

 **bajaj hindusthan ltd.**

Reports and Accounts of
Subsidiary Companies 2009-10

Let's nurture.



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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1.	Name of the Subsidiary	Bajaj Aviation Pvt. Ltd. *	Bajaj Eco-Tec Products Ltd.	Bajaj Internacional Participações Ltda. Brazil**	Bajaj Hindusthan (Singapore) Pvt. Ltd., Singapore	Bajaj Energy Pvt. Ltd. (Formerly Bajaj Eco-Chem Products Pvt. Ltd.)
2.	The Financial year of the Subsidiary Company ends on	September 30, 2010	March 31, 2010	April 30, 2010	March 31, 2010	March 31, 2010
3.	Holding Company's interest :					
	i) No. of Equity Shares	5,000,000 of Rs. 10/- each	11,500,000 of Rs. 10/- each	2,161,462 Quotas of BRL 1/- each	1,000 Quotas of S\$ 1/- each	8,10,000 of Rs.10/- each
	ii) Percentage of Holding	100%	100%	100%	100%	100%
4.	The Net Aggregate of Profits (Losses) of the Subsidiary Company for its Financial Year so far as they concern members of Bajaj Hindusthan Limited. Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2010 (Amount in Rs. Crore) Not Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2010 (Amount in Rs. Crore)	Nil 0.67	Nil (50.57)	Nil 0.21	Nil (0.03)	Nil (Rs.24,243/-)
5.	The Net Aggregate of Profits (Losses) of the Subsidiary Company up to Previous Financial Year so far as they concern members of Bajaj Hindusthan Limited. Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2010 (Amount in Rs. Crore) Not Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2010 (Amount in Rs. Crore)	Nil 0.74	Nil (73.95)	Nil 0.27	Nil (0.09)	Nil N.A.

1. *It is a 100% subsidiary of wholly owned subsidiary namely Bajaj Eco-Tec Products Ltd.

2. Changes in Holding Company's Interest between the end of the financial year of the subsidiaries and the end of the holding company's financial year- In case of Bajaj Energy Pvt. Ltd. decreased to 51%.

3. Material changes between the end of the financial year of the subsidiaries and the end of the holding company's financial year in respect of:

- i) Fixed assets - In case of Bajaj Energy Pvt. Ltd. increased by Rs. 864.89 crores
- ii) Money Borrowed - In case of Bajaj Energy Pvt. Ltd. increased by Rs. 519.90 crores

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) & Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla } Directors

Bajaj Eco-Tec Products Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Fifth Annual Report of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2010.

FINANCIAL RESULTS

(Rs. in Million)

Particulars	Current Year 2009-10	Previous Year 2008-09
Total Turnover	1305.22	582.49
Other Income	241.04	12.34
Operating Profit / (Loss) (Before Interest, Depreciation, Extraordinary items and Tax)	(3.91)	(239.88)
Finance Cost	183.42	193.26
Depreciation	318.36	304.99
Profit/(Loss) before tax	(505.69)	(738.13)
Provision for taxation (including Fringe Benefit Tax)	0.01	1.38
Profit/(Loss) after tax	(505.70)	(739.51)
Balance Brought Forward	(739.51)	-
Balance carried to Balance Sheet	(1245.21)	(739.51)

OPERATING RESULTS

The turnover of the Company during the financial year 2009-10, recorded a growth of almost 120% over that of the previous year. However the losses (excluding other income) were almost at the same level as previous year. Other income includes Rs. 230.95 million earned on cancellation of hedging contracts.

BUSINESS

During the financial year 2009-10, your Company has been able to overcome quality related issues, especially in MDF and now all its products have been registered/approved by BIS, DGS & D, CPWD, IGBC and various other government and semi-government agencies. Your Company's products are now widely used by large furniture manufacturers, architects, interior designers and carpenters/contractors. Your Company has also been able to establish a strong country-wide network of distributors and dealers and today your Company's products are available at more than 3,000 outlets across the length and breadth of the country, making it "the largest Manufacturer Seller of Particle Boards & MDF in India".

Operating Margins of the Company during the financial year 2009-10 remained under tremendous stress, due to unprecedented rise in the price of its major raw material – sugarcane bagasse, coupled with substantial increase in the costs of chemicals and other inputs. On the other hand, your Company was not able to increase the prices of its finished products, due to stiff competition from cheaper imports, consequent upon global meltdown.

With the improvement in the overall sentiment over last few months, the demand and consequently prices of the Company's products have already started moving upwards. The order book of your Company is also quite healthy. Besides, your Company has also been successful in sourcing chemicals and other inputs at relatively much lower prices, which will significantly reduce the overall production costs. Both these together, will have a positive impact on the profitability and operations during coming years.

DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2010 (Previous Year: Nil) in view of carried forward loss of the Company.

SHARE CAPITAL

The Company has further issued 6,00,00,000 7% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each at face value aggregating to Rs. 600 million to Bajaj Hindusthan Limited, the holding company. With this, the issued and paid-up capital of the Company stands increased from Rs. 215 million as on 31.03.2009 to Rs. 815 million as on 31.03.2010.

DIRECTORS

During the year under review, Mr. Himanshu Shah and Mr. Purshottam L. Dadheech, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

All the appointment of Directors of the Company is in compliance with the provisions of Section 274(1)(g) of the Companies Act, 1956.

AUDIT COMMITTEE

The Audit Committee of the Company was constituted on October 3, 2006. In terms of Section 292A (4) of the Companies Act, 1956, we report that the members of audit committee as on the date of this report are as under:

- (i) Mr. Himanshu Shah
- (ii) Mr. Viral Siddharth Jasubhai
- (iii) Mr. Purshottam L. Dadheech

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended with respect to the Directors' Responsibility Statement, it is hereby confirmed : -

- (a) that in preparation of accounts for the financial year ended March 31, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that the Directors of the Company 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 as at March 31, 2010 and loss of the Company for the year ended on that date;
- (c) that the Directors of the Company 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; and
- (d) that the Directors of the Company have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting of the Company and are eligible, for re-appointment. The Company has received a certificate from the Statutory Auditors that re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The Auditors' Report read along with Notes on Accounts for the year ended March 31, 2010 is self explanatory and therefore, does not call for any further comment under Section 217(3) of the Companies Act, 1956.

SUBSIDIARY COMPANY

Bajaj Aviation Private Limited (BAPL) a wholly owned Subsidiary Company of the Company has commenced business of providing charter services of its helicopter. In the financial year ended September 30, 2009, BAPL has generated income of Rs.10.64 million and generated post tax profits of Rs. 2.02 million.

The Audited Statements of Accounts, the Reports of Board of Directors and Auditors of Bajaj Aviation Private Limited for the year ended September 30, 2009 are annexed as required under Section 212(1) of the Companies Act, 1956.

The Statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the said Subsidiary Company forms part of this Annual Report.

PUBLIC DEPOSITS

The Company has not accepted any deposits from members, employees or others.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant data regarding the above is given in the Annexure I hereto and forms part of this report.

INDUSTRIAL RELATIONS

The Industrial relations across the plants at Kunderki, Palia and Kinauni remained cordial during the year.

PARTICULARS OF EMPLOYEES

In pursuance of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in Annexure II of this report.

ACKNOWLEDGEMENT

The Directors express their appreciation for the sincere cooperation and assistance of the State and Central Government Authorities, Bankers, Financial Institutions, Customers, Suppliers and Business Associates. The Directors of your Company also place on record their appreciation for the dedicated and sincere services rendered by the officers and staff at all levels.

Your Directors acknowledge with gratitude the encouragement and support extended by the valued shareholder.

For and on behalf of the Board
BAJAJ ECO-TEC PRODUCTS LIMITED

Mumbai
August 30, 2010

Himanshu Shah
Managing Director

Dr. Sanjeev Kumar
Director

ANNEXURE - I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the Companies Act (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

A. FORM- A

Conservation of Energy

Disclosure of particulars with respect to conservation of energy (to the extent applicable)

For the year ended March 31	2010		2009	
	Particle Boards	MDF Boards	Particle Boards	MDF Boards
Power and Fuel Consumption				
Electricity Purchased				
Unit	7,021,105	3,893,000	4,471,180	26,764,793
Total amount (Rs. Million)	28.63	174.24	17.65	95.70
Rate/Unit (Rs.)	4.08	4.48	3.95	3.58
Own Generation through diesel generator				
Unit	380,790	288,540	124,884	832,239
Unit per litre of diesel oil	3.58	3.19	3.38	3.17
Total amount (Rs. Million)	3.57	3.12	1.28	9.72
Rate/Unit (Rs.)	9.38	10.80	10.28	11.68
Consumption per unit of production				
Electricity (Units/Boards in MT)	510	746	294	693

Measures for conservation of energy:

Company has started using capacitors banks to regulate the power factor loss from 0.98 to 0.99, which will reduce loss of energy.

B. FORM - B

Disclosure of particulars with respect to technology absorption (to the extent applicable)

A. Research and Development (R&D)

- Specific areas in which R&D is carried out by the Company: **N.A.**
- Benefits derived as a result of above R&D: **N.A.**
- Future plan of actions

Company is planning to do R&D in the areas, whereby the cost of product can be reduced further without compromising with the quality. Further steps are also being taken to find out other alternative use of Bagasse Boards, besides furniture manufacturing.

- Expenditure on R&D: **NIL**

For the year ended 31st March	2010 (Rs. Million)
a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R&D expenditure as a percentage of total turnover	N.A.

B. Technology Absorption, Adaptation and Innovation

1.	Efforts in brief, made towards technology absorption, adaptation and innovation	None
2.	Benefit derived as a result of the efforts	None
3.	Information regarding technology imported during last 5 years	
a)	Technology Imported	Yes
b)	Year of import	2007-2008
c)	Has technology been fully absorbed	Yes
d)	If not fully absorbed, areas where this has not taken place, reason therefore, and future plan of action	N.A.

C. Foreign Exchange Earnings and Outgo

(Rs. in Million)

Particulars	2009-10	2008-09
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo:		
On account of Import of Capital Goods	-	14.50
On account of Interest Payments	19.11	59.02
On account of Import of Raw Material	21.28	57.95
On account of Import of Spare Parts	12.49	14.47
On account of Foreign Travelling Expenses	-	-
On account of Technical & Professional Consultancy Fees	0.21	0.64
Total Foreign Exchange Outgo	53.09	146.58

Statement of Information of Subsidiary Company

Statement under Section 212 of the Companies Act, 1956 for the year ended March 31, 2010.

1.	Name of the Subsidiary	Bajaj Aviation Private Limited
2.	The Financial Year of the Subsidiary Company ends on	September 30
3.	Holding Company's Interest:	
i)	No. of Equity Shares	5,000,000 of Rs. 10/- each
ii)	Percentage of Holding	100%
iii)	Change in the Holding Company's interest from October 1, 2009 to March 31, 2010	No change.
4.	Material Changes in the Subsidiary's books from October 1, 2009 to March 31, 2010 in respect of:	
i)	Fixed Assets	No change
ii)	Investments	Rs. 1.00 million
iii)	Money lent	-
iv)	Moneys borrowed (except for meeting current liabilities)	Rs. 0.61 million
5.	The Net Aggregate of Profits/(Losses) of the Subsidiary Company for its Financial Year so far as they concern members of Bajaj Eco-Tec Products Limited.	Rs. 2.02 million
	Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2010	NIL
	Not Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2010	Rs. 2.02 million
6.	The Net Aggregate of Profits/(Losses) of the Subsidiary Company up to Previous Financial Year so far as they concern members of Bajaj Eco-Tec Products Limited.	Rs. 5.36 million
	Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2010	NIL
	Not Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2010	Rs. 5.36 million

For and on behalf of the Board
BAJAJ ECO-TEC PRODUCTS LIMITED

Mumbai
August 30, 2010

Himanshu Shah
Managing Director

Dr. Sanjeev Kumar
Director

ANNEXURE – II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

Particulars of Employees as required under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975

Sr. No.	Name of Employee	Designation/ Nature of Duties	Remuneration (Rs.)	Qualification	Age (Years)	Experience (No. of years)	Date of Commencement of employment	Particulars of previous employment
1	2	3	4	5	6	7	8	9
A. Employees employed throughout the financial year and who were in receipt of the remuneration for that financial year in the aggregate of not less than Rs. 2,400,000								
1.	Mr. Himanshu Shah	Managing Director	10,392,487	B. Com (Hons.) FCA, Diploma in Business Management (IMC) from Davar's College of Commerce	50	27	01/09/2007	Bajaj Hindusthan Ltd.
2.	Mr. Bhupendra Kumar Arora	President – Operations	2,972,436	B. Sc., B. Tech., Diploma in Programming	62	35	01/11/2007	Professional - Consulting Engineer

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of BAJAJ ECO-TEC PRODUCTS LIMITED ('the Company') as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report complies with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 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 accounts 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 affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR CHATURVEDI & SHAH
Firm Registration No.: 101720W
Chartered Accountants

AMIT CHATURVEDI
Partner
Membership No. 103141

Mumbai, August 30, 2010.

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 OF BAJAJ ECO-TEC PRODUCTS LIMITED

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management in a phased periodical manner as per regular programme of verification, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) There are no substantial disposals of fixed assets during the year.
2. In respect of its inventories:
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory.
3. a) The Company has granted advance to one party, wholly owned subsidiary of the Company, in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 65,892,548/- and year end advance given was Rs. 65,001,721/-.
- b) In our opinion and according to information and explanations given to us, the advance given to wholly owned subsidiary is interest free and other terms and conditions on which advance has been given is not prima facie, prejudicial to the interest of the Company.
- c) In respect of advance given to wholly owned subsidiary, the advance is interest free and repayable on demand.
- d) In respect of advance given by the Company, these are repayable on demand and therefore the question of overdue amount doesn't arise.
- e) The Company has taken a loan from a Company, covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 527,400,000/-. The year end balance was Rs. 185,148,567/-.
- f) In our opinion, the rate of interest and other terms and condition of loans taken, are, prima facie, not prejudicial to the interest of the Company.
- g) In respect of loan taken, the interest and principal are repayable on demand.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. According to information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956, have been properly entered in the said register. The transactions with such party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and as explained to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the Company.
9. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, as at March 31, 2010 for a period of more than six months from the date they became payable and there were no unpaid disputed dues outstanding as at the end of the period.
10. The Company has been registered for a period less than five years and hence the provisions of Clause (vii) of the Order, in respect of accumulated losses at the end of the financial year, are not applicable.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has not borrowed any funds from financial institutions or debenture holders during the year under audit.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted on the basis of security by way of pledge of shares, and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order 2003, (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments and therefore the provisions of Clause (xiv) of the Companies (Auditor's Report) Order 2003, (as amended) are not applicable.
15. According to information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of Clause (xv) of Companies (Auditor's Report) Order 2003, (as amended) are not applicable.
16. The term loans raised by the Company were applied for the purpose for which loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. During the year, the Company has made preferential allotment of preference shares to a company covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is prima facie, not prejudicial to the interest of the Company.
19. The Company did not have any outstanding debenture during the year.
20. The Company has not raised any monies by way of public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we have not come across any instance of material fraud on or by the Company, noted or reported during the course of our audit.

FOR CHATURVEDI & SHAH
Firm Registration No.: 101720W
Chartered Accountants

AMIT CHATURVEDI
Partner
Membership No. 103141

Mumbai, August 30, 2010.

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
I. Sources of Funds:			
Shareholders' Funds			
Share Capital	1	815,000,000	215,000,000
Reserves and Surplus	2	1,034,100,000	1,034,100,000
		1,849,100,000	1,249,100,000
Loan Funds			
Secured Loans	3	2,618,435,690	2,626,882,351
Unsecured Loans	4	185,148,567	397,000,000
		2,803,584,257	3,023,882,351
Total		4,652,684,257	4,272,982,351
II. Application of Funds:			
Fixed Assets			
Gross Block	5	3,357,003,452	3,143,034,495
Less: Depreciation		626,767,520	308,403,774
Net Block		2,730,235,932	2,834,630,721
Capital work-in-progress		-	69,145,426
		2,730,235,932	2,903,776,147
Investments	6	50,000,000	50,000,000
Current Assets, Loans and Advances			
Inventories		634,218,542	538,003,390
Sundry Debtors		117,000,109	85,188,986
Cash and Bank Balances		36,689,560	26,941,710
Loans and Advances		199,243,228	146,136,447
		987,151,439	796,270,533
Less : Current Liabilities and Provisions	8		
Current Liabilities		350,868,959	208,485,541
Provisions		9,043,972	8,086,838
		359,912,931	216,572,379
Net Current Assets		627,238,508	579,698,154
Profit and Loss Account		1,245,209,817	739,508,050
Total		4,652,684,257	4,272,982,351
Significant accounting policies	15		
Notes Forming part of the accounts	16		

As per our attached report of even date

For and on behalf of

CHATURVEDI & SHAH
Chartered Accountants
Firm Registration No.: 101720W

Himanshu Shah
Managing Director

AMIT CHATURVEDI
Partner
Membership No. 103141

Dr. Sanjeev Kumar
Director

Mumbai, August 30, 2010

Profit & Loss Account for the year ended March 31, 2010

	Schedule	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
I. Income:			
Sales		1,305,220,856	582,494,557
Other Income	9	241,040,036	12,340,177
		1,546,260,892	594,834,734
II. Expenditure:			
Materials	10	781,750,116	489,966,379
Manpower Cost	11	185,795,940	156,739,230
Other Expenses	12	595,695,702	393,755,823
Interest and Finance charges	13	183,415,838	193,260,696
Depreciation		318,365,746	304,994,975
(Increase)/Decrease in Stocks	14	(13,070,683)	(205,749,489)
		2,051,952,659	1,332,967,614
Profit/(Loss) for the year before Taxation		(505,691,767)	(738,132,880)
Provision for Wealth Tax		10,000	39,848
Provision for Fringe Benefit Tax		-	1,335,322
Profit/(Loss) for the year		(505,701,767)	(739,508,050)
Add: Balance Brought Forward		(739,508,050)	-
Balance carried to Balance Sheet		(1,245,209,817)	(739,508,050)
Basic and diluted EPS of face value of Rs. 10 each (refer note no. 4 of schedule 16)		(43.97)	(64.31)
Significant accounting policies	15		
Notes Forming part of the accounts	16		

As per our attached report of even date

For and on behalf of

CHATURVEDI & SHAH
Chartered Accountants
Firm Registration No.: 101720W

Himanshu Shah
Managing Director

AMIT CHATURVEDI
Partner
Membership No. 103141

Dr. Sanjeev Kumar
Director

Mumbai, August 30, 2010

Bajaj Eco-Tec Products Limited

Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before extra ordinary items and Taxation	(505,691,767)	(738,132,880)
Adjustment for:		
Depreciation	318,365,746	304,994,975
(Profit)/Loss on sale of Fixed Assets	(2,000)	13,672
Interest	183,415,838	193,260,696
	<u>501,779,584</u>	<u>498,269,343</u>
Operating Loss before working capital changes	(3,912,183)	(239,863,537)
Adjustment for:		
Trade and other receivables	(85,764,357)	(107,582,443)
Inventories	(96,215,152)	(434,581,236)
Trade payables	143,330,552	48,176,285
Cash generated from operations	(42,561,141)	(733,850,931)
Direct taxes paid	(37,372)	(3,834,844)
Cash flow before extraordinary items	(42,598,513)	(737,685,775)
Net Cash (used in) operating activities	(42,598,513)	(737,685,775)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including CWIP)	(144,825,531)	(469,819,299)
Advance for Land	-	(1,241,421)
Loans Given	(608,723)	(65,885,546)
Loans Taken	1,492,548	-
Sale of Fixed Assets	2,000	471,765
Sale/Purchase of Investments	-	(50,000,000)
Net cash (used in) investing activities	(143,939,706)	(586,474,501)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings (Net of repayments)	(220,298,094)	1,290,464,948
Issue of Shares and Premium thereon:		
Equity Shares	-	250,000,000
Preference Shares	600,000,000	-
Interest paid	(183,415,838)	(198,149,145)
Net cash from financing activities	196,286,068	1,342,315,803
Net increase/(decrease) in cash and cash equivalents	9,747,851	18,155,527
Cash and Cash equivalents as at April 1, 2009.	26,941,710	8,786,183
Cash and Cash equivalents as at March 31, 2010	36,689,560	26,941,710

Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our attached report of even date

For and on behalf of

CHATURVEDI & SHAH
Chartered Accountants
Firm Registration No.: 101720W

Himanshu Shah
Managing Director

AMIT CHATURVEDI
Partner
Membership No. 103141
Mumbai, August 30, 2010

Dr. Sanjeev Kumar
Director

SCHEDULES FORMING PART OF ACCOUNTS

Schedules 1 to 16 annexed to and forming part of the Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date.

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 1 - Share Capital		
Authorised:		
Equity		
21,000,000 (81,000,000) Equity Shares of Rs. 10/- each.	210,000,000	810,000,000
Preference		
70,000,000 (10,000,000) Preference Shares of Rs.10/- each.	700,000,000	100,000,000
	<u>910,000,000</u>	<u>910,000,000</u>
Issued, Subscribed and Paid up:		
Equity		
11,500,000 (11,500,000) Equity Shares of Rs. 10/- each fully paid up	115,000,000	115,000,000
Preference Shares		
10,000,000 (10,000,000) 7% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid redeemable as follows:	100,000,000	100,000,000
a) 76,45,000 shares are redeemable at par on 30/09/2016 and		
b) 23,55,000 shares are redeemable at par on 31/05/2017		
60,000,000 7% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each redeemable at par on 28/09/2025	600,000,000	-
The entire paid-up (Equity and Preference) Share Capital is held by Bajaj Hindusthan Ltd., the Holding Company	<u>815,000,000</u>	<u>215,000,000</u>
Schedule 2 - Reserves and Surplus		
Securities Premium	1,034,100,000	1,034,100,000
	<u>1,034,100,000</u>	<u>1,034,100,000</u>
Schedule 3 - Secured Loans		
Working Capital Loan from Banks	650,147,417	539,689,006
Term Loan from Banks	1,968,288,273	2,087,193,345
	<u>2,618,435,690</u>	<u>2,626,882,351</u>
1. Working Capital Loan from Banks are secured, on first <i>pari passu</i> charge basis, by hypothecation of present and future inventories, book debts and other receivables and further secured, on a second <i>pari passu</i> charge basis, by hypothecation of the whole of present and future movable fixed assets and properties and also secured, on a second <i>pari passu</i> charge basis, by mortgage on the whole of present and future immovable fixed assets and properties of the Company.		
2. Term loans from Banks are secured/to be secured, on first <i>pari passu</i> charge basis, by hypothecation of the whole of the present and future movable fixed assets and properties including plant and machinery, machinery spares, tools and accessories and other movables of the Company and also secured/to be secured, on first <i>pari passu</i> charge basis, by mortgage (by deposit of title deeds) on the whole of present and future immovable fixed assets and properties. Documentation for mortgage in respect of certain properties is under finalisation.		
Schedule 4 - Unsecured Loans		
From Holding Company		
- Bajaj Hindusthan Limited	185,148,567	397,000,000
[Includes interest accrued Rs.51,48,567 (Previous year Rs. NIL)]	<u>185,148,567</u>	<u>397,000,000</u>

Schedule 5 - Fixed Assets

(Rupees)

Particulars	GROSS BLOCK (AT COST / BOOK VALUE)				DEPRECIATION				NET BLOCK	
	As at April 1, 2009	Additions	Deductions / Adjustment	As at March 31, 2010	As at April 1, 2009	For the year	Deductions / Adjustment	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Land	12,658,274	5,708,300	-	18,366,574	-	-	-	-	18,366,574	12,658,274
Building	920,685,489	7,768,700	-	928,454,189	81,545,383	81,758,604	-	163,303,987	765,150,202	839,140,106
Plant & Machinery	2,178,786,844	197,785,801	-	2,376,572,645	216,374,584	231,229,305	-	447,603,889	1,928,968,756	1,962,412,260
Furniture & fixtures	6,625,673	114,598	-	6,740,271	3,126,581	642,426	-	3,769,007	2,971,264	3,499,092
Office Equipments	10,988,370	1,775,599	2,000	12,761,969	4,021,394	2,618,640	2,000	6,638,034	6,123,935	6,966,976
Vehicles	8,461,083	-	-	8,461,083	3,002,926	1,413,117	-	4,416,043	4,045,040	5,458,157
Electrical Installation	4,828,762	817,959	-	5,646,721	332,906	703,654	-	1,036,560	4,610,161	4,495,856
Total	3,143,034,495	213,970,957	2,000	3,357,003,452	308,403,774	318,365,746	2,000	626,767,520	2,730,235,932	2,834,630,721
Previous Year Total	35,710,225	3,108,080,772	756,502	3,143,034,495	3,679,864	304,994,975	271,065	308,403,774	2,834,630,721	32,030,361
Capital work-in-progress	69,145,426	-	69,145,426	-	-	-	-	-	69,145,426	2,801,348,507
G. Total	3,212,179,921	213,970,957	69,147,426	3,357,003,452	308,403,774	318,365,746	2,000	626,767,520	2,799,381,358	5,635,979,228
G. Previous Year	2,837,058,732	3,279,643,549	2,904,522,360	3,212,179,921	3,679,864	304,994,975	271,065	308,403,774	2,903,776,147	2,833,378,868

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
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Schedule 6 - Investments

Long Term Investments (At Cost)

- Other than Trade

In Subsidiary Company		
Unquoted, Fully Paid Equity Shares		
50,00,000 (50,00,000) Shares of Bajaj Aviation Pvt. Ltd. of Rs.10/- each	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>

Schedule 7 - Current Assets, Loans & Advances

Current Assets :

(a) Inventories (At cost or net realisable value whichever is lower, unless otherwise stated, as certified and valued by the management)		
(i) Stores, Spare Parts and Packing Materials	55,505,763	50,831,647
(ii) Raw Material	302,042,766	223,572,413
(iii) Finished Stock	169,176,061	122,038,139
(iv) Materials-in-Process	107,493,952	141,561,191
	<u>634,218,542</u>	<u>538,003,390</u>
(b) Sundry Debtors (Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Good	5,979,649	890,442
Other Debts	111,020,460	84,298,544
	<u>117,000,109</u>	<u>85,188,986</u>
(c) Cash and Bank Balances		
Cash in hand	1,147,569	871,005
Balance with Scheduled Banks:		
In Current Accounts	35,541,991	26,070,705
	<u>36,689,560</u>	<u>26,941,710</u>
(d) Loans and Advances (Unsecured, considered good unless otherwise stated)		
Advance to wholly owned subsidiary	65,001,721	65,885,546
Advances recoverable in cash or in kind or for value to be received	132,656,709	79,159,793
Deposits	1,584,798	1,091,108
	<u>199,243,228</u>	<u>146,136,447</u>
	<u>987,151,439</u>	<u>796,270,533</u>

Schedule 8 - Current Liabilities and Provisions

A. Current Liabilities:

Sundry Creditors		
Due to SME*	-	-
Others	334,839,876	191,892,835
* (The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosure relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been made)		
Bank Overdraft	-	88,618
Advance from Customers	6,218,930	-
Interest Accrued but not due	9,810,153	16,124,088
Deposits	-	380,000
	<u>350,868,959</u>	<u>208,485,541</u>

B. Provisions:

For Gratuity	3,963,714	2,405,836
For Leave Encashment	5,070,258	3,258,546
For Wealth Tax	10,000	-
For Fringe Benefit Tax	-	2,422,456
	<u>9,043,972</u>	<u>8,086,838</u>
	<u>359,912,931</u>	<u>216,572,379</u>
	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees

Schedule 9 - Other Income

Gain due to foreign exchange transaction (net)	230,950,037	-
Scrap Sales	9,178,759	12,010,400
Surplus on sale of assets	2,000	-
Miscellaneous Receipts	909,240	329,777
	<u>241,040,036</u>	<u>12,340,177</u>

Schedule 10 - Raw Materials Consumed

Opening Stock	223,572,413	41,235,600
Purchases	860,220,469	672,303,192
	<u>1,083,792,882</u>	<u>713,538,792</u>
Less: Closing Stock	302,042,766	223,572,413
	<u>781,750,116</u>	<u>489,966,379</u>

Bajaj Eco-Tec Products Limited

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Schedule 11 - Manpower Cost		
Salaries and Wages	144,635,669	119,651,294
Contribution to Provident and other funds and schemes	6,981,958	6,628,390
Employee's Welfare Expenses	11,900,977	12,761,325
Contractor's Labour Charges	22,277,336	17,698,221
	<u>185,795,940</u>	<u>156,739,230</u>
Schedule 12 - Other Expenses		
Stores, Spares Consumed	20,443,207	21,799,287
Packing Material	13,962,462	5,593,538
Other Operating Expenses	847,900	492,819
Power and Fuel	271,673,212	151,089,840
Repairs:		
Building	1,040,696	4,689,501
Machinery	44,031,751	16,646,837
Others	4,466,835	1,133,961
	<u>49,539,282</u>	<u>22,470,299</u>
Payment to Auditors for:		
Audit fees	110,300	110,300
Tax Audit fees	44,120	44,429
Certification work	102,030	56,077
Out of pocket expenses	18,740	-
	<u>275,190</u>	<u>210,806</u>
Insurance	9,833,494	6,990,773
Loss on Foreign Exchange Fluctuation (Net)	-	1,137,697
Selling and Distribution	22,267,450	56,970,522
Frieght Outward	157,632,162	43,770,250
Miscellaneous Expenses	44,872,987	83,216,320
Prior Period Expenses	4,348,356	-
Loss on Assets Sold/Discarded	-	13,672
	<u>595,695,702</u>	<u>393,755,823</u>
Schedule 13 - Interest and Finance Charges		
Interest :		
Term Loans	81,732,908	158,716,009
Working Capital Loans	59,227,761	25,960,473
Others	5,761,825	-
	<u>146,722,494</u>	<u>184,676,482</u>
Add: Finance charges	36,693,344	8,584,214
	<u>183,415,838</u>	<u>193,260,696</u>
Schedule 14 - (Increase)/Decrease in Stocks		
Opening Stock:		
Finished Goods	122,038,139	14,018,581
Materials in process	141,561,191	43,831,260
	<u>263,599,330</u>	<u>57,849,841</u>
Less: Closing Stock:		
Finished Goods	169,176,061	122,038,139
Materials in process	107,493,952	141,561,191
	<u>276,670,013</u>	<u>263,599,330</u>
Increase in Stock	<u>(13,070,683)</u>	<u>(205,749,489)</u>

Schedule 15 - Significant Accounting Policies

1. (i) Basis of preparation of financial statements:

The financial statements are prepared as per historical cost convention on accrual basis and comply with the provisions of the Companies Act, 1956, the generally accepted accounting principles in India and the applicable accounting standards as notified by the Companies (Accounting Standards) Rules, 2006.

(ii) Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized.

2. Revenue Recognition:

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyers. Sale of goods is exclusive of Sales Tax.

3. Fixed Assets and Depreciation:

(a) Fixed Assets:

- Fixed Assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except free hold land) and amortisation.
- Expenditure during construction period incurred on the projects under implementation are treated as Pre-operative expenses pending allocation to the assets, and are included under the head "Capital Work-in-Progress". These expenses are apportioned to fixed assets on commencement of commercial production. Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet.

(b) Depreciation:

Depreciation on all the assets has been provided as under:-

(i) Plant and Machinery:

On Straight-Line Method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(ii) Other Assets:

On Written Down Value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

4. Investments:

All long-term investments are stated at cost of acquisition. Diminution in value of such long term investments is not provided for except where determined to be of permanent nature.

5. Inventories:

- Stock of Raw Material is valued at cost or net realisable value whichever is lower. Cost is arrived at on weighted average basis.
- Stock of Material-in-Process and Finished Goods is valued at cost or net realisable value whichever is lower.
- Stores, Spares and Packing Material are valued at cost. Cost is arrived at on weighted average basis.
- Obsolete stores and spares when identified and technically determined, are valued at estimated realizable value.

6. Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary Foreign Currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the Balance Sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the Profit and Loss Account. However, in respect of long-term foreign currency monetary items, the exchange difference relating to acquisition of capital assets has been adjusted to the same accordingly.

7. Employee Retirement Benefits:

- Short-term Employee Benefits are recognized as expense at the undiscounted value in the Profit and Loss Account of the year in which the related service is rendered.
- Retirement Benefits:
 - Retirement benefits in the form of Provident Fund/Family Pension Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the Profit and Loss Account of the year.
 - Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, which are Defined Benefit Plans, are determined and accrued on the basis of an independent actuarial valuation applying the Projected Unit Credit Method.
 - Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account of the year.

8. Borrowing Cost:

Borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use and other borrowing costs are charged to the Profit and Loss Account.

9. Taxation:

- Provision for current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'.
- Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax assets is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, If and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

10. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

Schedule 16 - Notes to Accounts

1. The previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosure for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

2. The disclosures pursuant to Accounting Standard-15 (AS-15) 'Employee Benefits' is stated herein below:

A) Defined Contribution Plans:

(a) Contribution to defined contribution plan, recognised as expense for the year are as under:

	(Rupees)	
Particulars	2009-2010	2008-2009
Employers contribution to Provident Fund	3,500,801	3,285,687
Employers contribution to Pension Scheme	2,740,144	2,637,387
Employer's contribution to Deposit Linked Insurance Scheme	165,686	159,388

B) Defined Benefit Plans:

(a) **Gratuity:** (Rupees)

	2009-2010	2008-2009
Provision for Gratuity has been made in the accounts based on the report of Actuary as at March 31, 2010. Details under the AS-15 to the extent applicable is furnished below:		
(a) Changes in the Present Value of the Defined Benefits Obligation		
Present Value of Defined Benefit Obligation at the beginning of the year	2,405,836	1,026,759
Interest Cost	254,782	137,304
Current Service Cost	1,837,513	1,740,982
Benefits Paid	-	(2,371)
Actuarial (Gain)/Loss	(534,417)	(496,838)
Present value of Defined Benefit Obligation at the end of the year	3,963,714	2,405,836
(b) Balance Sheet Reconciliation		
Net Liability at the beginning of the year	2,405,836	792,102
Add: Revised Actuarial Valuation for Previous Year	-	234,657
Expenses Recognized	1,557,878	1,379,077
Net Liability at the end of the year	3,963,714	2,405,836
(c) Amount recognized in the Profit and Loss Account		
Current Service Cost	1,837,513	1,740,982
Interest Cost Obligation	254,782	137,304
Net Actuarial (Gain)/Loss	(534,417)	(496,838)
Expenses recognized in the Statement of Profit and Loss Account	1,557,878	1,381,448
(d) Actuarial Assumption		
Discount Rate	8.00%	8.00%
Expected rate of return on Plan Assets	0.00%	0.00%
Salary Escalation Rate	5.00%	5.00%
Expected Average remaining working lives of employees (years)	22.32	22.94
Withdrawal Rates	Varying between 2% p.a. and 1% p.a. depending on duration and age of the employees	

	(Rupees)	
II) Leave Encashment	2009-2010	2008-2009
Provision for leave encashment has been made in the accounts based on the report of Actuary as at March 31, 2010. Details under the AS-15 to the extent applicable is furnished below:		
(a) Changes in the Present Value of the Defined Benefits Obligation		
Present Value of Defined Benefit Obligation at the beginning of the year	3,258,546	1,628,105
Interest Cost	333,152	195,466
Current Service Cost	1,330,725	1,589,928
Benefits Paid	1,075,386	1,125,442
Actuarial (Gain)/Loss	1,223,221	970,489
Present Value of Defined Benefit Obligation at the end of the year	5,070,258	3,258,546
(b) Balance Sheet Reconciliation		
Net Liability at the beginning of the year	3,258,546	1,628,105
Add: Revised Actuarial Valuation for Previous year	-	-
Expenses Recognized	2,887,098	2,755,883
Benefits Paid	1,075,386	1,125,442
Net Liability at the end of the year	5,070,258	3,258,546
(c) Amount recognized in the Profit and Loss Account		
Current Service Cost	1,330,725	1,589,928
Interest Cost Obligation	333,152	195,466
Net Actuarial (Gain)/Loss	1,223,221	970,489
Expenses recognized in the Statement of Profit and Loss Account	2,887,098	2,755,883
(d) Actuarial Assumption		
Discount Rate	8.00%	8.00%
Expected rate of return on Plan Assets	0.00%	0.00%
Salary	5.00%	5.00%
Expected Average remaining working lives of employees(years)	22.97	22.97
Withdrawal Rates	Varying between 2% p.a. and 1% p.a. depending on duration and age of the employees	

3. Included under the head "Manpower Cost" in the Profit and Loss Account Director remuneration paid/payable to Managing Director and Whole Time Director as under: (Rupees)

Particulars	Managing Director		Whole-time Director		Total	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Salary, etc.	9,430,555	6,679,600	1,726,292	4,996,868	11,156,847	11,676,468
Contribution to Provident Fund	362,880	302,400	41,574	207,871	404,454	510,271
Other Allowances and Perquisites incl. Superannuation	453,600	1,151,196	98,161	840,895	551,761	1,992,091
Provision for Gratuity	145,452	121,212	-	-	145,452	121,212
Total	10,392,487	8,254,408	1,866,027	6,045,634	12,258,514	14,300,042

- a) The Remuneration for the financial year 2009-10 paid to the Managing Director includes a sum of Rs. 949,870/- being the arrears towards increase in his Remuneration for the financial year 2008-09 as approved by the shareholders at their Extraordinary General Meeting held on June 6 2009 and subsequently approved by the Central Government vide Letter SRN No. A67634311- CL. VII dated December 23, 2009.
- b) Mr. Yogesh Arora, Whole-time Director of the Company, resigned from the Company w.e.f. March 17 2009. The entire amount of Rs. 1,866,027/- paid to the Whole-time Director during the financial year 2009-10 is on account of the arrears towards the increase in his remuneration for the financial year 2008-09 as approved by the shareholders at their Annual General Meeting held on September 30, 2008 and subsequently approved by the Central Government vide Letter No. SRN /A 53271730/3/2009- CL.VII dated August 31, 2009
- c) The permission for waiver of recovery of Rs. 722,512/- paid as Performance Linked Incentive (PLI) to the Managing Director for the financial year 2007-08 was not granted by the Central Government vide its Letter SRN No. A72907108/2010-CL-VII dated July 14, 2010. Consequently the Company has initiated process of recovery of the same during the current financial year 2010-11.

Bajaj Eco-Tec Products Limited

4. Calculation of basic and diluted earning per share (Rupees)

Particulars	2009-2010	2008-2009
Net Loss after tax attributable to equity share holders	(505,701,767)	(739,508,050)
Weighted average no. of equity shares	11,500,000	11,500,000
Basic EPS	(43.97)	(64.31)
Diluted shares	11,500,000	11,500,000
Diluted EPS	(43.97)	(64.31)
Face value per equity share	Rs.10	Rs.10

In view of net loss, the 6 crore Optionally Convertible Preference Shares of Rs. 10/- each issued during the year would be anti-dilutive on conversion of the same if converted into the equity shares, hence not considered as potential equity shares in calculation of diluted earning per share, therefore the basic and diluted earning per share will be the same as reported above.

5. The disclosures in respect of Related Parties as per Accounting Standard-18 (AS-18) 'Related Party Disclosures' is as stated herein below:

A) Related parties and relationships for which disclosure is required under AS-18:

- (i) Holding and Subsidiary Companies

Holding Company:

- Bajaj Hindusthan Limited

Subsidiary Company

- Bajaj Aviation Private Limited (Formerly known as Bajaj Hindusthan Holdings Private Limited)

Fellow Subsidiary Companies:

- Bajaj Hindusthan Sugar and Industries Limited (BHSIL)

- (ii) Director

(a) Mr. Himanshu Shah Managing Director (Also a Key Management Personnel)

B) Transactions with the related parties (Rupees)

Transactions during the year	Holding Company	Fellow Subsidiary	Subsidiary Company	Key Managerial personnel	Total
Purchase of Raw Material	6,016,140 (3,364,629)	3,855,536 (2,405,294)	0 (0)	0 (0)	9,871,676 (5,769,923)
Purchase of Power/ Steam	124,238,964 (66,326,147)	79,476,585 (54,530,998)	0 (0)	0 (0)	203,715,549 (120,857,145)
Purchase of Capital Goods	0 (406,119)	0 (0)	0 (0)	0 (0)	0 (406,119)
Payment of Remuneration to Managerial Personnel	0 (0)	0 (0)	0 (0)	12,258,514 (14,300,042)	12,258,514 (14,300,042)
Interest paid	5,720,630 (0)	0 (0)	0 (0)	0 (0)	5,720,630 (0)
Investment in Share Capital	0 (0)	0 (0)	0 (50,000,000)	0 (0)	0 (50,000,000)
Investment in Share Capital	0 (25,000,000)	0 (0)	0 (0)	0 (0)	0 (25,000,000)
Investment by Bajaj Hindusthan Ltd. (Securities Premium)	0 (809,100,000)	0 (0)	0 (0)	0 (0)	0 (809,100,000)
Preference Share Capital	600,000,000 (0)	0 (0)	0 (0)	0 (0)	600,000,000 (0)
Bank Guarantee	0 (1,500,000)	0 (0)	0 (0)	0 (0)	0 (1,500,000)
Movement in loans/ advances net debit/ credit	217,000,000 (369,435,832)	0 (0)	883,825 (65,885,546)	0 (0)	217,883,825 (435,321,378)

(Rupees)

Transactions during the year	Holding Company	Fellow Subsidiary	Subsidiary Company	Key Managerial Personnel	Total
Balances as at March 31, 2010 debit/credit					
Investments in Equity Shares	0 (0)	0 (0)	50,000,000 (50,000,000)	0 (0)	50,000,000 (50,000,000)
Equity Share Capital	115,000,000 (115,000,000)	0 (0)	0 (0)	0 (0)	115,000,000 (115,000,000)
Preference Share Capital	700,000,000 (100,000,000)	0 (0)	0 (0)	0 (0)	700,000,000 (100,000,000)
Creditors	62,105,879 (0)	50,659,483 (0)	0 (0)	0 (0)	112,765,362 (0)
Loans Taken	185,148,567 (397,000,000)	0 (0)	0 (0)	0 (0)	185,148,567 (397,000,000)
Advances Given	0 (0)	0 (0)	65,001,721 (65,885,546)	0 (0)	65,001,721 (65,885,546)

C) Significant related party transactions

- a) During the current financial year i.e. 2009-10 Bajaj Hindusthan Ltd. (Holding Company) has furnished further Corporate Guarantee, on behalf of the Company in favor of State Bank of Patiala and State Bank of India. The details of Corporate Guarantee provided in favour of various bankers are as under:

Bankers	(Rupees)
ICICI Bank Ltd. (Previous year : Rs. 74 Crs)	434,551,865
State Bank of India (Previous year : nil)	200,000,000
State Bank of Patiala (Previous year : nil)	100,000,000

- b) Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.

6. Segment reporting

The Company is engaged solely in the business of manufacturing of MDF Boards and Particle Boards from bagasse. The entire operations are governed by the same set of risk and returns and hence the same has been considered as representing a single primary segment. This treatment is in accordance with the guiding principles enunciated in the AS-17 on segment reporting as notified under the Companies (Accounting Standard) Rules, 2006.

7. Additional information (Rupees)

Contingent Liabilities not provided for:	2009-2010	2008-2009
a) The Company has procured Imported as well as Indigenous Capital Goods under Export Promotion and Capital Goods Scheme (EPCG). The Export Obligation pending against such EPCG licenses.	281,241,543	281,241,543
b) Dividend on Preference Shares	44,401,000	16,401,000

8. Additional information pursuant to the provisions of paragraph 3, 4C & 4D of Schedule-VI to the Companies Act, 1956:

a) Particulars of installed capacity and actual production

Product	Unit	2009-2010		
		Licensed Capacity	Installed Capacity	Actual Production
Medium Density Fibre Boards	MT	Not Applicable	120,000	52,547 (39,798)
Particle Boards	MT	Not Applicable	35,000	14,525 (15,640)

b) Stocks and Sales of Finished Goods

Product	Opening Stock As at April 1, 2009		Production	Sales / Samples		Closing Stock As at March 31, 2010	
	Quantity	Amount		Quantity	Amount	Quantity	Amount
Own Manufactured	(in Nos.)	Rs.	(in Nos.)	(in Nos.)	Rs.	(in Nos.)	Rs.
Medium Density Fibre Boards	223,901 (16)	106,982,507 (9,400)	2,127,347 (935,565)	2,147,522 (711,680)	1,032,057,322 (399,193,642)	203,726 (223,901)	138,044,639 (106,982,507)
Particle Boards	16,303 (1,662)	15,055,632 (14,009,181)	306,958 (243,273)	300,181 (228,632)	273,163,534 (183,300,915)	23,080 (16,303)	31,131,422 (15,055,632)
Total	240,204 (1,678)	122,038,139 (14,018,581)	2,434,305 (1,178,838)	2,447,703 (940,312)	1,305,220,856 (582,494,557)	226,806 (240,204)	169,176,061 (122,038,139)

(The figures of Previous Year are shown in brackets)

c) (i) Consumption of Raw Materials

Particulars	Units	2009-2010		2008-2009	
		Qty.	Rs.	Qty.	Rs.
-Bagasse	MT	260,229	251,791,489	161,737	98,544,687
-Paper	Kgs	424,302	85,316,347	221,756	42,156,252
-Paper (Agro Based)	Mtrs	11,800	998,580	11,650	627,575
-Formaldehyde	Kgs	6,397,910	66,223,968	8,410,852	109,445,084
-Melamine	Kgs	639,360	50,505,448	262,848	22,545,738
-Urea	Kgs	3,066,940	65,506,518	4,644,700	107,725,236
-Wax	Kgs	583,272	43,522,259	389,955	29,070,978
-Resin (Powder)	Kgs	334,250	14,367,705	-	-
-Resin (Liquid)	MT	9,198	100,637,771	-	-
-Others			102,880,031	-	79,850,829
Total			781,750,116		489,966,379

c) (ii) Value of imported and indigenous Raw Material consumed and percentage to the total consumption

Particulars	2009-2010		2008-2009	
	Rs.	%	Rs.	%
- Raw Material (indigenous)	750,951,551	96	447,182,552	91
- Raw Material (imported)	30,798,565	4	42,783,827	9
	781,750,116	100	489,966,379	100

d) Value of Imports on CIF basis (Rupees)

Particulars	2009-2010	2008-2009
Capital Goods	-	14,504,000
Raw Material etc.	21,282,095	57,949,446
Spare parts	12,488,526	14,471,161

e) Expenditure in Foreign Currency towards

Particulars	2009-2010	2008-2009
Interest Payments	19,110,842	59,023,337
Technical & Professional Consultancy Fees	205,841	642,071

f) Earnings in foreign currency

Particulars	2009-2010	2008-2009
Earnings in foreign currency	Nil	Nil

g) Value of imported and indigenous Spare Parts & Components and percentage to the total consumption

Particulars	2009-2010		2008-2009	
	Rs.	%	Rs.	%
- Spare parts & Components (indigenous)	9,339,618	46	8,175,425	38
- Spare parts & Components (imported)	11,103,589	54	13,623,862	62
Total	20,443,207	100	21,799,287	100

9. Disclosure in respect of derivative instruments

Derivative instruments outstanding as at March 31, 2010 are as under:

Particulars	Currency	Hedged	#Unhedged	Total
External Commercial Borrowings (Equivalent Currency Swap JPY 2,433,000,000)	JPY		1,737,857,143	1,737,857,143
Buyers Credit	USD	-	7,929,495	7,929,495
Buyers Credit	EURO	-	1,265,100	1,265,100

Company has entered into USD/JPY option contract @94.80

As per our attached report of even date

For and on behalf of

CHATURVEDI & SHAH
Chartered Accountants
Firm Registration No.: 101720W

Himanshu Shah
Managing Director

AMIT CHATURVEDI
Partner
Membership No. 103141

Dr. Sanjeev Kumar
Director

Mumbai, August 30, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="600,000"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="4,652,684"/>	Total Assets	<input type="text" value="4,652,684"/>
Sources of Funds			
Paid-up Capital	<input type="text" value="815,000"/>	Reserves and Surplus	<input type="text" value="1,034,100"/>
Secured Loans	<input type="text" value="2,618,436"/>	Unsecured Loans	<input type="text" value="185,149"/>
Application of Funds			
Net Fixed Assets	<input type="text" value="2,730,236"/>	Investments	<input type="text" value="50,000"/>
Net Current Assets	<input type="text" value="627,239"/>	Miscellaneous Expenditure	<input type="text" value="-"/>
Accumulated Loss	<input type="text" value="1,245,210"/>		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="1,546,261"/>	Total Expenditure	<input type="text" value="2,051,953"/>
+ - Profit /Loss Before Tax	<input type="text" value="505,692"/>	+ - Profit/Loss After Tax	<input type="text" value="505,702"/>
(Please tick appropriate box + for Profit - for Loss)			
Earning Per Share (Basic) in Rs.	<input type="text" value="(43.97)"/>	Dividend Rate %	<input type="text" value="0.00"/>

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description

Mumbai, August 30, 2010

Himanshu Shah
Managing Director

Dr. Sanjeev Kumar
Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Sixth Annual Report together with the Audited Accounts of the Company for the financial year ended September 30, 2010.

FINANCIAL RESULTS

The Company earned a net profit of Rs. 67.55 lacs during the financial year 2009-2010 as against Rs. 20.23 lacs earned during the last year. The entire profit has been carried forward to the next year.

OPERATIONS

During the year under review, your Company earned rental income of Rs. 174.00 lacs by continuing the arrangement to lease out its Helicopter- Bell 407. The Company has incurred expenditure for insuring the Helicopter against physical damage. Other operational expenses pertaining to the Helicopter were incurred by the Lessee. Surplus generated from the Operations of the Company was invested in liquid instruments, which in turn yielded interest and dividend income of Rs.2.36 lacs.

DIVIDEND

Your Directors have not recommended any Dividend for the financial year under review.

DIRECTORS

Dr. Sanjeev Kumar, Director of the Company, will retire by rotation and being eligible, offers himself for re-appointment. The Notice conveying the Annual General Meeting includes proposal for his re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- that in preparation of accounts for the financial year ended September 30, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors of the Company 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 as at September 30, 2010 and profit of the Company for the year ended on that date;
- that the Directors of the Company 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; and
- that the Directors of the Company have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. R.S. Dani & Company, Chartered Accountants, Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting of the Company and offer themselves for re-appointment. The Company has received a certificate from the Statutory Auditors that re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The Auditors' Report read together with Notes on Accounts is self explanatory and therefore, does not call for any comments under Section 217 of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The Company, not having any manufacturing activity, your Directors have nothing to report on "Conservation of Energy, Technology Absorption and Foreign Exchange Transactions".

PARTICULARS OF EMPLOYEES

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as the Company does not have any employee as at present.

ACKNOWLEDGEMENT

The Directors express their appreciation for the sincere cooperation and assistance of the Government Authorities, Bankers, Business Associates as well as Directors and Employees of its Holding Company and Bajaj Hindusthan Limited.

Your Directors acknowledge with gratitude the encouragement and support extended by the valued shareholder.

For and on behalf of the Board
BAJAJ AVIATION PRIVATE LIMITED

Noida
October 19, 2010

K.S. Vaidyanathan
Director

Dr. Sanjeev Kumar
Director

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Bajaj Aviation Private Limited, Bajaj Bhawan, 2nd floor, 226, Nariman Point, Jambhal Bajaj Marg, Mumbai - 400 021 as at September 30, 2010 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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.

- 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 the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together referred as the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - 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.
 - 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 such books.
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company.

- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement complies with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
- On the basis of the written representation received from Directors as on September 30, 2010 and taken on record by the Board of Directors, we report that none of the Directors of the Company, as at September 30, 2010 is disqualified from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
 - In the case of Balance Sheet, of the state of affairs of the Company as at September 30, 2010;
 - In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - In case of Cash Flow Statement, of the cash flows for the year ended on that date.

FOR R.S. DANI & CO.
Chartered Accountants
Firm Reg. No. 000243C

C.P. KOTHARI

Partner
Membership No. 072229

Ajmer
October 15, 2010.

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON SEPTEMBER 30, 2010 OF BAJAJ AVIATION PRIVATE LIMITED

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us we state that:

- As informed and after going through the records, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - As informed these fixed assets have been physically verified by the management at reasonable intervals, and no material discrepancies were noticed on such verification.
 - As informed and after going through the records, the Company had not disposed any fixed asset during the year.
- As the Company does not have inventory the clauses (ii) (a) to (ii) (c) of paragraph 4 of the order are not applicable to the Company.
- As informed the Company has not granted any loan during the year, covered in the register maintained under Section 301 of the Act. Accordingly the Clauses (iii) (a) to (iii) (d) of paragraph 4 of the order are not applicable to the Company.
 - Based on the information and explanation given to us, the Company has taken interest free unsecured loan, only from its holding company covered in the register maintained under Section 301 of the Act. The closing balance at year end is Rs. 6,50,00,000.

- The loan taken is interest free and other terms and conditions is prima facie not prejudicial to the interest of the Company.
- The loan is interest free and repayable on demand therefore the Clauses (iii) (g) of paragraph 4 of the order are not applicable to the Company.
- In our opinion and based on information and explanation given to us, the Company has an internal control system commensurate with its size and nature of its business, purchase of inventory and fixed assets and for the sale of goods & services. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas;
- According to information and explanations provided by the management there were no transactions during the year pursuant to the contracts or arrangements referred to in Section 301 of the Act. Accordingly Clauses (v) (a) & (v) (b) of paragraph 4 of the order are not applicable to the Company.
- The Company has not accepted any deposit under the provision of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1957, framed thereunder.
- The Company does not have a formal Internal Audit System.
- Maintenance of Cost Records under Section 209 (1) (d) of the Act, by the Central Government has not been prescribed for the Company.

- ix) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess and other statutory dues applicable to the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding at the last day of the financial year for a period of more than six months from the date they became payable.
- (c) According to the records of the Company there are no dues of income tax, sales tax, service tax, excise duty, wealth tax, customs duty and cess which have not been deposited on account of any dispute.
- x) The Company has no accumulated losses at the end of the financial year and had not incurred cash losses in such financial year and in immediately preceding financial year.
- xi) The Company has not taken any loan/advance from financial institution or bank, also the Company has not issued any debentures.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debenture and other securities.
- xiii) In our opinion, the Company is not chit fund or a nidhi/ mutual benefit fund/ society. Therefore the provisions of Clauses (xiii) (a) to (xiii) (d) of paragraph 4 of the order are not applicable to the Company.
- xiv) In our opinion the Company has maintained proper records and made timely entries in respect of investments made by the Company. The Company's investments are held in its own name except to the extent of the exemption, if any, granted under Section 49 of the Act.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) According to the information and explanations given to us, the Company has not obtained any term loan during the year; accordingly Clause (xvi) of paragraph 4 of the order is not applicable to the Company.
- xvii) According to the information and explanation given to us, and on an overall examination of the balance sheet of the Company, there are no funds raised on short-term basis during the year under audit.
- xviii) During the year, the Company has not made preferential allotment of equity shares to parties covered in the register maintained under Section 301 of the Act.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money by way of public issue during the year.
- xxi) As per the information and explanations given to us on our enquiries in this behalf, there were no frauds on or by the Company has been noticed or reported during the period.

FOR R.S. DANI & CO.
Chartered Accountants
Firm Reg. No. 000243C

C.P. KOTHARI
Partner
Membership No. 072229

Ajmer
October 15, 2010.

Balance Sheet as at September 30, 2010

	Schedule	As at September 30, 2010 Rupees	As at September 30, 2009 Rupees
I. Sources of Funds:			
Shareholders' Funds			
Share Capital	1	50,000,000	50,000,000
Reserves and Surplus	2	14,132,820	7,378,279
		<u>64,132,820</u>	<u>57,378,279</u>
Loan Funds			
Unsecured Loans	3	65,000,000	65,892,548
		<u>65,000,000</u>	<u>65,892,548</u>
Deferred Tax Liability (Refer Note 5)		4,200,000	1,100,000
Total		<u>133,332,820</u>	<u>124,370,827</u>
II. Application of Funds:			
Fixed Assets			
Gross Block	4	115,970,400	115,970,400
Less: Depreciation		11,365,471	4,887,405
Net Block		<u>104,604,929</u>	<u>111,082,995</u>
Capital work-in-progress		-	-
		<u>104,604,929</u>	<u>111,082,995</u>
Investments	5	1,016,662	-
Current Assets, Loans and Advances			
Sundry Debtors	6	22,973,294	7,005,692
Cash and Bank Balances		48,732	3,646,398
Loans and Advances		<u>11,781,092</u>	<u>6,751,103</u>
		<u>34,803,118</u>	<u>17,403,193</u>
Less : Current Liabilities and Provisions	7		
Current Liabilities		2,206,348	929,820
Provisions		4,885,541	3,185,541
		<u>7,091,889</u>	<u>4,115,361</u>
Net Current Assets		<u>27,711,229</u>	<u>13,287,832</u>
Total		<u>133,332,820</u>	<u>124,370,827</u>
Notes forming part of the accounts	11		

As per our attached report of even date

For and on behalf of
R. S. DANI & COMPANY
Chartered Accountants
Firm Reg. No. 000243C

C.P. Kothari
Partner
Membership No. 072229
Ajmer, October 15, 2010

Dr. Sanjeev Kumar
Director
Noida, October 15, 2010

K. S. Vaidyanathan
Director

Profit and Loss Account for the year ended September 30, 2010

	Schedule	2009-2010 Rupees	2008-2009 Rupees
Income:			
Operating Income		17,400,000	9,886,614
Other Income	8	236,071	760,654
		<u>17,636,071</u>	<u>10,647,268</u>
Expenditure:			
Other Expenses	9	1,303,136	2,504,737
Finance charges	10	328	132,086
Depreciation		6,478,066	4,887,405
		<u>7,781,530</u>	<u>7,524,228</u>
Profit/(Loss) for the year before Taxation		<u>9,854,541</u>	<u>3,123,040</u>
Taxation:			
Provision for Current Taxation		1,700,000	400,000
Provision for current year's Deferred Tax		3,100,000	1,100,000
Less: MAT Credit Entitlement		(1,700,000)	(400,000)
		<u>3,100,000</u>	<u>1,100,000</u>
Profit/(Loss) for the year		<u>6,754,541</u>	<u>2,023,040</u>
Add: Balance Brought Forward		7,378,279	5,355,239
Balance carried to Balance Sheet		<u>14,132,820</u>	<u>7,378,279</u>
Basic/Diluted Earning per share:			
Net Profit		6,754,541	2,023,040
Weighted Average No. of Shares		5,000,000	5,000,000
Basic/Diluted Earning per share in Rs. (Face Value Rs.10/- per share)		1.35	0.40
Notes forming part of the accounts	11		

As per our attached report of even date

For and on behalf of
R. S. DANI & COMPANY
Chartered Accountants
Firm Reg. No. 000243C

C.P. Kothari
Partner
Membership No. 072229
Ajmer, October 15, 2010

Dr. Sanjeev Kumar
Director
Noida, October 15, 2010

K. S. Vaidyanathan
Director

Bajaj Aviation Private Limited

Cash Flow Statement for the year ended September 30, 2010

	2009-2010 Rupees	2008-2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before extra ordinary items and Taxation	9,854,541	3,123,040
Adjustment for:		
Depreciation	6,478,066	4,887,405
	<u>6,478,066</u>	<u>4,887,405</u>
Operating Profit before working capital changes	16,332,607	8,010,445
Adjustment for:		
Trade and other receivables	(18,133,801)	27,247,201
Trade payables	1,276,528	907,348
Cash generated from operations	(524,666)	36,164,994
Direct taxes paid	(1,163,790)	(367,815)
Cash flow before extraordinary items	(1,688,456)	35,797,179
Extraordinary Items	-	-
Net Cash from/(used in) operating activities	<u>(1,688,456)</u>	<u>35,797,179</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including CWIP)	-	(115,970,400)
Sale/Purchase of Investments	(1,016,662)	-
Net cash used in investing activities	<u>(1,016,662)</u>	<u>(115,970,400)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings (Net of repayments)	(892,548)	65,892,548
Net cash from/(used in) financing activities	<u>(892,548)</u>	<u>65,892,548</u>
Net increase/(decrease) in cash and cash equivalents	(3,597,666)	(14,280,673)
Cash and Cash equivalents at the beginning of the period	3,646,398	17,927,071
Cash and Cash equivalents as at September 30, 2010 (Closing Balance)	48,732	3,646,398

As per our attached report of even date

For and on behalf of
R. S. DANI & COMPANY
Chartered Accountants
Firm Reg. No. 000243C

C.P. Kothari
Partner
Membership No. 072229
Ajmer, October 15, 2010

Dr. Sanjeev Kumar
Director

K. S. Vaidyanathan
Director

Noida, October 15, 2010

SCHEDULES FORMING PART OF ACCOUNTS

Schedules 1 to 11 annexed to and forming part of the Balance Sheet as at September 30, 2010 and Profit and Loss Account for the year ended on that date.

	As at Sept.30, 2010 Rupees	As at Sept. 30, 2009 Rupees			
Schedule 1 - Share Capital					
Authorised:					
Equity					
5,000,000 (5,000,000) Equity Shares of Rs. 10/- each	50,000,000	50,000,000			
	<u>50,000,000</u>	<u>50,000,000</u>			
Issued, Subscribed and Paid up:					
Equity					
5,000,000 (5,000,000) Equity Shares of Rs. 10/- each fully paid-up (The entire Paid-up Equity Share Capital is held by Bajaj Eco-Tec Products Limited, the Holding Company)	50,000,000	50,000,000			
	<u>50,000,000</u>	<u>50,000,000</u>			
Schedule 2 - Reserves and Surplus					
	Balance As at 01.10.2009	Additions during the year	Deductions during the year	As at September 30, 2010	As at September 30, 2009
Balance as per Profit & Loss Account	7,378,279	6,754,541	-	14,132,820	7,378,279
	<u>7,378,279</u>	<u>6,754,541</u>		<u>14,132,820</u>	<u>7,378,279</u>
Schedule 3 - Unsecured Loan					
From Holding Company					
- Bajaj Eco-Tec Products Limited (Includes interest accrued Rs. NIL (Previous year Rs. NIL))	65,000,000	65,892,548			
	<u>65,000,000</u>	<u>65,892,548</u>			

Schedule 4 - Fixed Assets

Sr. No.	DESCRIPTION Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at October 1, 2009	Additions during the year	Deduction & Adjustments	As at September 30, 2010	As at October 1, 2009	For the Year	Deduction and Adjustments	Upto September 30, 2010	As at September 30, 2010	As at September 30, 2009
1	Plant and Machinery	115,970,400	-	-	115,970,400	4,887,405	6,478,066	-	11,365,471	104,604,929	111,082,995
	Total	115,970,400	-	-	115,970,400	4,887,405	6,478,066	-	11,365,471	104,604,929	111,082,995
	Previous Year Total	-	115,970,400	-	115,970,400	-	4,887,405	-	4,887,405	111,082,995	-

	As at Sept. 30, 2010 Rupees	As at Sept. 30, 2009 Rupees
Schedule 5 - Investments (At Cost)		
Current Investments (At lower of cost and fair value)		
Investment in Mutual Fund - Non trade Unquoted (94802.660 No.'s(-)Unit of Punjab National Bank, Principal Monthly Income Plan-Dividend Reinvestment Monthly) (Market Value Rs. 1,011,914) (Previous Year Nil)	1,016,662	-
	<u>1,016,662</u>	<u>-</u>
Schedule 6 - Current Assets, Loans and Advances		
Current Assets :		
(a) Sundry Debtors (Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Good	9,745,218	7,005,692
Other Debts	13,228,076	-
	<u>22,973,294</u>	<u>7,005,692</u>
(b) Cash and Bank Balances		
Cash in hand	3,009	3,553
Balance with Scheduled Banks:		
In Current Accounts	45,723	3,642,845
	<u>48,732</u>	<u>3,646,398</u>
(c) Loans and Advances (Unsecured, considered good unless otherwise stated)		
Advances (recoverable in cash or in kind or for value to be received)	5,110,402	2,944,203
Advance payments of Tax	4,570,690	3,406,900
Mat Tax Credit Entitlement	2,100,000	400,000
	<u>11,781,092</u>	<u>6,751,103</u>
	<u>34,803,118</u>	<u>17,403,193</u>
Schedule 7 - Current Liabilities and Provisions		
A. Current Liabilities:		
Sundry Creditors	2,206,348	929,820
	<u>2,206,348</u>	<u>929,820</u>
B. Provisions:		
For Taxation	4,885,541	3,185,541
	<u>4,885,541</u>	<u>3,185,541</u>
	<u>7,091,889</u>	<u>4,115,361</u>

	For the year ended Sept 30, 2010 Rupees	For the year ended Sept 30, 2009 Rupees
Schedule 8 - Other Income		
Interest	219,408	747,107
Miscellaneous Receipts	16,663	13,547
	<u>236,071</u>	<u>760,654</u>
Schedule 9 - Other Expenses		
Repairs to Machinery	-	2,059,287
Payment to Auditors for Audit fees	22,060	11,248
Insurance	1,193,742	434,202
Miscellaneous Expenses	87,334	-
	<u>1,303,136</u>	<u>2,504,737</u>
Schedule 10 - Finance Charges		
Bank charges	328	132,086
	<u>328</u>	<u>132,086</u>
Schedule 11		
A. SIGNIFICANT ACCOUNTING POLICIES		
1. System of Accounting:		
(i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except in case of significant uncertainties.		
(ii) Financial Statements are prepared on Historical Cost basis.		
2. Fixed Assets and Depreciation:		
(a) Fixed Assets:		
(i) Fixed Assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except free hold land) and amortisation.		

(Rupees)

- (b) Depreciation:
Depreciation on all the assets has been provided as under:-
Plant and Machinery: On Straight-Line Method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

3. Taxation:

- (a) Provision for current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'.
- (b) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax assets is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

4. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

B. NOTES TO ACCOUNTS

	2009-2010 Rupees	2008-2009 Rupees
1. Contingent Liabilities not provided for	NIL	NIL
2. Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of Advances)	NIL	NIL
3. (a) CIF Value of Import of Capital Goods	NIL	NIL
(b) FOB value of exports	NIL	NIL
(c) Expenditure in Foreign Currency towards: - Repair & Maintenance Expenses	NIL	2,059,287
4. The disclosures in respect of Related Parties as per Accounting Standard-18 (AS-18) 'Related Party Disclosures' is as stated herein below:		

A) Related parties and relationships for which disclosure is required under AS 18:

a Holding and Subsidiary Companies

Holding Company:

- Bajaj Eco-Tec Products Limited
- Bajaj Hindusthan Limited

b Directors

- (i) Dr. Sanjeev Kumar Director
- (ii) Mr. K. S. Vaidyanathan Director

B) Transactions with the related parties (Rupees)

Transactions during the year	Holding Company	Subsidiary Companies	Key Management Personnel	Total
<u>Loan Taken</u>				
Current Year	648,768	-	-	648,768
Previous Year	(65,892,548)	-	-	(65,892,548)
<u>Loan Repayment</u>				
Current Year	1,541,316	-	-	1,541,316
Previous Year	-	-	-	-

Amount Outstanding at Balance Sheet date	Holding Company	Subsidiary Companies	Key Management Personnel	Total
<u>Loan Taken from Holding Company</u>				
Current Year	65,000,000	-	-	65,000,000
(Previous Year)	(65,892,548)	-	-	(65,892,548)

Notes: Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.

5. Deferred Taxation:

	Opening Balance	During the year	Closing Balance
Deferred Tax Liabilities:			
Depreciation	13,988,072	6,598,642	20,586,714
Total	13,988,072	6,598,642	20,586,714
Deferred Tax Assets:			
Carry Forward of loss	12,929,781	3,553,589	16,483,370
Total	12,929,781	3,553,589	16,483,370
Net Deferred Tax Liability / (Asset)	1,058,291	3,045,053	4,103,344
Net Deferred Tax Liability Provision	1,100,000	3,100,000	4,200,000

6. Detailed Quantitative Information:

The Main object of the Company is to establish, maintain, operate and provide air transport services and lines of aerial conveyance (including scheduled and chartered domestic and international services) for the carriage of passengers, baggage, mail and freight, hence the clause is not applicable, being service industry.

	2009-2010 Rupees	2008-2009 Rupees
Value of Service Provided	17,400,000	9,886,614

7. Previous year figures have been regrouped and rearranged wherever considered necessary.

As per our attached report of even date

For and on behalf of

R. S. DANI & COMPANY
Chartered Accountants
Firm Reg. No. 000243C

C.P. Kothari

Partner
Membership No. 072229
Ajmer, October 15, 2010

Dr. Sanjeev Kumar

Director
Noida, October 15, 2010

K. S. Vaidyanathan

Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	U	6	5	9	9	3	M	H	2	0	0	5	P	T	C	1	5	4	5	2	9	
State Code	1	1																				
Balance Sheet Date	3	0	0	9	2	0	1	0														
	Date	Month	Year																			

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
133,333	133,333

Sources of Funds

Paid-up Capital	Reserves and Surplus
50,000	14,133
Deferred Tax Adjustments	
4,200	
Secured Loans	Unsecured Loans
NIL	65,000

Application of Funds

Net Fixed Assets	Investments
104,605	1,017
Net Current Assets	Misc. Expenditure
27,711	NIL
Accumulated Loss	
NIL	

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
17,400	7,782
+ - Profit /Loss Before Tax	+ - Profit/Loss After Tax
+ 9,855	+ 6,755

(Please tick appropriate box + for Profit - for Loss)

Earning Per Share (Basic) in Rs.	Dividend Rate %
1.35	NIL

V. Generic Name of Principal Product of Company - N.A.

Dr. Sanjeev Kumar

Director

K. S. Vaidyanathan

Director

Noida, October 15, 2010

Bajaj Energy Private Limited

(Formerly known as Bajaj Eco-Chem Products Private Limited)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Second Annual Report and the Accounts for the financial year of the Company ended on March 31, 2010.

FINANCIAL RESULTS

During the year under review, your Company has not commenced commercial operations and did not earn any income. However, on account of the certain expenses of administrative nature, the Company has reported a net loss of Rs. 24,243/- which has been carried to Balance Sheet.

DIVIDEND

In view of loss, your Directors have not recommended any dividend for the year 2009-2010.

SPECIALTY CHEMICALS PROJECT

The proposed business of manufacturing and sale of specialty chemicals and consequently the proposed requisition of land in the State of Gujarat has been deferred.

POWER PROJECTS

The Power Industry in India has been historically characterised by energy shortages as the gap between demand and supply of power has been increasing. India has an installed generation capacity of approximately 156,092 MW. The participation of private sector is on increase overtime and it has 29,998 MW of the total installed capacity in India. India will still require further substantial capacity addition to achieve projected demand. Government of Uttar Pradesh has formulated UP Energy Policy 2009 whereby it invited private participation in the sector to generate over 32,000 MW of power by 2014. In terms of this policy, the State will allow use of conventional fuels in off season as in the existing Co-gen facilities and allow the generators to sell 50% of generated power through open access to third party agencies. Further, the Co-generator will be encouraged to use surplus land for setting up coal or gas based generating units upto 100 MW.

In view of the above, Bajaj Hindusthan Limited (BHL), the holding company had decided initially to set up coal based power plants to reap the benefits of Power Industry. It had identified 5 locations in the State of Uttar Pradesh (U.P.) at Barkhera (Dist. Pilibhit), Khambarkhera (Dist. Lakhimpur Kheri), Maqsoodapur (Dist. Shahjahanpur), Kundarkhi (Dist. Gonda) and Utraula (Dist. Balrampur). Each location will have a thermal power project of 90 MW each aggregating to 450 MW.

Since, BHL being in Sugar Industry and bagasse based Co-generation, may face challenges in achieving financial closure for power projects, BHL considered that proposed implementation of power projects may be taken up in a SPV. Accordingly, subject to approval of Government of Uttar Pradesh, it was decided to transfer/assign the power project to the Company. The Board of the Company also approved the taking up the above power projects on ongoing basis.

PROJECT DETAILS AND FUNDING ARRANGEMENTS

The cost of project has been estimated at Rs. 2,320 crore. The process of debt funding with the banks is in advanced stage. The financial closure is expected to be completed very shortly. A Memorandum of Understanding (MOU) with Government of U.P. has already been entered into by BHL and its assignment in favour of the Company is expected shortly. Required land for the project is being transferred/assigned from BHL and its subsidiary in favour of the Company. Approval for water allocation has already been obtained. Long-term Coal linkage has been approved in the meeting of Standing Linkage Committee (SLC), Ministry of Coal to meet the coal requirement. Power Purchase Agreement (PPA) for the power sale from the project is expected to be entered into shortly. The project envisages the evacuation of power from 132 KV Transmission lines. BHL already has Transmission lines at most of the locations, resulting in advantages of a) reduced cost, b) faster completion period and c) saving in transmission losses. Some augmentation would be required for which necessary provisions have been considered in the project cost.

Work at all the sites is progressing well. Engineering, Procurement and Commissioning (EPC) Contract has been awarded for the entire project and all the major orders have been placed. The project is expected to be completed in about 21 months and scheduled date of commencement of commercial production is November, 2011.

CHANGE OF NAME OF THE COMPANY

In order to commence new line of activities, the name of the Company has been changed from Bajaj Eco-Chem Products Private Limited to Bajaj Energy Private Limited and a Fresh Certificate of Incorporation Consequent to Change of Name was issued by the Registrar of Companies, Maharashtra, Mumbai on March 19, 2010.

DIRECTORS

Mr. Kushagra Bajaj and Mr. N. K. Balasubramanian were appointed as Additional Directors on the Board of the Company. The aforesaid Additional Directors would hold office up to the date of the Annual General Meeting and offer themselves for appointment.

Mr. Chandresh Chhaya will retire by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 as amended, with respect to the directors' responsibility statement, it is hereby confirmed:

- That in the preparation of accounts for the year ended March 31, 2010 the applicable Accounting Standards have been followed along with proper explanation relating to the material departures;
- That the directors of the Company 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 for the year ended March 31, 2010;
- That the directors of the Company have taken proper and sufficient care for the maintenance of proper 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; and
- That the directors of the Company have prepared the accounts of the Company for the financial year ended March 31, 2010 on a going concern basis.

AUDITORS

During the year, M/s. Dalal & Shah, Chartered Accountants, Mumbai, tendered their resignation from the office of the Statutory Auditors of the Company. M/s. R. S. Dani & Company have been appointed as Statutory Auditors of the Company by the members with effect from November 11, 2009 to hold office upto the conclusion of the next Annual General Meeting of the Company and are eligible for re-appointment.

The Company has received a certificate from M/s. R. S. Dani & Company to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Auditors' Report read alongwith Notes on Accounts is self explanatory and therefore, does not call for any further comment under Section 217(3) of the Companies Act, 1956.

COMPLIANCE CERTIFICATE

A certificate of compliance in terms of Section 383A(1) of the Companies Act, 1956 read with Companies (Compliance Certificates) Rules, 2001 issued by M/s. Chandanbala Jain & Associates, Mumbai, Company Secretaries in Whole-time practice for the year ended March 31, 2010 is set out as an annexure and forms part of this report.

FIXED DEPOSITS

Company has not accepted any deposits from members or employees.

STATUTORY DISCLOSURES

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable for the year ended March 31, 2010.

The provisions of Section 217(1)(e) of the Companies Act, 1956 relating to "Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo" are not applicable for the year ended March 31, 2010.

APPRECIATION

Your Directors express their appreciation for the sincere co-operation and assistance of Central Government, State Government and its Bankers. Your Directors acknowledge with gratitude the encouragement and support extended by our valued shareholder and by the staff of its holding company.

For and on behalf of the Board of Directors
BAJAJ ENERGY PRIVATE LIMITED

Mumbai
June 8, 2010

Pradeep Parakh
Director

Chandresh Chhaya
Director

SECRETARIAL COMPLIANCE CERTIFICATE

For the year ended March 31, 2010

Date: June 8, 2010

CIN : U40102MH2008PTC184063

Authorised Capital: **Rs. 3,00,00,000/-**
Paid-up Capital: **Rs. 81,00,000/-**

To,

The Members,
Bajaj Energy Private Limited
(Formerly known as Bajaj Eco-Chem
Products Private Limited)
Bajaj Bhavan, 2nd Floor
Jammalal Bajaj Marg
226, Nariman Point
Mumbai 400 021.

We have examined the registers, records, books and papers of Bajaj Energy Private Limited (Formerly known as Bajaj Eco-Chem Products Private Limited), (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the purpose of issuing a Secretarial Compliance Certificate under Section 383A(1) of the Companies

Act, 1956, read with the Companies (Compliance Certificate) Rules, 2001 (the Rules), for the financial year ended March 31, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid year:

- The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies and there is no form or return required to be filed with The Regional Director, Central Government, Company Law Board or any other authorities as applicable under the Act and the rules made thereunder.
- The Company, being a private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said year were 2 (Two), excluding its present and past employees and the Company during the year under scrutiny:
 - has not invited public to subscribe for its shares or debentures and
 - has not invited or accepted any deposits from persons other than its members, directors or their relatives.

Bajaj Energy Private Limited
(Formerly known as Bajaj Eco-Chem Products Private Limited)

4. The Board of Directors duly met 8 (Eight) times on May 4, 2009, May 15, 2009, August 13, 2009, October 20, 2009, October 27, 2009, November 18, 2009, February 16, 2010 and March 20, 2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the said year, as there being no statutory requirement to close the same.
6. The Annual General Meeting for the financial year ended on March 31, 2009 was held on June 30, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company held 4 (Four) Extraordinary General Meetings during the financial year on April 20, 2009, October 28, 2009, December 15, 2009 and February 27, 2010, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. As per information and explanation given to us, the Company has not advanced any loans to its directors and / or persons or firms or companies referred to in Section 295 of the Companies Act, 1956.
9. As per information and explanation given to us, the Company has not entered into any contracts attracting provision of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As per information and explanation given to us, there were no instances falling within the purview of Section 314 of the Act during the said year.
12. The Company has not issued any duplicate certificates during the said year.
13. i) The Company had not allotted equity shares during the financial year. There was no transfer/transmission of securities during the financial year.
ii) The Company has not declared any dividend for the said financial year hence there is no deposit of any amount in separate Bank.
iii) The Company was not required to post any dividend warrant to any member of the Company as no dividend was declared during the said financial year.
iv) The Company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as the Company has no arrears of dividends nor issued any debentures and has not accepted any deposit.
v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director/ Whole time director/ Manager during the year.
16. The Company has not appointed any sole selling agents during the said year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and/or such authorities, prescribed under the various provisions of the Act during the year under review.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued shares/ debentures/ other securities during the said year.
20. The Company has not bought back any shares during the said year.
21. There was no redemption of preference shares or debentures during the said year.
22. There were no transactions, necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the said year.
23. As per information and explanation given to us, the Company has not invited/accepted any deposits, including any unsecured loans, falling within the purview of Section 58A of the Act during the said year.
24. The amount borrowed by the Company during the financial year is within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Extraordinary General Meeting.
25. The Company has neither granted any loans or given guarantees nor made any investments during the year under scrutiny.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny and has complied with the provisions of the Act.
28. The Company has altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny and has complied with the provisions of the Act.
29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association with respect to the name of the Company during the year under scrutiny and has complied with the provisions of the Act.
31. As per information & explanation given to us, there was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company or its Directors during the said year, for offences under the Act.
32. The Company has not received any money as security from its employees during the said year.
33. The provisions of Section 418 of the Act are not applicable as the Company does not have its own PF Trust and the provisions of the Provident Fund Act are not applicable.

FOR CHANDANBALA JAIN & ASSOCIATES
Practicing Company Secretaries

CHANDANBALA R. JAIN
Proprietor
CP No. 6400 (FCS 6122)

Mumbai, June 8, 2010

ANNEXURE 'A'

Registers as maintained by the Company during the year ended March 31, 2010.

Sr. No.	Name of the Register	Maintained
1.	Register of Members	U/S 150 of the Act
2.	Register of Contracts	U/S 301 of the Act
3.	Register of Directors	U/S 303 of the Act
4.	Register of Directors' Shareholdings	U/S 307 of the Act
5.	Board Minutes Books and AGM/EGM Minutes Books	

FOR CHANDANBALA JAIN & ASSOCIATES
Practicing Company Secretaries

CHANDANBALA R. JAIN
Proprietor
CP No. 6400 (FCS 6122)

Mumbai, June 8, 2010

ANNEXURE 'B'

Forms and returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the year ended March 31, 2010.

Sr. No.	Form No.	Section/ Rule	Description	Details of filing	Whether filed within prescribed time – Yes/No	If delayed, additional fees paid – Yes/No
1.	32	303 (2)	Appointment / Resignation of Directors	Date: 22.04.2009 SRN: A60327830	Yes	N.A.
2.	23AA	209(1)	Notice of address at which books of account are maintained	Date: 08.05.2009 SRN: A61435186	Yes	N.A.
3.	66	383 A	Compliance Certificate for the year 2008-2009	Date: 30.06.2009 SRN: P33043167	Yes	N.A.
4.	23AC & ACA	220	Filing of Balance Sheet and Profit and Loss Account and other documents for the year 2008-2009	Date: 30.06.2009 SRN: P33043316	Yes	N.A.
5.	20B	159	Annual Return by a Company having share capital for the year 2008-2009	Date: 30.06.2009 SRN: P33043464	Yes	N.A.
6.	32	303 (2)	Appointment / Resignation of Directors	Date: 30.06.2009 SRN: A64397029	Yes	N.A.
7.	23	192	Registration of resolution	Date: 29.10.2009 SRN: A71658983	Yes	N.A.
8.	20A	149(2A)	Declaration of Compliance	Date: 31.10.2009 SRN: A71763890	Yes	N.A.
9.	1A	20 & 21	Application for Availability of name	Date: 18.02.2010 SRN: A78777810	Yes	N.A.
10.	1B	21	Application for approval of the Central Government for change of name	Date: 05.03.2010 SRN: A79866562	Yes	N.A.
11.	23	192	Registration of resolution	Date: 05.03.2010 SRN: A79864997	Yes	N.A.

FOR CHANDANBALA JAIN & ASSOCIATES
Practicing Company Secretaries

CHANDANBALA R. JAIN
Proprietor
CP No. 6400 (FCS 6122)

Mumbai, June 8, 2010

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Bajaj Energy Private Limited (Formerly known as Bajaj Eco-Chem Products Private Limited), Bajaj Bhavan, 2nd Floor, 226, Nariman Point, Jammalal Bajaj Marg, Mumbai 400 021 as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the 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 such books.

- (c) The Balance Sheet, Profit and Loss Account and 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, Profit and Loss Account and Cash Flow Statement complies with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.
- (e) That none of the Directors of the Company, as at March 31, 2010 is disqualified 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 accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) In case of Cash Flow Statements, of the cash flows for the year ended on that date.

FOR R.S. DANI & CO.
Chartered Accountants
Firm Reg. No. 000243C

C.P. KOTHARI
Partner
Membership No. 072229

Ajmer, May 25, 2010.

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 OF BAJAJ ENERGY PRIVATE LIMITED (FORMERLY KNOWN AS BAJAJ ECO-CHEM PRODUCTS PRIVATE LIMITED)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- i) As informed to us there were no contracts or arrangements entered into during the year which needs to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956;
- ii) The Company has not accepted any deposits from public;
- iii) In our opinion the Company has an internal control system commensurate with its size & nature of its business;
- iv)
 - a) As explained to us the provisions of statutes governing provident fund and employees' state insurance are not applicable during the year. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess outstanding at the last day of the financial year for a period of more than six months from the date they became payable;
 - b) There were no outstanding statutory dues on account of disputes before the authorities at the end of the year.

- v) As per the information and explanations given to us on our enquiries in this behalf, there were no frauds on or by the Company has been noticed or reported during the year.

In view of the nature of activities carried on by the Company Clause no. (xiii) of CARO, 2003 is not applicable to the Company. Also as Company has been registered for a period less than five years, Clause (x) is also not applicable. Further, in view of the absence of conditions pre-requisite to the reporting requirement of Clauses (i), (ii), (v), (vi), (viii), (ix), (xi), (xii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx) and (xxi) the said clauses are, at present, not applicable.

FOR R.S. DANI & CO.
Chartered Accountants
Firm Reg. No. 000243C

C.P. KOTHARI
Partner
Membership No. 072229

Ajmer, May 25, 2010.

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
I. SOURCES OF FUNDS:			
Shareholders' Funds			
Capital	1	8,100,000	8,100,000
Reserves and Surplus		-	-
Loan Funds			
Secured Loan		-	-
Unsecured Loan		-	-
Total		8,100,000	8,100,000
II. APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block		-	-
Less: Depreciation		-	-
Net Block		-	-
Capital Work-in-Progress	2	6,258,975	6,258,975
Investments		-	-
Current Assets, Loans and Advances			
Inventories		-	-
Sundry Debtors		-	-
Cash and Bank Balances		482,313	511,722
Other Current Assets		-	-
Loans and Advances		1,000,000	1,000,000
		1,482,313	1,511,722
Less: Current Liabilities and Provisions			
Current Liabilities	4	13,704	11,530
Provisions		11,030	-
		24,734	11,530
Net Current Assets		1,457,579	1,500,192
Miscellaneous Expenses	5	359,203	340,833
(To the Extent not written off or adjusted)			
Profit and Loss Account		24,243	-
Total		8,100,000	8,100,000
Notes Forming part of the accounts	6		

As per our attached report of even date

For and on behalf of

R.S. DANI & CO.
Chartered Accountants
Firm Reg. No. 000243C

Pradeep Parakh
Director

C.P. KOTHARI
Partner
Membership No. 072229
Ajmer, May 25, 2010

Chandresh Chhaya
Director
Mumbai, May 24, 2010

Profit and Loss Account for the Year ended March 31, 2010

	Schedule	2009-2010 (Rupees)	2008-2009 (Rupees)
Income:			
		-	-
Expenditure:			
Audit fees		11,030	-
Professional Fee & Charges		11,030	-
Printing and Stationery		150	-
Bank Charges		930	-
Miscellaneous Expenses		1,103	-
		24,243	-
Profit/(Loss) for the year before taxation		(24,243)	-
Less : Provision for Taxation		-	-
Profit/(Loss) for the year		(24,243)	-
Add : Balance brought Forward		-	-
Balance carried to Balance Sheet		(24,243)	-
Basic and Diluted Earning per share			
		-	-
Net Profit/(Loss)		(24,243)	-
Weighted average Number of shares			
		810,000	-
Basic and Diluted Earning per share in Rupees (Face Value Rs. 10/- each)			
		(0.03)	-
Notes Forming part of the accounts	6		

As per our attached report of even date

For and on behalf of

R.S. DANI & CO.
Chartered Accountants
Firm Reg. No. 000243C

Pradeep Parakh
Director

C.P. KOTHARI
Partner
Membership No. 072229
Ajmer, May 25, 2010

Chandresh Chhaya
Director

Mumbai, May 24, 2010

Bajaj Energy Private Limited
(Formerly known as Bajaj Eco-Chem Products Private Limited)

Cash Flow Statement for the year ended March 31, 2010

	2009-10 (Rupees)	2008-09 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before extra ordinary items and Taxation	(24,243)	-
Adjustment for:		
Trade payables	13,204	11,530
Net Cash from/(used in) operating activities	(11,039)	11,530
CASH FLOW FROM INVESTING ACTIVITIES:		
WIP (Pre-operating expenses pending allocation)	-	(6,258,975)
Loans and Advances	-	(1,000,000)
Net cash used in investing activities	-	(7,258,975)
CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Equity Shares and Premium thereon	-	8,100,000
Incorporation and Issue expenses	(18,370)	(340,833)
Net Cash from/(used in) financing activities	(18,370)	7,759,167
Net increase/(decrease) in cash and cash equivalents	(29,409)	511,722
Cash and Cash equivalents (Opening Balance)	511,722	-
Cash and Cash equivalents as at March 31, 2010 (Closing Balance)	482,313	511,722

As per our attached report of even date

For and on behalf of

R.S. DANI & CO.
Chartered Accountants
Firm Reg. No. 000243C

Pradeep Parakh
Director

C.P. KOTHARI
Partner
Membership No. 072229
Ajmer, May 25, 2010

Chandresh Chhaya
Director
Mumbai, May 24, 2010

Schedules Forming Part of Accounts

Schedules 1 to 6 annexed to and forming part of the Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date.

	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)	
Schedule - 1			
Share Capital			
Authorised			
30,00,000 Equity Shares of Rs. 10/- each	30,000,000	30,000,000	
Issued, Subscribed and Paid-up			
8,10,000 Equity Shares of Rs. 10/- each			
Fully Paid-up	8,100,000	8,100,000	
(The entire paid-up equity share capital is held by the holding company, Bajaj Hindusthan Limited)			
Total	8,100,000	8,100,000	
	As at April 1, 2009 (Rupees)	For the year (Rupees)	As at March 31, 2010 (Rupees)
Schedule - 2			
Capital Work in Progress:			
Preoperative Expenses			
Misc Expenses	13,256	-	13,256
Professional charges	6,245,719	-	6,245,719
Total	6,258,975	-	6,258,975
	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)	
Schedule - 3			
Current Assets, Loans and Advances			
a) Cash and Bank Balances			
Cash in hand	1,444	704	
Balance with Scheduled Banks:			
In Current Accounts	480,869	511,018	
	482,313	511,722	
b) Loans and advances			
(Unsecured, considered good unless otherwise stated)			
Advance Recoverable in cash or in kind or for value to be received			
Advance for Purchase of Land	1,000,000	1,000,000	
	1,000,000	1,000,000	
Total	1,482,313	1,511,722	
Schedule - 4			
Current Liabilities and Provisions			
a) Current Liabilities			
Sundry Creditors	-	-	
Other Liabilities	13,704	11,530	
	13,704	11,530	
b) Provisions			
Provision for audit expenses	11,030	-	
	11,030	-	
Total	24,734	11,530	
Schedule - 5			
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Preliminary Expenses	359,203	340,833	
Less: Written off during the year	-	-	
	359,203	340,833	

Bajaj Energy Private Limited

(Formerly known as Bajaj Eco-Chem Products Private Limited)

Schedule 6 - Notes forming part of the Accounts

		As at March 31, 2010	As at March 31, 2009
1.	Contingent Liabilities not provided for:	NIL	NIL
2.	The disclosures in respect of Related Parties as required under Accounting Standard 18 (AS-18) 'Related Party Disclosures' is stated herein below / set out in a separate statement annexed hereto.		
a)	Related Parties and relationships for which disclosure is required under AS-18:		
	A. Enterprise having Control		
	Holding Company		
	Bajaj Hindusthan Limited		
	Fellow Subsidiary Companies		
	1. Bajaj Hindusthan Sugar and Industries Ltd.		
	2. Bajaj Aviation Private Ltd.		
	3. Bajaj Eco-Tec Products Ltd.		
	4. Bajaj International Participações Ltda., Brazil		
	5. Bajaj Hindusthan (Singapore) Pte Ltd., Singapore		
	B. Associates & Joint Ventures		
	Nil		
	C. Directors and their relatives		
	Mr. Pradeep Parakh, Director		
	Mr. Chandresh Chhaya, Director		
	Mr. C.B. Chhaya, relative of a Non-Executive Director		
	D. Key Management Personnel		
	None		
	E. Enterprises over which any person described in (C) or (D) above is able to exercise significant influence		
	None		

b) Disclosure as required under AS-18 in respect of Related Party Transactions:

	Holding Co.	Directors	Relatives of Directors	Key Management Personnel	Relatives of Key Management Personnel	Enterprises described in (E) above	Total
I. Transactions during the year							
Rendering of Services	-	-	1,000	-	-	-	1,000
Loans/advance taken	17,006,252,206	-	-	-	-	-	17,006,252,206
Loans/advance taken repaid	17,006,252,206	-	-	-	-	-	17,006,252,206
II. Amounts Outstanding at Balance Sheet date							
Loans given outstanding	-	-	-	-	-	-	-
Deposit Outstanding	-	-	-	-	-	-	-

Note: Related party relationship is as identified by the Management based on the available information and relied upon by the Auditors.

3. The Company has no employees during the accounting period under review. Accordingly the Accounting Standard (AS-15) issued under Companies (Accounting Standard) Rules, 2006 is not applicable.
4. Figures of the previous year have been regrouped/ reclassified wherever necessary.
5. Significant accounting policies followed by the Company are as stated in the statement annexed to this Schedule (Annexure 'A').
6. Information required in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached.

Signatures to Schedules "1" to "6"

As per our attached report of even date

For and on behalf of

R.S. DANI & CO.

Chartered Accountants

Firm Reg. No. 000243C

Pradeep Parakh

Director

C.P. KOTHARI

Partner

Membership No. 072229

Ajmer, May 25, 2010

Chandresh Chhaya

Director

Mumbai, May 24, 2010

Statement on Significant Accounting Policies

Annexure 'A' referred to in Note No. 5 in Schedule 6 to the Accounts for the year ended March 31, 2010

1. System of accounting

- (i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.
- (ii) Financial statements are based on historical cost.

2. Fixed Assets

Expenditure during construction period incurred on the projects under implementation are treated as Pre-operative Expenses pending allocation to the assets, and are included under "Capital Work-in-Progress". These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work-in-Progress is stated at the amount expended upto the date of Balance Sheet.

3. Taxation

Deferred tax assets/ liability would be considered subsequent to the commencement of the Commercial operations.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
8,100	8,100

Sources of Funds

Paid-up Capital	Reserves and Surplus
8,100	-
Deferred Tax Adjustments	
-	
Secured Loans	Unsecured Loans
-	-

Application of Funds

Net Fixed Assets	Investments
6,259	-
Net Current Assets	Miscellaneous Expenditure
1,458	359
Accumulated Loss	
24	

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
-	24
+ - Profit /Loss Before Tax	+ - Profit/Loss After Tax
<input type="checkbox"/> - <input type="checkbox"/> 24	<input type="checkbox"/> - <input type="checkbox"/> 24

(Please tick appropriate box + for Profit - for Loss)

Earning Per Share in Rs.	Dividend Rate %
(0.03)	-

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)
 Product Description

Pradeep Parakh
Director

Chandresh Chhaya
Director

Mumbai, May 24, 2010

Bajaj Internacional Participações Ltda.

Balance Sheet at April 30, 2010 and 2009

	2010 In Real	2010 Rs. Million*	2009 In Real	2009 Rs. Million*
Assets				
Current:				
Banks	2.024,23	0.05	6.805,18	0.18
Marketable Securities	2.295.002,82	60.59	2.194.612,84	58.97
Tax Recoverable	55.385,22	1.46	75.081,67	2.02
	<u>2.352.412,27</u>	<u>62.10</u>	<u>2.276.499,69</u>	<u>61.17</u>
Total Assets	<u>2.352.412,27</u>	<u>62.10</u>	<u>2.276.499,69</u>	<u>61.17</u>
Liabilities and Quotaholders' Equity				
Current:				
Tax Payable	4.710,27	0.12	6.699,27	0.18
Accounts Payable	5.636,51	0.15	6.970,56	0.19
	<u>10.346,78</u>	<u>0.27</u>	<u>13.669,83</u>	<u>0.37</u>
Quotaholders' Equity				
Subscribed Capital	21.000.000,00	554.37	21.000.000,00	564.30
(-) Capital to be paid	(18.838.537,86)	(497.31)	(18.838.537,86)	(506.22)
	<u>2.161.462,14</u>	<u>57.06</u>	<u>2.161.462,14</u>	<u>58.08</u>
Retained earnings	180.603,35	4.77	101.367,72	2.72
	<u>2.342.065,49</u>	<u>61.83</u>	<u>2.262.829,86</u>	<u>60.80</u>
Total Liabilities and Quotaholders' Equity	<u>2.352.412,27</u>	<u>62.10</u>	<u>2.276.499,69</u>	<u>61.17</u>

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

*** Notes:**

- Figures for the year 2010 are translated at the exchange rate as on 30.09.2010 i.e. BRL 1= Rs. 26.3984
- Figures for the year 2009 are translated at the exchange rate as on 30.09.2009 i.e. BRL 1= Rs. 26.8717

Statement of Income at April 30, 2010 and 2009

	2010 In Real	2010 Rs. Million*	2009 In Real	2009 Rs. Million*
Operational Expenses:				
General and Administrative	(71.852,17)	(1.90)	(80.900,34)	(2.17)
Taxes and Contributions	(19.467,99)	(0.51)	(19.640,62)	(0.53)
Financial Income (expenses)	195.577,55	5.16	104.678,14	2.81
Earnings before Income tax and social contribution	<u>104.257,39</u>	<u>2.75</u>	<u>4.137,18</u>	<u>0.11</u>
(-) Income Tax	(15.638,60)	(0.41)	(620,58)	(0.02)
(-) Social Contribution	(9.383,16)	(0.25)	(372,34)	(0.01)
	<u>(25.021,76)</u>	<u>(0.66)</u>	<u>(992,92)</u>	<u>(0.03)</u>
Net Income	<u>79.235,63</u>	<u>2.09</u>	<u>3.144,26</u>	<u>0.08</u>

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

*** Notes:**

- Figures for the year 2010 are translated at the exchange rate as on 30.09.2010 i.e. BRL 1= Rs. 26.3984
- Figures for the year 2009 are translated at the exchange rate as on 30.09.2009 i.e. BRL 1= Rs. 26.8717

Statement of Changes in Quotaholders' Equity at April 30, 2010

	Subscribed Capital		Capital to be Paid		Retained Earnings		Total	
	In Real	Rs. Million*	In Real	Rs. Million*	In Real	Rs. Million*	In Real	Rs. Million*
Balances at April 30, 2009	21.000.000,00	554.37	(18.838.537,86)	(497.31)	101.367,72	2.68	2.262.829,86	59.74
Net Income	-	-	-	-	79.235,63	2.09	79.235,63	2.09
Balances at April 30, 2010	21.000.000,00	554.37	(18.838.537,86)	(497.31)	180.603,35	4.77	2.342.065,49	61.83

Statement of Changes in Quotaholders' Equity at April 30, 2009

	Subscribed Capital		Capital to be Paid		Retained Earnings		Total	
	In Real	Rs. Million*	In Real	Rs. Million*	In Real	Rs. Million*	In Real	Rs. Million*
Balances at April 30, 2008	21.000.000,00	564.30	(18.838.537,86)	(506.22)	98.223,46	2.64	2.259.685,60	60.72
Net Income	-	-	-	-	3144,26	0.08	3.144,26	0.08
Balances at April 30, 2009	21.000.000,00	564.30	(18.838.537,86)	(506.22)	101.367,72	2.72	2.262.829,86	60.80

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

*** Notes:**

- Figures for the year 2010 are translated at the exchange rate as on 30.09.2010 i.e. BRL 1= Rs. 26.3984
- Figures for the year 2009 are translated at the exchange rate as on 30.09.2009 i.e. BRL 1= Rs. 26.8717

Statement of Cash Flow at April 30, 2010 and 2009

	2010		2009	
	In Real	Rs. Million*	In Real	Rs. Million*
Cash flow from operating activities				
Net income	79.235,63	2.09	3.144,26	0.08
(Increase)/decrease current or non-current assets				
Tax recoverable	19.696,45	0.52	(17.893,96)	(0.48)
Increase/(decrease) current or non-current liabilities				
Withholding taxes	(1.989,00)	(0.05)	927,74	0.02
Accounts payable	(1.334,05)	(0.03)	1.571,52	0.04
	<u>(3.323,05)</u>	<u>(0.08)</u>	<u>2.499,26</u>	<u>0.06</u>
Net cash flow from operating activities	<u>95.609,03</u>	<u>2.53</u>	<u>(12.250,44)</u>	<u>(0.34)</u>
Cash and cash equivalents at the beginning of the year	2.201.418,02	58.11	2.213.668,46	59.49
Cash and cash equivalents at the end of the year	<u>2.297.027,05</u>	<u>60.64</u>	<u>2.201.418,02</u>	<u>59.15</u>

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

*** Notes:**

- Figures for the year 2010 are translated at the exchange rate as on 30.09.2010 i.e. BRL 1= Rs. 26.3984
- Figures for the year 2009 are translated at the exchange rate as on 30.09.2009 i.e. BRL 1= Rs. 26.8717

Bajaj Hindusthan (Singapore) Private Limited

(Incorporated in Singapore)

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements of the Company for the financial period from 1 October 2009 to 31 March 2010.

DIRECTORS

The directors in office at the date of this report are:

Pradeep Parakh
Arangannal s/o Kathamuthu

CHANGE IN FINANCIAL YEAR

The Company has changed its financial year end from 30 September to 31 March. A shortened accounting period has been applied in order to align the Company's accounting reference date with the statutory tax filing deadline of its parent company.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial period had any interests in shares and debentures of the Company and its related corporations except as detailed below:

Holdings registered in the name of director		
	As at 01.10.2009	As at 31.03.2010

Ordinary shares
In related company

Bajaj Hindusthan Sugar and Industries Ltd.		
Pradeep Parakh	5,000	5,000

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, Cap. 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

SHARE OPTIONS

There were no share options granted during the financial period to subscribe for unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial period.

INDEPENDENT AUDITOR

The independent auditor, Messrs Shanker Iyer & Co., Certified Public Accountants, Singapore, has expressed its willingness to accept re-appointment.

	Pradeep Parakh	Arangannal s/o Kathamuthu
19 November 2010	Director	Director

STATEMENT BY DIRECTORS

In the opinion of the directors,

- the accompanying financial statements of the Company are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of its results, changes in equity and cash flows for the financial period from 1 October 2009 to 31 March 2010; and
- at the date of this statement, on the understanding that continuing financial support will be provided by its holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The directors authorised these financial statements for issue on 19 November 2010.

	Pradeep Parakh	Arangannal s/o Kathamuthu
19 November 2010	Director	Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED

(Incorporated in Singapore)

We have audited the accompanying financial statements of BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED (the "Company") as set out on pages 7 to 22, which comprise the statement of financial position as at 31 March 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 1 October 2009 to 31 March 2010, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of its results, changes in equity and cash flows for the financial period from 1 October 2009 to 31 March 2010; and
- the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 4 to the financial statements which indicate that the Company incurred a net loss of S\$8,360 (2009:S\$12,347) during the financial period ended 31 March 2010 and as of that date, the Company has a capital deficiency of S\$38,254 (2009:S\$29,894) and excess of current liabilities over current assets of S\$38,254 (2009:S\$29,894). The financial statements have been prepared on a going concern basis as the holding company has undertaken to provide continuing financial support until such time the Company is able to operate on its own financial resources.

Singapore
19 November 2010

SHANKER IYER & CO.
Public Accountants & Certified Public Accountants

Statement of Financial Position as at 31 March 2010

	Note	2010		2009	
		S\$	Rs. Million	S\$	Rs. Million
ASSETS					
CURRENT ASSETS					
Cash at Bank	5	17,721	0.60	12,510	0.42
Other Receivables	6	9,794	0.34	7,114	0.24
Total Assets		27,515	0.94	19,624	0.66
Less:					
LIABILITIES					
CURRENT LIABILITIES					
Other Payables	7	9,251	0.32	3,000	0.10
Amount owing to Holding Company	8	56,518	1.77	46,518	1.42
Total Liabilities		65,769	2.09	49,518	1.52
NET CURRENT LIABILITIES					
SHAREHOLDER'S EQUITY					
Share Capital	9	1,000	0.03	1,000	0.03
Accumulated losses		(39,254)	(1.23)	(30,894)	(0.94)
Foreign Exchange Fluctuation		-	0.05	-	0.05
CAPITAL DEFICIENCY		(38,254)	(1.15)	(29,894)	(0.86)

Notes:

- Figures of Balance Sheet except amount owing to holding company (S\$ 56,518) and accumulated losses (S\$ 39,254) are converted at the exchange rate prevailing as on 30.09.2010 i.e. S\$ = Rs. 34.1363.
- Figures of Profit and Loss account for the period ended 31 March, 2010 are converted at the exchange rate prevailing as on 30.09.2010 i.e. S\$ = Rs. 34.1363.
- Figures of Balance Sheet as on 30 September, 2009 except amount owing to holding company (S\$ 46,518) and accumulated losses (S\$ 30,894) are converted at exchange rate prevailing as on 30.09.2009 i.e. S\$ = Rs. 33.8923.
- Figures of Profit and Loss account for the year ended 30 September, 2009 are converted at average exchange rate i.e. S\$ = Rs. 33.1554.
- Amount owing to holding company under current liabilities is converted at exchange rate prevailing at transaction date.
- Figures of Cash Flow Statement for the period ended 31 March, 2010 are converted at the exchange rate prevailing as on 30.09.2010 i.e. S\$ = Rs. 34.1363.

**Statement of Changes in Equity for the Financial Period
From 1 October 2009 to 31 March 2010**

	Share Capital	Accumulated Losses	Foreign Exchange Fluctuation	Total	Share Capital	Accumulated Losses	Foreign Exchange Fluctuation	Total
	S\$	S\$	S\$	S\$	Rs. Million	Rs. Million	Rs. Million	Rs. Million
2010								
Balance as at 1 October 2009	1,000	(30,894)	-	(29,894)	0.03	(0.94)	0.05	(0.86)
Loss for the period	-	(8,360)	-	(8,360)	-	(0.29)	-	(0.29)
Foreign Exchange Fluctuation	-	-	-	-	-	-	-	-
Balance as at 31 March 2010	1,000	(39,254)	-	(38,254)	0.03	(1.23)	0.05	(1.15)
2009								
Balance as at 1 October 2008	1,000	(18,547)	-	(17,547)	0.03	(0.53)	0.03	(0.47)
Loss for the year	-	(12,347)	-	(12,347)	-	(0.41)	-	(0.41)
Foreign Exchange Fluctuation	-	-	-	-	-	-	0.02	0.02
Balance as at 30 September 2009	1,000	(30,894)	-	(29,894)	0.03	(0.94)	0.05	(0.86)

**Statement of Cash Flows for the Financial Period
From 1 October 2009 to 31 March 2010**

	01.10.2009 to 31.03.2010		01.10.2008 to 30.09.2009	
	S\$	Rs. Million	S\$	Rs. Million
Cash Flows from Operating Activities				
Loss before taxation	(8,360)	(0.29)	(12,347)	(0.41)
Foreign Exchange Fluctuation	-	-	-	0.02
Cash Flows before changes in working capital	(8,360)	(0.29)	(12,347)	(0.39)
Working Capital Changes, excluding changes relating to cash				
Other receivables	(2,680)	(0.09)	(18)	(0.01)
Other payables	6,251	0.21	(597)	(0.02)
Net Cash used in operating activities	(4,789)	(0.17)	(12,962)	(0.42)
Cash Flow from financing activities				
Advance from holding company	10,000	0.34	10,000	0.34
Net Cash generated from financing activities	10,000	0.34	10,000	0.34
Net increase/(decrease) in cash at bank	5,211	0.17	(2,962)	(0.08)
Cash at bank at the beginning of the year	12,510	0.43	15,472	0.50
Cash at bank at the end of the year	17,721	0.60	12,510	0.42

Statement of Comprehensive Income for the Financial Period from 1 October 2009 to 31 March 2010

	Note	01.10.2009 to 31.03.2010		01.10.2008 to 30.09.2009	
		S\$	Rs. Million	S\$	Rs. Million
REVENUE					
Income		-	-	-	-
EXPENSES					
Operating expenses	10	8,360	0.29	12,347	0.41
Total expenses		8,360	0.29	12,347	0.41
Loss before income tax		(8,360)	(0.29)	(12,347)	(0.41)
Income tax expense	11	-	-	-	-
Total comprehensive loss for the period/year		(8,360)	(0.29)	(12,347)	(0.41)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2009 TO 31 MARCH 2010

1. CORPORATE INFORMATION

Bajaj Hindusthan (Singapore) Private Limited (Company Registration No.: 200709334R) is domiciled in Singapore. The Company's registered office is at 3 Phillip Street, #18-00 Commerce Point, Singapore 048693.

The principal activities of the Company are those relating to investment holding. The Company has not commenced any operations since the date of incorporation.

The Company has changed its financial year end from 30 September to 31 March. A shortened accounting period has been applied in order to align the Company's accounting reference date with the statutory tax filing deadline of its parent company.

The financial statements of Bajaj Hindusthan (Singapore) Private Limited as at 31 March 2010 and for the financial period from 1 October 2009 to 31 March 2010 were authorised and approved by the board of directors for issuance on 19 November 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, which are expressed in Singapore dollars, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial period, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new and revised FRSs and INT FRSs have no material effect on the financial statements except for the revised FRS 1 which has changed the basis for preparation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

At the date of authorisation of these financial statements, the Company has not applied those FRSs and INT FRSs that have been issued but are effective only in next financial year. The Company expects the adoption of the standards will have no financial effect on the financial statements in the period of initial application.

b) Currency translation

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

In preparing the financial statements of the Company, monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating to those ruling at the end of the reporting period and transactions in foreign currencies during the financial period are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the statement of comprehensive income. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

c) Financial instrument

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. It exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

d) Financial assets

(i) Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "cash at bank" and "other receivables" on the statement of financial position.

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(ii) **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is transferred to the statement of comprehensive income.

(iii) **Initial measurement**

Financial assets are initially recognised at fair value plus transaction costs.

(iv) **Subsequent measurement**

Loans and receivables are subsequently carried at amortised cost using the effective interest method less allowance for impairment.

(v) **Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence arises.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The allowance for impairment loss account is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

e) **Other payables**

Other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest rate method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled and expired.

f) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the changes arise.

g) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

h) **Revenue recognition**

Revenue comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured.

i) **Income tax**

Income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised for all taxable temporary differences.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the statement of comprehensive income.

3. **CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

Management is of the opinion that there are no key assumptions concerning the future or other key sources of estimation uncertainty at the end of the reporting period that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. **GOING CONCERN**

The Company incurred a loss of S\$8,360 (2009: S\$12,347) during the financial period ended 31 March 2010 and, as of that date, the Company's total current liabilities exceeded its total assets by S\$38,254 (2009: S\$29,894) and is in capital deficiency position of S\$38,254 (2009: S\$29,894). The directors have reviewed the projected cash flows of the Company and are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances. They believe that the Company will have sufficient liquidity from its operations and funding from holding company to meet its financial obligations when they fall due.

5. **CASH AT BANK**

The carrying amount of cash at bank approximates its fair value and is denominated in Singapore dollars.

6. **OTHER RECEIVABLES**

	2010		2009	
	S\$	Rs.Million	S\$	Rs.Million
Deposit	5,000	0.17	5,000	0.16
Prepayment	4,020	0.14	1,340	0.05
Other receivable	774	0.03	774	0.03
	<u>9,794</u>	<u>0.34</u>	<u>7,114</u>	<u>0.24</u>

The carrying amounts of other receivables approximate their fair values and are denominated in Singapore dollars.

7. **OTHER PAYABLES**

	2010		2009	
	S\$	Rs.Million	S\$	Rs.Million
Accruals for operating expenses	3,516	0.12	3,000	0.10
Other payables	5,735	0.20	-	-
	<u>9,251</u>	<u>0.32</u>	<u>3,000</u>	<u>0.10</u>

The carrying amounts of other payables approximate their fair values and are denominated in Singapore dollars.

8. **AMOUNT OWING TO HOLDING COMPANY**

The amount owing to holding company is non-trade in nature, unsecured, interest-free and repayable within the next twelve months.

The carrying amount of amount owing to holding company approximates its fair value and is denominated in Singapore dollars.

9. **SHARE CAPITAL**

	2010		2009	
	S\$	Rs.Million	S\$	Rs.Million
Issued and fully paid				
1,000 ordinary shares	1,000	0.03	1,000	0.03

All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10. **OPERATING EXPENSES**

	01.10.2009 to 31.03.2010		01.10.2008 to 30.09.2009	
	S\$	Rs.Million	S\$	Rs.Million
Accounting fees	900	0.03	1,800	0.06
General expenses	930	0.03	1,153	0.04
Legal and professional fees	4,030	0.14	6,792	0.22
Others	2,500	0.09	2,602	0.09
	<u>8,360</u>	<u>0.29</u>	<u>12,347</u>	<u>0.41</u>

11. **INCOME TAX EXPENSE**

	01.10.2009 to 31.03.2010		01.10.2008 to 30.09.2009	
	S\$	Rs.Million	S\$	Rs.Million
Current period/year provision	-	-	-	-

The current period/year's income tax benefit varied from the amount of income tax determined by applicable Singapore statutory income tax rate of 17% (2009: 17%) to the loss before income tax as a result of the following differences:

	01.10.2009 to 31.03.2010		01.10.2008 to 30.09.2009	
	S\$	Rs.Million	S\$	Rs.Million
Loss before income tax	(8,360)	(0.29)	(12,347)	(0.41)
Income tax benefit at statutory rate	(1,421)	(0.05)	(2,099)	(0.07)
Non-allowable items	1,421	0.05	2,099	(0.07)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No provision for income tax is required as the Company had no trading activities during the financial period.

12. **IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The Company's immediate and ultimate holding company is Bajaj Hindusthan Limited, a company incorporated in India.

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13. RELATED PARTY TRANSACTIONS

During the financial period/year, the Company had significant related party transactions on terms agreed between the parties as follows:

	2010		2009	
	S\$	Rs.Million	S\$	Rs.Million
Fund received from holding company	10,000	0.35	10,000	0.34
	<u>10,000</u>	<u>0.35</u>	<u>10,000</u>	<u>0.34</u>

14. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Foreign currency risk

The Company has no foreign currency risk.

(ii) Interest rate risk

The Company has no exposure to market risk for changes in interest rates as it has no borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash at bank and other receivables. For banks, deposits are placed with regulated banks. For credit exposures to customer, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

(c) Liquidity risk

The Company has liquidity risk in view of the excess of current liabilities over current assets. However, the holding company has undertaken to provide continuing financial support until such time the Company is able to operate on its own financial resources.

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

	On demand or within 1 year	Total	On demand or within 1 year	Total
	S\$	S\$	Rs.Million	Rs.Million
Non interest bearing				
2010				
Other payables	9,251	9,251	0.32	0.32
Amount owing to holding company	56,518	56,518	1.77	1.77
	<u>65,769</u>	<u>65,769</u>	<u>2.09</u>	<u>2.09</u>
2009				
Other payables	3,000	3,000	0.10	0.10
Amount owing to holding company	46,518	46,518	1.42	1.42
	<u>49,518</u>	<u>49,518</u>	<u>1.52</u>	<u>1.52</u>

(d) Fair value measurement

The carrying amounts of cash at bank, other receivables, other payables and holding company balance approximate their fair values due to their relatively short-term nature.

15. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholder, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liability less cash at bank. Total capital is calculated as equity plus net debt. The Company is not subject to externally imposed capital requirements and its overall strategies remained unchanged from 2009.

	2010		2009	
	S\$	Rs. Million	S\$	Rs. Million
Net debt	48,048	1.49	37,008	1.10
Capital deficiency	(38,254)	(1.15)	(29,894)	(0.86)
Total capital	<u>9,794</u>	<u>0.34</u>	<u>7,114</u>	<u>0.24</u>
Gearing ratio	<u>4.91</u>	<u>4.91*</u>	<u>5.20</u>	<u>5.20*</u>

* Ratio calculated in Rs. Million differs due to exchange rate difference.

16. SUBSEQUENT EVENTS

On 12 August 2010, the Company increased its issued share capital from 1,000 to 27,001,000 by the further issuance of 27,000,000 ordinary shares for cash to provide working capital for the Company.

17. COMPARATIVE FIGURES

The financial statements for the financial period ended 31 March 2010 cover the financial period from 1 October 2009 to 31 March 2010 while the previous financial statements cover the financial period from 1 October 2008 to 30 September 2009. Hence the statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes are not comparable.

