

# BAJAJ

Bajaj Holdings &  
Investment Limited

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Sixty Fourth Annual Report  
2008-09

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## Board of Directors

**Rahul Bajaj**

Chairman

**Madhur Bajaj**

**D J Balaji Rao**

**S H Khan**

**Rajiv Bajaj**

**Nanoo Pamnani**

**Manish Kejriwal**

**Sanjiv Bajaj**

**Naresh Chandra**

(w.e.f. 23.10.2008)

**P Murari**

(w.e.f. 23.10.2008)

## 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



V S Raghavan - CEO (Operations)

# Directors' Report

## Introduction

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

## Operations

The operations and figures of the company are elaborated in the annexed Management Discussion and Analysis report. The highlights are as under:-

## Financial results (stand-alone)

	2008-09 Rs. In Million	2007-08 Rs. In Million
Operative income	2,364	3,553
<b>Gross profit before Interest &amp; depreciation &amp; extraordinary item</b>	<b>2,241</b>	<b>3,495</b>
Interest	3	—
Depreciation	2	2
<b>Profit before taxation &amp; extraordinary item</b>	<b>2,236</b>	<b>3,493</b>
Extraordinary item - One time stamp duty on demerger	250	—
<b>Profit before taxation</b>	<b>1,986</b>	<b>3,493</b>
Provision for taxation	238	423
<b>Profit after tax</b>	<b>1,748</b>	<b>3,070</b>
Tax credits pertaining to earlier years	212	—
Profit available for appropriation	1,960	3,070
Transfer to Reserve Fund u/s 45 IC (1) of the Reserve Bank of India Act, 1934	392	—
Proposed dividend (inclusive of dividend tax)	1,184	2,368
<b>Earnings per share (Rs.)</b>		
<b>before extraordinary item</b>	<b>21.8</b>	<b>30.3</b>
<b>after extraordinary item</b>	<b>19.4</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.10 per share (100 per cent) for the year ended 31 March 2009.

The amount of dividend and the tax thereon aggregates to Rs.1,184 million.

Dividend paid for the year ended 31 March 2008 was Rs.20 per share (200 per cent). The amount of dividend and the tax thereon aggregated to Rs.2,368 million.

As regards Maharashtra Scooters Ltd. (MSL), a company jointly promoted by the company (erstwhile BAL) and Western Maharashtra Development Corporation Ltd. (WMDC), WMDC had offered to sell its 27 per cent shareholding in MSL and the company 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.

## Registration as an NBFC

The company has made an application to Reserve Bank of India for registration as an NBFC and the application is currently under process. The company does not hold nor does it accept deposits from the public.

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 the company, has been challenged by WMDC in the Bombay High Court.

## Subsidiary / Joint venture / Associates

Following are the companies, which are the subsidiary / joint venture / associate companies of the company:

Name of the Company	% Shareholding of Bajaj Holdings & Investment Limited as on 31 March 2009	Status
Bajaj Auto Limited	30.69%	Associate
Bajaj Finserv Limited	34.77%	Associate
Bajaj Auto Holdings Limited	100%	Subsidiary
Maharashtra Scooters Limited	24%	Joint Venture



## Directors

The board of directors appointed Naresh Chandra and P. Murari as additional directors with effect from 23 October 2008. They hold office till the date of ensuing annual general meeting and are to be appointed as directors in that meeting.

S H Khan and D J Balaji Rao retire from the board by rotation this year and being eligible, offer themselves for re-appointment.

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.

## Directors' responsibility statement

- that the annual accounts have been prepared on a going concern basis.

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the

## Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiary, associates and joint venture and as prepared in compliance with the accounting standards and listing agreement as prescribed by SEBI.

Information in aggregate for the subsidiary company is disclosed separately in the consolidated balance sheet.

## Statutory disclosures

The company has received an exemption with regard to attaching of the balance sheet, profit and loss account and other documents of its subsidiary company, Bajaj Auto Holdings Limited. 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.

The company has received an exemption with regard to disclosure of investments in the investment schedule in the accounts under section 211(4) of the Companies Act, 1956. 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.

The company has no particulars to report regarding technology absorption, conservation of energy and foreign exchange earning and outgo as 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.

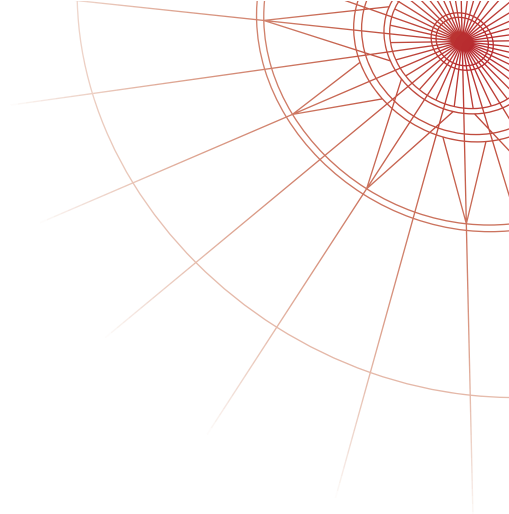
Directors' Responsibility Statement as required by section 217(2AA) of the Companies Act, 1956 appears in a preceding paragraph.

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

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

## Corporate governance

Pursuant to Clause 49 of the listing agreement with stock exchanges, a separate section titled



‘Corporate Governance’ has been included in this annual report, along with the reports on Management Discussion and Analysis and Additional Shareholder Information.

All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2008-09.

A declaration to this effect signed by the Chief Executive Officer (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.

## Secretarial standards of ICSI

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

## Auditors’ report

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

## Auditors

The members are requested to appoint 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.

On behalf of the board of directors

**Rahul Bajaj**

Chairman

21 May 2009



## Annexure 1

### Certificate by the Auditors on Corporate Governance

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To the members of

**Bajaj Holdings & Investment Limited**

(Formerly Bajaj Auto Limited)

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

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

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

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

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

For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Membership No. 40451

Partner

Mumbai: 21 May 2009



## Annexure 2

### Declaration by Chief Executive Officer (CEO)

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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 2009 compliance with the code of conduct of the company laid down for them.

**V S Raghavan**  
CEO (Operations)

Mumbai: 21 May 2009

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

**V S Raghavan**  
CEO (Operations)

**Kevin D'sa**  
Chief Financial Officer

Mumbai: 21 May 2009