>1.6</b>             | <b>0.8</b>              |
| <b>Expense To Be Recognised in the Statement of P&amp;L</b> |                        |                         |
| Current Service Cost  | 0.1                    |                         |
| Interest on Defined Benefit Obligation                      | 0.2                    |                         |
| Expected Return on Plan Assets                              | (0.1)                  |                         |
| Net Actuarial Losses / (Gains) Recognised in Year           | 0.6                    |                         |
| <b>Total, Included in "Employee Benefit Expense"</b>        | <b>0.8</b>             | <b>0.2</b>              |
| Actual Return on Plan Assets                                | (0.1)                  |                         |

Schedule 12 - Notes to and forming part of financial statements (Contd.)

(Rs. In Million)

| <b>Amount To Be Recognised in Balance Sheet</b>                               | <b>As at<br/>31 March 2008</b> |                                 |
|---|--------------------------------|---------------------------------|
|   | <b>Gratuity</b>                | <b>Compensated<br/>Absences</b> |
| <b>Reconciliation of Benefit Obligations &amp; Plan Assets For the Period</b> |                                |                                 |
| <b>Change in Defined Benefit Obligation</b>                                   |                                |                                 |
| <b>Opening Defined Benefit Obligation</b>                                     | <b>2.9</b>                     |                                 |
| Current Service Cost  | 0.1                            |                                 |
| Interest Cost   | 0.2                            |                                 |
| Actuarial Losses / (Gains)  | 0.3                            |                                 |
| <b>Closing Defined Benefit Obligation</b>                                     | <b>3.5</b>                     |                                 |
| <b>Change in Fair Value of Assets</b>   |                                |                                 |
| <b>Opening Fair Value of Plan Assets</b>                                      | <b>1.8</b>                     |                                 |
| Expected Return on Plan Assets  | 0.1                            |                                 |
| Actuarial Gains / (Losses)  | (0.3)                          |                                 |
| Contributions by Employer   | 0.3                            |                                 |
| <b>Closing Fair Value of Plan Assets</b>                                      | <b>1.9</b>                     |                                 |
| <b>Principal Actuarial Assumptions (Expressed as Weighted Averages)</b>       |                                |                                 |
| Discount Rate (p.a.)  | 7.65%                          | 7.65%                           |
| Expected Rate of Return on Assets (p.a.)                                      | 7.50%                          |                                 |
| Salary Escalation Rate (p.a.)   | 7.00%                          | 7.00%                           |

## Schedule 12 - Notes to and forming part of financial statements (Contd.)

7. Deferred Tax adjustments recognised in the financial statements are as under:

(Rs. In Million)

| Particulars   | Balance As at 1st April, 2007 | Transferred and vested with Demerged undertakings | Arising against adjustments to General Reserve, on accounting treatment specified in the Scheme | Arising during the period ended 31st March 2008 | Balance carried As at 31st March, 2008 |
|---|-------------------------------|---|---|---|--|
| <b>Deferred Tax Liabilities:</b><br>On account of timing difference in          |                               |   |   |   |  |
| a) Depreciation and Amortisation  | 1,844.9                       | 1,770.0   | —   | 1.5   | 76.4                                   |
| <b>Total</b>  | 1,844.9                       | 1,770.0   | —   | 1.5   | 76.4                                   |
| <b>Deferred Tax Assets:</b><br>On account of timing difference in               |                               |   |   |   |  |
| a) Voluntary Retirement Scheme costs  | 230.4                         | 230.4   | —   | —   | —                                      |
| b) Inventory Valuation (Section 145 A of the Income Tax Act, 1956)              | 92.6                          | 92.6  | —   | —   | —                                      |
| c) Diminution in the value of investments                                       | 60.7                          | 9.2   | —   | (5.0)   | 46.5                                   |
| d) Provision for bad and doubtful debts, DEPB, ICDs etc.                        | 102.9                         | 22.6  | —   | —   | 80.3                                   |
| e) Provision for privilege leave etc.   | 120.9                         | 120.9   | —   | 0.3   | 0.3                                    |
| f) Taxes, duties etc  | 124.8                         | 124.5   | —   | —   | 0.3                                    |
| g) Short term Capital loss  | 59.5                          | —   | —   | —   | 59.5                                   |
| h) Amortisation of premium / discount on acquisition of fixed income securities | 190.2                         | 133.8   | —   | (0.5)   | 55.9                                   |
| i) Adjustments on account of gratuity provisions                                | 121.2                         | 121.2   | —   | 0.5   | 0.5                                    |
| j) Demerger expenses Under Section 35D  | —                             | —   | —   | 4.7   | 4.7                                    |
| k) Transitional provision for diminution in value of investments                | —                             | —   | 370.5   | (71.0)  | 299.5                                  |
| <b>Total</b>  | 1,103.2                       | 855.2   | 370.5   | (71.0)  | 547.5                                  |
| <b>Net</b>  | 741.7                         | 914.8   | (370.5)   | 72.5  | (471.1)                                |

8. In absence of any information, on requests to the vendors with regards to their registration (filing of Memorandum) under "The Micro, Small and Medium Enterprises Development Act, 2006. (27 of 2006)" and in view of the terms of payments not exceeding 45 days, no liability exists at the close of the year and hence no disclosures have been made in this regard.

## Schedule 12 - Notes to and forming part of financial statements (Contd.)

9. 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, 2008:  
Receivable within one year - **Rs. 1.7 million** (Rs. 15.8 million)  
Receivable between one year and five years - **Rs. Nil** (Rs. 2.8 million)  
Receivable after five years - **Rs. Nil** (Rs. Nil)
- (ii) taken on operating lease in the form of office premises after April 1, 2001  
Minimum future lease payments as on March 31, 2008:  
Payable within one year- **Rs. Nil** (Rs. 33.1 million)  
Payable between one year and five years- **Rs. Nil** (Rs. 61.0 million)  
Payable after five years - **Rs. Nil** (Rs. 115.0 million)
10. 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 on the basis of representations made by key managerial personnel and information available with the Company.
11. The Company, with effect from 1st April 2007, consequent to demerger discussed in Note No.1 above, operates in a single business and geographical segment.
12. Amounts less than Rs. 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.
13. Consequent to the demerger discussed in Note No. 1 previous years comparatives in the profit and loss account serve no meaningful purpose and hence have not been disclosed. However, previous years figures have been regrouped in the balance sheet to make them comparable with those of the current year.

### Signature to Schedules "1" to "12"

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)  
Mandar Velankar  
Company Secretary

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj  
Sanjiv Bajaj  
D J Balaji Rao  
S H Khan  
Nanoo Pamnani  
Manish Kejriwal

Chairman  
Directors

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## **Annexure referred to in Note No. 2 in Schedule 12 to the financial statements**

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### **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:**

##### **Income:**

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

- (1) Interest income is accrued over the period of the loan / investment and net of amortisation of premium / discount with respect to fixed income securities thereby recognising the implicit yield to maturity.
- (2) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- (3) Profit / loss on sale of investments is recognised on the contract date.

#### **3) Fixed Assets and Depreciation**

##### **(A) Fixed Assets**

Fixed Assets except freehold land are carried at cost of acquisition or construction or at manufacturing cost including pre-operative expenses, less accumulated depreciation and amortisation.

##### **(B) Depreciation and Amortisation:**

###### **(a) Leasehold land:**

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

###### **(c) 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) Investments**

- a) Fixed income securities remaining with the company after transfer of demerged undertakings as discussed in Note No. 1 above, 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. (Refer Note No. 5 in Schedule 12)
- 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.
  - a) Investments other than fixed income securities are valued at cost of acquisition, less provision for diminution as necessary.

## **Annexure referred to in Note No. 2 in Schedule 12 to the financial statements**

- b) Investments made by the Company are of a long-term nature, hence diminutions in value of quoted Investments are generally not considered to be of a permanent nature. However, current investments representing fixed income securities with a maturity less than 1 year are stated at cost adjusted for amortisation and diminution as considered necessary.
- c) 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.

### **5) 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 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 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.

### **6) 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 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.

### **7) Provisions**

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



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

| Name of related party and Nature of relationship   | Nature of transaction   | 2007-08           |  |
|--|---|-------------------|--|
|  |   | Transaction Value | Outstanding amounts carried in the Balance Sheet |
|  |   | Rs. In Million    | Rs. In Million                                   |
| <b>[a] Subsidiaries:</b>   |   |                   |  |
| Bajaj Auto Holdings Ltd.<br>(Fully owned subsidiary)   | Contribution to Equity [24,500 shares of Rs. 100 each]        | —                 | 2.5  |
| <b>[b] Associate and Joint Ventures:</b>   |   |                   |  |
| Bajaj Auto Ltd.<br>(Enterprise controlled by Bajaj Holdings & Investment Limited)                                    | Contribution to Equity [43,500,000 shares of Rs. 10 each]     | 435.0             | 435.0  |
|  | Preliminary expenses incurred on behalf of Bajaj Auto Ltd.    | 10.6              | —  |
|  | Purchase of securities against inter company borrowing        | 1,528.2           | —  |
| Bajaj Finserv Ltd.<br>(Enterprise controlled by Bajaj Holdings & Investment Limited)                                 | Contribution to Equity [43,500,000 shares of Rs. 5 each]      | 217.5             | 217.5  |
|  | Preliminary expenses incurred on behalf of Bajaj Finserv Ltd. | 5.4               | —  |
|  | Transfer of Income to Bajaj Finserv Ltd.                      | 0.2               | (268.7)  |
| Maharashtra Scooters Ltd.<br>(24 % shares held by Bajaj Holdings & Investment Limited)                               | Contribution to Equity [2,742,848 shares of Rs. 10 each]      | —                 | 2.4  |
|  | Dividend received   | 8.2               | —  |
| Western Maharashtra Development Corporation  | Nil   |                   |  |
| <b>[c] Directors &amp; Relatives:</b>  |   |                   |  |
| Mr. Rahul Bajaj<br>- Chairman  | Sitting Fees (Rs. 20,000)                                     | —                 | —  |
| Mr. Madhur Bajaj<br>- Non-executive Director   | Sitting Fees (Rs. 20,000)                                     | —                 | —  |
| Mr. Rajiv Bajaj<br>- Non-executive Director  | Sitting Fees (Rs. 20,000)                                     | —                 | —  |
| Mr. Sanjiv Bajaj<br>- Non-executive Director   | Sitting Fees (Rs. 20,000)                                     | —                 | —  |
| Mr. Manish Kejriwal<br>- Non-executive Director  | Sitting Fees (Rs. 40,000)                                     | —                 | —  |
| <b>[d] Key Management Personnel:</b>   |   |                   |  |
| Mr. V. S. Raghavan<br>- Chief Executive Officer<br>(w.e.f. 20.02.2008)   | Salary  | 0.9               | —  |
| <b>[e] Enterprise over which any person described in (c) or (d) above is able to exercise significant influence:</b> |   |                   |  |

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 15 May 1995:

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

**I REGISTRATION DETAILS**

|                    |                       |
|--------------------|-----------------------|
| Registration No    | U35911MH1945PTC004656 |
| State Code         | 11                    |
| Balance Sheet date | 31st March, 2008      |

**Rupees in Thousands**

**II CAPITAL RAISED DURING THE YEAR ENDED 31ST MARCH,2008**

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

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31st March,2008**

|                   |                   |
|-------------------|-------------------|
| Total liabilities | <b>31,285,054</b> |
| Total assets      | <b>31,285,054</b> |

**SOURCES OF FUNDS:**

|                      |                   |
|----------------------|-------------------|
| Paid-up capital      | 1,011,835         |
| Reserves and surplus | 30,273,219        |
| Secured loans        | —                 |
| Unsecured loans      | —                 |
|                      | <b>31,285,054</b> |

**APPLICATION OF FUNDS:**

|                          |                   |
|--------------------------|-------------------|
| Net Fixed Assets         | 300,395           |
| Investments              | 32,292,069        |
| Net Current Assets       | (1,778,537)       |
| Deferred Tax Adjustments | 471,127           |
|                          | <b>31,285,054</b> |

**IV PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED March 31, 2008**

**Rupees in Thousands**

|   |           |
|---|-----------|
| i) Turnover (sale of products and other income)             | 3,553,423 |
| ii) Total Expenditure                                       | 59,852    |
| iii) Profit before tax and extraordinary items              | 3,493,571 |
| iv) Profit after tax  | 3,070,218 |
| v) Expenses for earlier years                               | —         |
| vi) Net Profit  | 3,070,218 |
| vii) Earning per share Rs. (See Note 2)(Face Value Rs.10/-) | 30.3      |
| viii) Dividend Rate (%)                                     | 200%      |

**V PRODUCTS OF THE COMPANY**

Item Code No.: Product Description: Investment  
(ITC Code)-----> Not applicable

**Notes:**

- The above particulars should be read along with the balance sheet as at 31st March, 2008, 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 total number of shares issued and subscribed as at the end of the year.

As per our attached report of even date

Rahul Bajaj Chairman

For and on behalf of Dalal and Shah  
Chartered Accountants

Madhur Bajaj  
Rajiv Bajaj  
Sanjiv Bajaj  
D J Balaji Rao  
S H Khan  
Nanoo Pamnani  
Manish Kejriwal } Directors

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)  
Mandar Velankar  
Company Secretary

## Cash Flow Statement

2007-2008

|  | Rs. In Million | Rs. In Million |
|--|----------------|----------------|
| <b>I) CASH FROM OPERATIONS:</b>  |                |                |
| Profit before Taxation   |                | 3,493.5        |
| Adjustments:   |                |                |
| <b>Add:</b>  |                |                |
| i) Depreciation  | 2.3            |                |
| ii) Amount written off against leasehold land                                | 0.2            |                |
| iii) Loss on Assets sold, demolished, discarded and scrapped                 | 0.1            |                |
|  |                | 2.6            |
| <b>Less:</b>   |                |                |
| i) Investmen Income included in above:                                       |                |                |
| Dividends  | 518.5          |                |
| Interest on Government Securities  | 580.6          |                |
| Interest on Debentures and Bonds   | 239.6          |                |
| Interest - others  | 1.7            |                |
| Income From Units of Mutual funds  | 15.0           |                |
| Profit / (Loss) on Sale of Investments, net                                  | 2,128.0        |                |
| Surplus / (Loss) on Redemption of Securities                                 | 26.1           |                |
| Provision for Diminution in value of Investments written back                | 44.8           |                |
| Amortisation of premium / discount on acquisition of fixed income securities | (3.4)          |                |
|  |                | 3,550.9        |
| (Increase) / Decrease in Current Assets                                      |                |                |
| Other Current Assets   | (210.8)        |                |
| Loans and Advances   | 580.9          |                |
| Increase / (Decrease) in Current Liabilities                                 |                |                |
| Liabilities  | 229.1          |                |
|  |                | 599.2          |
|  |                | 544.4          |
| Income Tax, Wealth Tax and Dividend Tax paid                                 |                | 748.1          |
| <b>CASH FROM OPERATIONS</b>  |                | <b>(203.7)</b> |
| Carried over   |                | (203.7)        |

## Cash Flow Statement (Contd.)

|   |   | 2007-2008        |                  |
|---|---|------------------|------------------|
|   |   | Rs. In Million   | Rs. In Million   |
|   | Brought over  |                  | (203.7)          |
| <b>II) INVESTMENT ACTIVITIES</b>                                |   |                  |                  |
| i)  | Sale of investments, net                                    | 2,688.6          |                  |
| ii)   | Capital Expenditure   | (1.0)            |                  |
| iii)  | Sales Proceeds of Assets                                    | 0.1              |                  |
| iv)   | Adjustment to Gross Block                                   | (0.3)            |                  |
| v)  | Investment and other Non-operating Income included in above |                  |                  |
|   | Dividends   | 518.5            |                  |
|   | Interest on Government Securities                           | 580.6            |                  |
|   | Interest on Debentures and Bonds                            | 239.6            |                  |
|   | Interest - others   | 1.7              |                  |
|   | Income From Units of Mutual funds                           | 15.0             |                  |
|   |   | <u>1,355.4</u>   |                  |
| <b>NET CASH FROM INVESTMENT ACTIVITIES</b>                      |   |                  | <u>4,042.8</u>   |
| <b>III) FINANCING ACTIVITIES</b>                                |   |                  |                  |
|   | Dividend Paid   | <u>(4,031.4)</u> |                  |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                       |   |                  | <u>(4,031.4)</u> |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>                |   |                  | (192.3)          |
| Cash and Cash Equivalents as at 01.04.2007<br>[Opening Balance] |   |                  | 266.0            |
| Cash and Cash Equivalents as at 31.03.2008<br>[Closing Balance] |   |                  | 73.7             |
|   |   |                  | —                |

### Note:

During the year, the company transferred net assets of Rs. 12,172.2 million and Rs. 11,830.3 million to manufacturing and strategic business undertaking respectively to give effect to scheme of demerger in a non-cash transaction. (See Detailed Note 1 Schedule 12).

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)

Mandar Velankar  
Company Secretary

Rahul Bajaj

Madhur Bajaj  
Rajiv Bajaj  
Sanjiv Bajaj  
D J Balaji Rao  
S H Khan  
Nanoo Pamnani  
Manish Kejriwal

Chairman

Directors

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

|   |                          |
|---|--------------------------|
| 1 Name of the Subsidiary  | Bajaj Auto Holdings Ltd. |
| 2 Financial year of the Subsidiary ended on   | 31st March,2008          |
| 3 Holding Company's interest : Equity Share Capital   | 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   | Profit Rs. 11.5 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 | Profit Rs. 377.4 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 relevent years  | Rs. 106.2 million        |

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)

Mandar Velankar  
Company Secretary

Rahul Bajaj Chairman

Madhur Bajaj  
Rajiv Bajaj  
Sanjiv Bajaj  
D J Balaji Rao  
S H Khan  
Nanoo Pamnani  
Manish Kejriwal } Directors

## Report of the Auditors on the Consolidated Financial Statements.

To the Board of Directors  
Bajaj Holdings & Investment Ltd.  
(Formerly Bajaj Auto Limited)

We have examined the attached Consolidated Balance Sheet of Bajaj Holdings & Investment Ltd. and its Subsidiary, Associates and Joint Venture as at 31st March 2008, and the Consolidated Profit and Loss account for the year then ended.

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

We have audited the financial statements of Bajaj Auto Holdings Limited, a subsidiary, whose financial statements for the year ended 31st March, 2008 reflect total assets of Rs. 391.4 million and total revenues of Rs. 14.75 million.

We have also audited the Financial Statements of Bajaj Auto Limited, an Associate company, which have been accounted in the Consolidated Financial Statements dealt with by this report, whose financial statements for the year ended 31st March, 2008 reflect total assets of Rs. 33,199 million and revenues of Rs. 91,640 million.

We have also audited the Financial Statements of Bajaj Finserv Limited, an Associate company, which have been accounted in the Consolidated Financial Statements dealt with by this report, whose financial statements for the year ended 31st March, 2008 reflect total assets of Rs. 151,019.3 million and revenues of Rs. 620.8 million

The financial statements of Maharashtra Scooters Limited for the year ended 31st March, 2008, a Joint

Venture Company, which reflect total assets of Rs. 2,039.35 million and revenues of Rs. 291.93 million, have been audited by an independent firm of Chartered Accountants. Our opinion, in so far as it relates to the amount included in respect of this joint venture is based on their report.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards issued by the Institute of Chartered Accountants of India viz. Accounting Standard (AS) 21, Consolidated Financial Statements, (AS) 23 Accounting For Investments in Associates in Consolidated Financial Statements and (AS) 27 Financial Reporting of Interest in Joint Ventures, the Accounting Standard Interpretations and amendments issued thereto, to the extent applicable for the year ended 31st March 2008 and on the basis of the separate audited statements of Bajaj Holdings & Investment Limited, its subsidiary, associates and joint venture included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Bajaj Holdings & Investment Ltd and its aforesaid subsidiary, associates and joint venture:

- a) The Consolidated Balance sheet read together with notes thereon, gives a true and fair view of the consolidated state of affairs of Bajaj Holdings & Investment Ltd and its subsidiary, associates and joint venture as at 31st March 2008; and
- b) The Consolidated Profit & Loss account read together with notes thereon, gives a true and fair view of the consolidated results of operations of Bajaj Holdings & Investment Ltd and its subsidiary, associates and joint venture for the year then ended.

For and on behalf of  
**Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner  
Membership No. 40451

Mumbai: 22 May 2008.

## Consolidated Balance Sheet as at 31 March, 2008

|   | Schedule | Rs. In Million | Rs. In Million  |
|---|----------|----------------|-----------------|
| <b>I. Sources of Funds</b>                      |          |                |                 |
| 1. Shareholders' Funds                          |          |                |                 |
| a) Share Capital                                | 1        | 1,011.8        |                 |
| b) Reserves & Surplus                           | 2        | 42,413.5       | 43,425.3        |
| 2. Loan Funds                                   |          |                |                 |
| a) Secured Loans                                | 3        | —              |                 |
| b) Unsecured Loans                              | 4        | —              | —               |
| <b>Total</b>                                    |          |                | <b>43,425.3</b> |
| <b>II. Application of Funds</b>                 |          |                |                 |
| 1. Fixed Assets                                 |          |                |                 |
| a) Gross Block                                  |          | 1,089.3        |                 |
| b) <b>Less:</b> Depreciation                    |          | 936.7          |                 |
| c) Net Block                                    | 5        | 152.6          |                 |
| d) Lease Adjustment Account-Plant and Machinery |          | 175.0          |                 |
|   |          | 327.6          |                 |
| e) Capital Work in progress,expenditure to date |          | —              | 327.6           |
| 2. Technical Know-how                           | 6        |                | —               |
| 3. Investments                                  | 7        |                | 44,353.0        |
| 4. Deferred Tax Assets (net)                    |          |                | 471.1           |
| 5. Current Assets, Loans and Advances           | 8        |                |                 |
| a) Inventories                                  |          | 1.1            |                 |
| b) Sundry Debtors                               |          | 0.4            |                 |
| c) Cash and Bank Balances                       |          | 76.0           |                 |
| d) Other Current Assets                         |          | 247.7          |                 |
| e) Loans and Advances                           |          | 24,218.2       |                 |
|   |          | 24,543.4       |                 |
| <b>Less:</b> Current Liabilities and Provisions | 9        |                |                 |
| a) Liabilities                                  |          | 612.0          |                 |
| b) Provisions                                   |          | 25,657.8       |                 |
|   |          | 26,269.8       |                 |
| Net Current Assets                              |          |                | (1,726.4)       |
| <b>Total</b>                                    |          |                | <b>43,425.3</b> |
| Notes forming part of the financial statements  | 13       |                |                 |

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)  
Mandar Velankar  
Company Secretary

|                 |             |
|-----------------|-------------|
| Rahul Bajaj     | Chairman    |
| Madhur Bajaj    | } Directors |
| Rajiv Bajaj     |             |
| Sanjiv Bajaj    |             |
| D J Balaji Rao  |             |
| S H Khan        |             |
| Nanoo Pamnani   |             |
| Manish Kejriwal |             |

## Consolidated Profit and Loss Account for the financial year ended 31 March, 2008

|  | Schedule | Rs. In Million | Rs. In Million |
|--|----------|----------------|----------------|
| <b>Income</b>  |          |                |                |
| Sales including excise duty (share of joint venture)                                     |          | 7.5            |                |
| <b>Less:</b> Excise Duty (share of joint venture)  |          | 1.0            |                |
| Net Sales  |          | 6.5            |                |
| From operations and Other Income   | 10       | 3,623.3        |                |
|  |          |                | 3,629.8        |
| <b>Expenditure</b>   |          |                |                |
| Material   | 11       | 2.1            |                |
| Other Expenses   | 12       | 95.1           |                |
| Depreciation   |          | 2.3            |                |
| Share of depreciation of joint venture   |          | 2.4            |                |
|  |          |                | 101.9          |
| Profit for the financial year before income from associates and taxation                 |          |                | 3,527.9        |
| Income from associates after tax   |          |                | 2,155.1        |
| Profit for the financial year before taxation  |          |                | 5,683.0        |
| <b>Taxation</b>  |          |                |                |
| Current Tax [ including <b>Rs. 0.6 million</b> for Wealth tax]                           |          | 352.9          |                |
| Deferred Tax   |          | 72.5           |                |
| Fringe Benefit Tax   |          | 0.2            |                |
|  |          |                | 425.6          |
| Profit for the year after tax  |          |                | 5,257.4        |
| Share of Debits / (Credits) relating to earlier years taxation of joint venture          |          |                | 0.5            |
| Profit for the financial year  |          |                | 5,256.9        |
| Transfer to General Reserve  |          |                | 2,887.0        |
| Transfer to Reserve fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934 |          |                | 2.3            |
| Proposed Dividend  |          |                | 2,023.7        |
| Corporate Dividend Tax thereon   |          |                | 343.9          |
| Balance Carried to Balance Sheet   |          |                | —              |
| Notes forming part of the Financial Statements   | 13       |                |                |
| <b>Basic and diluted Earnings Per Share (Rs.)</b>  |          |                | 52.0           |
| Nominal value per share (Rs.)  |          |                | 10.0           |
| <b>Net Profit (Rs. In Million)</b>   |          |                | 5,256.9        |
| Weighted average number of Shares (In Million)   |          |                | 101.2          |

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)  
Mandar Velankar  
Company Secretary

|                 |   |           |
|-----------------|---|-----------|
| Rahul Bajaj     |   | Chairman  |
| Madhur Bajaj    | } | Directors |
| Rajiv Bajaj     |   |           |
| Sanjiv Bajaj    |   |           |
| D J Balaji Rao  |   |           |
| S H Khan        |   |           |
| Nanoo Pamnani   |   |           |
| Manish Kejriwal |   |           |



Schedules No 1-13 annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March 2008

### Schedule 1 - Share Capital

|   | As at<br>31st March, 2008 |
|---|---------------------------|
|   | Rs. In Million            |
| <b>Authorised</b>                         |                           |
| 150,000,000 Shares of Rs.10 each          | 1,500.0                   |
| <b>Issued,Subscribed and Paid up</b>      |                           |
| *101,183,510 Equity Shares of Rs. 10 each | 1,011.8                   |
| <b>Total</b>                              | <b>1,011.8</b>            |

#### Notes

\* Includes prior to buy back of 18,207,304 Equity Shares of Rs. 10 each :

1. **114,174,388** Equity Shares allotted as fully paid Bonus Shares by way of Capitalisation of Share Premium Account and Reserves
2. **4,342,676** Equity Shares issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares excluding 2,171,388 Equity Shares allotted as Bonus Shares thereon. Outstanding GDR's were 1,805,071.

### Schedule 2 - Reserves and Surplus

|  | Rs. In Million | As at<br>31st March, 2008<br>Rs. In Million |
|--|----------------|---|
| <b>Capital redemption reserve</b>  |                |   |
| As per last account  | 182.1          |   |
| <b>Less:</b> Transferred and vested with demerged undertakings consequent to scheme of arrangement | 182.1          |   |
|  |                | —   |
| <b>Reserve Fund</b> in terms of Section 45-1C of Reserve Bank of India Act, 1934                   |                |   |
| As per last account  | 43.5           |   |
| Set Aside this Year  | 2.3            |   |
|  |                | 45.8  |
| <b>General Reserve</b>   |                |   |
| As per last Account  | 54,820.4       |   |
| <b>Add:</b> Adjustment on account of change in net assets of associates                            | 9,213.9        |   |
| <b>Less:</b>   |                |   |
| Transferred and vested with demerged undertakings consequent to scheme of arrangement              | 23,820.4       |   |
| Diminution in the value of Fixed Income securities, Net of deferred tax                            | 758.2          |   |
|  | 39,455.7       |   |
| Set aside this year  | 2,858.7        |   |
| Share of profit / (loss) of joint venture for the year   | 28.3           |   |
|  | 2,887.0        |   |
|  |                | 42,342.7                                    |
| Capital reserve arising on consolidation of joint venture  |                | 25.0  |
| <b>Total</b>   |                | <b>42,413.5</b>                             |

### Schedule 3 - Secured Loans

|   | As at<br>31st March, 2008 |                |
|---|---------------------------|----------------|
|   | Rs. In Million            | Rs. In Million |
| From Banks, against hypothecation of Stores,<br>Raw Materials Finished Goods, Stock in Process and<br>Book Debts Cash Credit. As per last account   | 224.6                     |                |
| <b>Less:</b><br>Transferred and vested with Bajaj Finserv Ltd. and<br>Bajaj Auto Ltd. to the extent they relate to the<br>undertakings demerged to the respective companies,<br>under the scheme of arrangement | <u>224.6</u>              | <u>—</u>       |
|   |                           | —              |

### Schedule 4 - Unsecured Loans

|  | As at<br>31st March, 2008 |                |
|--|---------------------------|----------------|
|  | Rs. In Million            | Rs. In Million |
| Sales tax deferral Liability / Loan, an incentive under Package<br>Scheme of Incentives 1983,1988,1993 and 1998 - Interest free,<br>as per last account  | 16,028.4                  |                |
| <b>Less:</b><br>Transferred and vested with Bajaj Finserv Ltd. and<br>Bajaj Auto Ltd., to the extent they relate to the<br>undertakings demerged to the respective companies, under<br>the scheme of arrangement | <u>16,028.4</u>           | <u>—</u>       |
| Fixed Deposits, As per Last account  | 1.3                       |                |
| <b>Less:</b><br>Transferred and vested with Bajaj Finserv Ltd. and<br>Bajaj Auto Ltd., to the extent they relate to the<br>undertakings demerged to the respective companies,<br>under the scheme of arrangement | <u>1.3</u>                | <u>—</u>       |
| <b>Total</b>   |                           | <u>—</u>       |

## Schedule 5 - Fixed Assets

| Particulars                               | Gross Block (a)        |   |                      |                |                            | Depreciation           |                        |   |                      |                            | Net Block        |                       |                        |
|---|------------------------|---|----------------------|----------------|----------------------------|------------------------|------------------------|---|----------------------|----------------------------|------------------|-----------------------|------------------------|
|   | As at 31st March, 2007 | Transferred & Vested with resulting companies on demerger | As at 1st April 2007 | Additions      | Deductions and Adjustments | As at 31st March, 2008 | As at 31st March, 2007 | Transferred & Vested with resulting companies on demerger | As at 1st April 2007 | Deductions and Adjustments | For the Year (c) | Upto 31st March, 2008 | As at 31st March, 2008 |
|   | Rs. In Million         | Rs. In Million  | Rs. In Million       | Rs. In Million | Rs. In Million             | Rs. In Million         | Rs. In Million         | Rs. In Million  | Rs. In Million       | Rs. In Million             | Rs. In Million   | Rs. In Million        | Rs. In Million         |
| Land Freehold                             | 178.5                  | 177.9   | 0.6                  | —              | —                          | 0.6                    | —                      | —   | —                    | —                          | —                | —                     | 0.6                    |
| Land Leasehold                            | 578.1                  | 564.3   | 13.8                 | —              | 0.2                        | 13.6                   | —                      | —   | —                    | —                          | —                | —                     | 13.6                   |
| Buildings (b)                             | 3,668.3                | 3,520.9   | 147.4                | —              | —                          | 147.4                  | 900.5                  | 873.0   | 27.5                 | 2.6                        | 30.1             | —                     | 117.3                  |
| Waterpumps, Reservoirs and Mains          | 71.0                   | 71.0  | —                    | —              | —                          | —                      | 35.4                   | 35.4  | —                    | —                          | —                | —                     | —                      |
| Plant & Machinery                         | 16,827.8               | 16,777.2  | 50.6                 | 0.9            | 1.4                        | 50.1                   | 11,744.8               | 11,715.3  | 29.5                 | 1.1                        | 30.4             | —                     | 19.7                   |
| Dies & Jigs                               | 3,457.2                | 3,457.2   | —                    | —              | —                          | —                      | 2,409.2                | 2,409.2   | —                    | —                          | —                | —                     | —                      |
| Electric Installations                    | 611.6                  | 611.6   | —                    | —              | —                          | —                      | 266.1                  | 266.1   | —                    | —                          | —                | —                     | —                      |
| Factory Equipments                        | 1,638.5                | 1,638.5   | —                    | —              | —                          | —                      | 766.0                  | 766.0   | —                    | —                          | —                | —                     | —                      |
| Furniture, Fixtures, Office equipment etc | 358.2                  | 357.2   | 1.0                  | —              | 0.1                        | 0.9                    | 175.5                  | 174.7   | 0.8                  | —                          | 0.8              | —                     | 0.1                    |
| Electric Fittings                         | 125.5                  | 125.5   | —                    | —              | —                          | —                      | 72.5                   | 72.5  | —                    | —                          | —                | —                     | —                      |
| Vehicles & Aircraft                       | 511.4                  | 510.6   | 0.8                  | 1.0            | 0.1                        | 1.7                    | 135.7                  | 135.3   | 0.4                  | 0.1                        | 0.4              | —                     | 1.3                    |
| Wind Energy Generators                    | 2,838.1                | 2,838.1   | —                    | —              | —                          | —                      | 1,809.6                | 1,809.6   | —                    | —                          | —                | —                     | —                      |
| Leased Assets :-                          |                        |   |                      |                |                            |                        |                        |   |                      |                            |                  |                       |                        |
| Plant & Machinery                         | 875.0                  | —   | 875.0                | —              | —                          | 875.0                  | 875.0                  | —   | 875.0                | —                          | —                | —                     | —                      |
| Dies & Moulds                             | 72.5                   | 72.5  | —                    | —              | —                          | —                      | 72.5                   | 72.5  | —                    | —                          | —                | —                     | —                      |
| <b>Total</b>                              | <b>31,811.7</b>        | <b>30,722.5</b>   | <b>1,089.2</b>       | <b>1.9</b>     | <b>1.8</b>                 | <b>1,089.3</b>         | <b>19,262.8</b>        | <b>18,329.6</b>   | <b>933.2</b>         | <b>1.2</b>                 | <b>4.7</b>       | <b>936.7</b>          | <b>152.6</b>           |
| Share of fixed assets of joint ventures   | 66.2                   | —   | 66.2                 | 0.9            | 1.6                        | 65.5                   | 37.9                   | —   | 37.9                 | 1.1                        | 2.4              | 39.2                  | 26.3                   |

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

(b) i. Includes Premises on ownership basis in Co-operative Society Rs. 78.6 million and cost of shares therein Rs. 2,000/-

ii. Includes Premises on ownership basis Rs. 53.8 million represented by 66 equity shares and 182 debentures of the face value of Rs. 660 and Rs. 18,900,000/- respectively.

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

## Schedule 6 - Technical Know- How

|   | As at<br>31st March, 2008 |
|---|---------------------------|
|   | Rs. In Million            |
| (i) Acquired  |                           |
| As per last account   | 2.2                       |
| <b>Less:</b>  |                           |
| Transferred and vested with Bajaj Auto Ltd. under<br>the scheme of arrangement                              | 2.2                       |
|   | —                         |
| (ii) Developed by the company   |                           |
| As per last account   | 3.3                       |
| <b>Less:</b>  |                           |
| Transferred and vested with Bajaj Auto Ltd. under<br>the scheme of arrangement                              | 3.3                       |
|   | —                         |
| Development in Progress<br>(Transferred and vested with Bajaj Auto Ltd. under<br>the scheme of arrangement) | —                         |
|   | —                         |
| <b>Total</b>  | —                         |

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

|  | As at<br>31st March, 2008 |                |
|--|---------------------------|----------------|
|  | Rs. In Million            | Rs. In Million |
| In Government and Trust Securities                               |                           | 8,747.1        |
| In fully Paid Preference Shares                                  |                           | 424.9          |
| In Equity Shares   |                           |                |
| Long Term: Associate Company                                     | 12,021.6                  |                |
| Others   | 21,350.6                  |                |
| Share of joint venture   | 251.1                     |                |
|  |                           | 33,623.3       |
| <br>   |                           |                |
| In Debentures, Bonds and Secured Premium Notes                   | 822.1                     |                |
| Share of joint venture   | 208.7                     |                |
|  |                           | 1,030.8        |
| <br>   |                           |                |
| In Bonds   |                           | 981.2          |
| In Mutual Fund Units   | 657.1                     |                |
| Share of joint venture   | 18.9                      |                |
|  |                           | 676.0          |
| <br>   |                           |                |
| In Certificate of Deposits                                       |                           | 197.7          |
|  | <b>Total</b>              | 45,681.0       |
| <br>   |                           |                |
| <b>Less:</b> Provision for diminution in value of Investments    |                           | 1,385.7        |
|  |                           | 44,295.3       |
| <br>   |                           |                |
| <b>Add:</b> Application Money for investment in Shares and Bonds |                           | 57.7           |
|  |                           | 44,353.0       |

## Schedule 8 - Current Assets, Loans and Advances

|   | As at<br>31st March, 2008 |                |
|---|---------------------------|----------------|
|   | Rs. In Million            | Rs. In Million |
| <b>(a) Inventories</b>  |                           |                |
| Stores, at cost (share of joint venture)  | 0.1                       |                |
| Tools, at cost  | —                         |                |
| Stock-in-trade, at cost or market value whichever is lower :                                  |                           |                |
| Raw Materials and Components (share of joint venture)   | 0.2                       |                |
| Work-in-progress (including factory made components <b>Rs. Nil</b> ) (share of joint venture) | 0.8                       |                |
| Finished Goods:   |                           |                |
| Vehicles  | —                         |                |
| Auto Spare parts, etc.  | —                         |                |
| As valued and certified by Management   | 1.1                       |                |
| Goods in transit, at cost to date   | —                         |                |
| As valued and certified by Management   |                           | 1.1            |
| <b>(b) Sundry Debtors, Unsecured</b>  |                           |                |
| Outstanding for a period exceeding six months   | —                         |                |
| Others, Good (share of joint venture)   | 0.4                       |                |
|   |                           | 0.4            |
| <b>(c) Cash and Bank Balances</b>   |                           |                |
| Cash on hand (including cheques on hand <b>Rs. Nil</b> )                                      | —                         |                |
| Bank Balances :   |                           |                |
| With Scheduled Banks:   |                           |                |
| In current account  | 74.1                      |                |
| Share of current accounts of joint venture  | 1.9                       |                |
|   | 76.0                      |                |
|   | —                         |                |
| With Other Banks :  |                           |                |
|   |                           | 76.0           |
| Carried over  |                           | 77.5           |

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

|   | As at<br>31st March, 2008 |                |                 |
|---|---------------------------|----------------|-----------------|
|   | Rs. In Million            | Rs. In Million | Rs. In Million  |
| Brought Over  |                           |                | 77.5            |
| <b>(d) Other Current Assets, good</b><br>(Unless otherwise stated)  |                           |                |                 |
| Dividend and Interest receivable on Investments   | 97.6                      |                |                 |
| Doubtful  | 51.1                      |                |                 |
| <b>Less: Provision</b>  | 51.1                      |                |                 |
|   | —                         |                |                 |
|   |                           | 97.6           |                 |
| Interest receivable on Loans etc:   | 0.1                       |                |                 |
| Doubtful  | 80.7                      |                |                 |
| <b>Less: Provision</b>  | 80.7                      |                |                 |
|   | —                         |                |                 |
|   |                           | 0.1            |                 |
| Redemption money receivable on Investments  |                           | 150.0          |                 |
|   |                           |                | 247.7           |
| <b>(e) Loans and Advances, unsecured, good</b><br>(Unless otherwise stated)   |                           |                |                 |
| Amount receivable on sale of investments  |                           | 25.6           |                 |
| Deposits with Joint Stock Companies:<br>(Including <b>Rs. 16.1</b> million secured against pledge<br>of Securities) |                           |                |                 |
| Good  | 66.5                      |                |                 |
| Doubtful  | 155.5                     |                |                 |
| <b>Less: Provision</b>  | 155.5                     |                |                 |
|   | —                         |                |                 |
|   |                           | 66.5           |                 |
| Advances Recoverable in Cash or in kind or for value<br>to be received:   |                           |                |                 |
| Due from Subsidiaries   | —                         |                |                 |
| @ Others, Good  | 234.5                     |                |                 |
| Share of advances recoverable of joint venture  | 13.2                      |                |                 |
| Doubtful  | —                         |                |                 |
| <b>Less: Provision</b>  | —                         |                |                 |
|   | —                         |                |                 |
|   |                           | 247.7          |                 |
| Share of Balances with Customs and<br>Central Excise Departments of joint venture                                   |                           | 0.2            |                 |
| Sundry Deposits   |                           | 2.6            |                 |
| Deposit with IDBI under Investment Deposit scheme, 1986   |                           | 1.1            |                 |
| Tax paid in Advance   |                           | 23,869.1       |                 |
| Share of Tax paid in Advance of joint venture   |                           | 5.4            |                 |
|   |                           |                | 24,218.2        |
| <b>Total</b>  |                           |                | <b>24,543.4</b> |

@ Includes amount due from an Officer of the Company **Rs. Nil**  
Maximum balance outstanding during the year **Rs. Nil**

## Schedule 9 - Current Liabilities and Provisions

|  | As at<br>31st March, 2008 |                |
|--|---------------------------|----------------|
|  | Rs. In Million            | Rs. In Million |
| <b>(a) Liabilities</b>   |                           |                |
| Sundry Creditors:  |                           |                |
| Other than dues to Micro and Small scale enterprises                                   |                           | 318.0          |
| Share of other creditors of joint venture  |                           | 7.6            |
| Share of Advances against Orders of joint venture                                      |                           | 27.4           |
| Deposit from Dealers and others  |                           | 183.7          |
| Share of Deposit from Dealers and others of joint venture                              |                           | 0.7            |
| Unclaimed Dividends  |                           | 73.7           |
| Share of Unclaimed Dividends of joint venture  |                           | 0.9            |
| Unclaimed amount of Sale proceeds of Fractional coupons<br>of Bonus Shares (Rs. 5,595) |                           | —              |
|  |                           | 612.0          |
| <b>(b) Provisions</b>  |                           |                |
| Provision for Employee Benefits  | 2.4                       |                |
| Provision for Taxation   | 23,286.7                  |                |
| Share of Provision for Taxation of joint venture                                       | 1.1                       |                |
| Proposed Dividend  | 2,023.7                   |                |
| Provision for Corporate Dividend Tax on<br>Proposed Dividend                           | 343.9                     |                |
|  |                           | 25,657.8       |
| <b>Total</b>   |                           | 26,269.8       |



## Schedule 10 - Income from Operations & Other Income

|  | Rs. In Million | Rs. In Million |
|--|----------------|----------------|
| <b>Income from Operations:</b>   |                |                |
| Dividends  |                |                |
| From Trade Investments   | —              |                |
| Other  | 553.1          | 553.1          |
| Interest   |                |                |
| On Government Securities   | 603.1          |                |
| On Debentures and Bonds  | 239.7          |                |
| On Loans   | —              |                |
| Other  | 1.7            |                |
|  | 844.5          |                |
| <b>Less:</b> Amortisation of premium / discount on acquisition<br>of fixed income securities | 3.1            | 841.4          |
| Income From Units of Mutual Funds  |                | 15.0           |
| Leasing Business   |                |                |
| Lease Rent (Rs. 1,000)   |                | —              |
| Profit on Sale of Investments,net  |                | 2,128.0        |
| Share of Profit on Sale of Investments,net of joint venture                                  |                | 6.0            |
| Surplus on redemption of Securities  |                | 26.1           |
| Provision for Diminution in value of Investments written back, net                           |                | 46.4           |
| <b>Other Income:</b>   |                |                |
| Rent   |                | 2.4            |
| Share of surplus on sale of assets of joint venture  |                | 0.6            |
| Share of provision no longer required of joint venture                                       |                | 0.3            |
| Miscellaneous receipts   |                | 4.0            |
| <b>Total</b>   |                | <b>3,623.3</b> |

**Schedule 11 - Materials (Share of joint venture)**

|   | Rs. In Million | Rs. In Million |
|---|----------------|----------------|
| <b>(a) Raw materials and components consumed</b>                                      |                | 1.3            |
| <b>(b) Finished Goods purchases</b>   |                |                |
| Two Wheelers  | —              |                |
| Auto Spare-Parts  | —              |                |
| Engineering Products, for export  | —              |                |
|   |                | —              |
| <b>(c) Excise duty on increase / (decrease) in stocks of finished goods, at Plant</b> |                | —              |
| <b>(d) (Increase) / Decrease in Stocks</b>  |                |                |
| Stocks at close   |                |                |
| Work in progress(including factory made components                                    |                |                |
| <b>Rs. Nil</b> - Opening Rs. Nil )  | 0.8            |                |
| Finished Goods  | —              |                |
| Auto Spare Parts  | —              |                |
|   | 0.8            |                |
| <b>Less: Stocks at commencement</b>   |                |                |
| Work in progress(including factory made components                                    |                |                |
| <b>Rs. Nil</b> )  | 1.6            |                |
| Finished Goods  | —              |                |
| Auto Spare Parts  | —              |                |
|   | 1.6            |                |
|   |                | 0.8            |
| <b>Total</b>  |                | <b>2.1</b>     |

## Schedule 12 - Other Expenses

|   | Rs. In Million | Rs. In Million |
|---|----------------|----------------|
| Share of stores & tools consumed of joint venture                               |                | 0.4            |
| Share of Power, fuel and water of joint venture                                 |                | 0.8            |
| Repairs & Maintenance   |                |                |
| Buildings and Roads   | 0.6            |                |
| Share of Buildings repairs of joint venture                                     | 0.5            |                |
| Share of Machinery repairs of joint venture                                     | 0.6            |                |
| Share of Other repairs of joint venture   | 0.3            |                |
|   |                | 2.0            |
| Employees' Emoluments   |                |                |
| Salaries,wages,bonus etc.   | 6.7            |                |
| Share of Salaries,wages,bonus etc. of joint venture                             | 24.8           |                |
| Contribution to Provident and other funds and schemes                           | 1.2            |                |
| Share of Contribution to Provident and other funds and schemes of joint venture | 6.5            |                |
| Welfare expenses  | 0.1            |                |
| Share of Welfare expenses of joint venture                                      | 1.5            |                |
|   |                | 40.8           |
| Rent  |                | 0.1            |
| Rates and taxes   |                | 0.3            |
| Share of Rates and taxes of joint venture                                       |                | 0.1            |
| Insurance   |                | —              |
| Share of Insurance of joint venture   |                | 0.1            |
| Auditors' Remuneration  |                |                |
| Audit Fees  | 0.3            |                |
| Share of Audit Fees of joint venture  | 0.1            |                |
| Audit Fees in connection with the demerger                                      | 0.7            |                |
| Limited Review  | 0.3            |                |
|   |                | 1.4            |
| Directors' fees and travelling expenses   |                | 1.9            |
| Miscellaneous expenses  |                | 45.3           |
| Share of Miscellaneous expenses of joint venture                                |                | 1.0            |
| Loss on assets sold,demolished,discarded and scrapped                           |                | 0.1            |
| Loss on sale of investments, net  |                | 0.6            |
| Amount written off against leasehold land                                       |                | 0.2            |
| <b>Total</b>  |                | <b>95.1</b>    |

## Schedule 13-Notes forming part of the Consolidated Accounts

- 1 The Consolidated Financial Statements include results of all the Subsidiaries, Associates and Joint Ventures of Bajaj Holdings & Investment Ltd.

| Name of the Company          | Country of incorporation | % Shareholding of Bajaj Holdings & Investment Ltd. | Consolidated as |
|------------------------------|--------------------------|--|-----------------|
| Bajaj Auto Limited           | India                    | 30.07%   | Associate       |
| Bajaj Finserv Limited        | India                    | 30.07%   | Associate       |
| Bajaj Auto Holdings Limited  | India                    | 100%   | Subsidiary      |
| Maharashtra Scooters Limited | India                    | 24%  | Joint venture   |

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 no 2 of schedule 12). 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. Notes pertaining to Subsidiaries, joint ventures and associates, to the extent required to fairly present the needed disclosures. The figures disclosed in this note are at full value and not the proportionate share of the parent company.

A) Maharashtra Scooters Limited

In view of the uncertainty in utilising the carried forward business loss as per Income Tax Act 1961, as a prudent measure, the Company has not recognised net deferred tax asset arising on this account.

5. Consolidated Contingent Liability

|   | As at 31st March, 2008<br>(Rs. In Million) |
|---|--|
| (i) Sales Bills Discounted  | —  |
| (ii) Claims against the Company not acknowledged as debts (being share of Joint Ventures and Associates)                  | 1,523.3                                    |
| (iii) Guarantees given by the Company to HDFC - for loans to Employees (being share of Associates)                        | 3.0  |
| (iv) Taxes, duties and other sums due (Including <b>Rs. 1,362.4 million</b> being share of Joint Ventures and associates) | 4,284.0                                    |
| (v) Claims made by temporary workmen (of associate)   | Liability unascertained                    |
| (vi) Claims, under policies, not acknowledged as debts (being share of associate)   | 21.3                                       |
| (vii) Uncalled liability on Partly Paid Investments   | 17.5                                       |

## Schedule 13-Notes forming part of the Accounts (Contd.)

6.

| Particular  | As at 31st March, 2008<br>(Rs. In Million) |
|---|--|
| Capital Commitments to the extent not provided for, net of advances (being share of associates) | 803.4                                      |

7. Deferred Taxes

| Particular  | As at 31st March, 2008<br>(Rs. In Million) |
|-------------|--|
| Liabilities | 76.4                                       |
| Assets      | 547.5                                      |
| Net         | (471.1)                                    |

8. This being the first financial year for the company post demerger, the consolidated financials of demerged Bajaj Holdings & Investment Ltd. have been prepared for the first time. Hence no statement of consolidated cash flows has been drawn up under the indirect method adopted by the company.
9. Consolidated related party transactions are same as related party transactions of stand alone Bajaj Holdings & Investment Limited.
10. 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.
11. Consequent to the demerger discussed in Note No. 1 Schedule 12 of stand alone financials of parent, previous years comparatives in the profit and loss account and balance sheet serve no meaningful purpose and hence have not been disclosed.

As per our attached report of even date

For and on behalf of Dalal and Shah  
Chartered Accountants

Anish Amin  
Partner  
Membership No. 40451  
Mumbai: 22 May 2008

V S Raghavan  
CEO (Operations)

Mandar Velankar  
Company Secretary

Rahul Bajaj

Madhur Bajaj  
Rajiv Bajaj  
Sanjiv Bajaj  
D J Balaji Rao  
S H Khan  
Nanoo Pamnani  
Manish Kejriwal

Chairman

Directors

## Financial information of Subsidiaries for the year ended March 31, 2008

| (Rs. In Million)           |                          |
|----------------------------|--------------------------|
| Particulars                | Bajaj Auto Holdings Ltd. |
| (a) Paid -Up Share Capital | 2.5                      |
| (b) Share Premium          | —                        |
| Other reserves             | 388.9                    |
| (c) Total Assets           | 391.4                    |
| (d) Total Liabilities      | 391.4                    |
| (e) Investments*           | 322.8                    |
| (f) Turnover               | 14.7                     |
| (g) Profit Before Taxation | 13.8                     |
| (h) Provision for Taxation | 2.3                      |
| (i) Profit After Taxation  | 11.5                     |
| (j) Proposed Dividend      | —                        |

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









**BAJAJ**

**Bajaj Holdings &  
Investment Limited**

Bajaj Holdings & Investment Limited

Akurdi Pune 411 035 India

[www.bhil.in](http://www.bhil.in)