

NOTICE FOR POSTAL BALLOT

Dear Member,

Notice pursuant to Section 192A (2) of the Companies Act, 1956

Notice is hereby given pursuant to Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, that the resolutions appended below are proposed to be passed as Ordinary / Special Resolutions as the case may be by way of Postal Ballot :

- increasing the Authorised Share Capital of the Company by the creation of additional Equity Shares and alteration of the Memorandum of Association of the Company
- issue of bonus shares by capitalization of reserves
- Alteration of Articles of Association regarding bonus issue and buy-back of securities; and
- Increase in limit for Inter-Corporate Loans and Investments under section 372A.

The Company seeks the shareholders' consent for the proposals contained in the resolutions appended below. The Explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons therefor is annexed. The said Ordinary / Special Resolutions and the Explanatory Statement are being sent to you along with a Postal Ballot Form (the "Form") for your consideration. The Company has appointed Mr. Shyamprasad D Limaye, B Com, LLB, FCS, a practising Company Secretary as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Form and return the same duly completed, in the attached self addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than 5.00 p.m. on Saturday, 28 August 2010. Upon completion of the scrutiny of the Forms, the Scrutinizer will submit his report to the Chairman of the Company. The results of the Postal Ballot will be announced on Tuesday, 31 August 2010, at 5.00 p.m. at the Registered Office of the Company.

The members are requested to consider and, if thought fit, to pass the following resolutions:

Item No. 1

Increase in the Authorised Share Capital and Alteration of the Memorandum of Association of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 16 and 94 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised Share Capital of Rs.150,00,00,000/- (Rupees One Hundred and Fifty Crore only) divided into 15,00,00,000 (Fifteen Crore) Equity Shares of Rs.10/- (Rupees Ten only) each be increased to Rs.300,00,00,000/- (Rupees Three Hundred Crore only) divided into 30,00,00,000 (Thirty Crore) Equity Shares of Rs.10/- (Rupees Ten only) each by creation of 15,00,00,000 (Fifteen Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and that Clause V of the Memorandum of Association of the Company be altered accordingly by substituting the following new Clause V in place of the existing Clause V:

'V. The authorized share capital of the Company is Rs.300,00,00,000/- (Rupees Three Hundred Crore only) divided into 30,00,00,000 (Thirty Crore) Equity Shares of Rs.10/- (Rupees Ten only) each.

The minimum paid-up share capital shall be Rs.5,00,000/-."

Item No. 2

Issue of Bonus Shares

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT:

(a) subject to such consents and approvals as may be required, and such conditions and modifications, as may be considered necessary and agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), a sum not exceeding Rs.144.68 Crore as may be determined to be required by the Board, out of the amount of Rs.1895.28 Crore standing to the credit of the General Reserve Account as at March 31, 2010, be capitalised and transferred from the General Reserve Account to Share Capital Account and that such sum as may be determined to be required shall be applied for allotment of new Equity Shares of the Company of Rs.10/- each as fully paid Bonus Shares to the persons who, on a date to be hereafter fixed by the Board (the "Record Date"), shall be the holders of the existing Equity Shares of Rs.10/- each of the Company on the said date and that such

New Equity Shares out of the Company's unissued Equity Shares, credited as fully paid, be accordingly allotted as Bonus Shares to such persons respectively as aforesaid in the proportion of 1 (one) new Equity Share for every 1 (one) existing Equity Share held by such persons respectively on the Record Date, upon the footing that they become entitled thereto for all purposes as capital.

(b) the New Equity Shares of Rs.10/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividends to be declared for the financial year in which these Bonus Shares are allotted.

(c) no Letter of Allotment shall be issued to the allottees of the Bonus Shares while the Share Certificates in respect of the New Equity Shares to the shareholders who hold their existing shares in physical form shall be issued and dispatched to the allottees thereof and the Bonus Shares will be credited to the demat accounts of the allottees who hold the existing equity shares in electronic form within the period prescribed in this behalf.

(d) the allotment of the fully paid New Equity Shares as Bonus Shares to the extent that they relate to non-resident members, Foreign Institutional Investors (FIIs) and other foreign investors of the Company, shall be subject to the approval of the Reserve Bank of India, under the Foreign Exchange Management Act, 1999, if necessary.

(e) for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the New Equity Shares."

Item No. 3

Amendment of Articles of Association of the Company

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

- (A) "RESOLVED THAT following modifications be carried out in Article 167 of the Articles of Association of the Company;
- i) In first line in clause (a), in place of the words, "The Company in General Meeting", the words, "The Board of Directors at its meeting" be substituted; and
 - ii) In first line in clause (c), in place of the words, "A General Meeting", the words, "The Board of Directors at its meeting" be substituted."

- (B) "RESOLVED THAT present Article No.13 of the Articles of Association be deleted and substituted with following new Article No. 13;

'Article 13. BUY-BACK OF SHARES

The Company, subject to Section 77A and other applicable provisions of the Act and other applicable regulations, as the case may be in force, may from time to time buy-back its own shares, by passing a Special Resolution at its general meeting or by means of a resolution passed by the board of directors at its meeting, as may be applicable."

Item No. 4

Increase in limit of inter-corporate loans & investments

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the special resolution passed by the members at their extra-ordinary general meeting held on 17 March 2008, pursuant to provisions of Section 372A of the Companies Act, 1956 and subject to the requisite permission(s) / consent(s) of appropriate authorities, where required, consent of the Company be and is hereby accorded to the Board of Directors for making a loan to a body/bodies corporate, giving guarantee or provide security in connection with a loan and to acquire by way of subscription, purchase or otherwise, the securities of bodies corporate, in terms of Section 372A of the Act, up to an amount not exceeding Rs.10,000 Crore in the aggregate outstanding at any single point of time, notwithstanding that the aggregate of the loans, guarantees, securities and investments in any body / bodies corporate may exceed the percentages prescribed under Section 372A of the Act."

By Order of the Board of Directors
For Bajaj Auto Limited


J Sridhar
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for the above items of business is annexed hereto.
2. The Board of Directors at its Meeting held on 22 July 2010 has appointed Mr. Shyamprasad D Limaye, B Com, LLB, FCS, a practising Company Secretary as Scrutinizer to receive and scrutinize the complete Postal Ballot Forms received from the members and for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot Form and the pre-paid self-addressed Business Reply Envelope are enclosed for the use of Members.
3. Members are requested to carefully read the instructions printed in the Postal Ballot Form annexed and return the same duly completed along with the assent (For) or dissent (Against), in the attached pre-paid self-addressed Business Reply Envelope, so as to reach the Scrutinizer on or before **28 August 2010** by 5.00 p.m. to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member. The Scrutinizer will submit his report to the Chairman of the Board of Directors after completion of the scrutiny and the results of the Postal Ballot will be announced on **31 August 2010** at 5.00 p.m. at the Registered Office of the Company at Mumbai-Pune Road, Akurdi, Pune 411 035.
4. Copies of all documents referred to in the accompanying Notice and explanatory statement including a copy of the Memorandum and Articles of Association of the Company together with the proposed alterations are available for inspection by the members of the Company at its Registered Office between 3.00 p.m. and 5.00 p.m. on any working day of the Company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item Nos. 1 and 2**

In terms of provisions of Chapter IX of Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable provisions of Companies Act, 1956 and other applicable regulations for capitalization of reserves and in order to bring the paid up capital of the Company more in line with the capital employed, the Board of Directors at its meeting held on July 22, 2010 recommended an issue of Bonus Shares in the proportion of 1 (One) new Equity Share of the Company of Rs.10/- each for every 1 (One) existing Equity Share of the Company of Rs.10/- each held by the Members on a date to be fixed by the Board, by capitalizing a part of the General Reserve Account.

As per Article 167 of the Articles of Association of the Company, it is necessary for the members to approve the issue of Bonus Shares. It is also necessary to authorize the Board of Directors of the Company to complete all the regulatory formalities in connection with the issue of Bonus Shares that may be prescribed by SEBI, the Stock Exchanges on which the Company's securities are listed and / or any other regulatory authority.

In order to facilitate the capitalization of reserves as set out in the Resolution at Item No. 2 of the Notice, the Authorised Share Capital of the Company is being increased from Rs.150,00,00,000/- divided into 15,00,00,000 Equity Shares of Rs.10/- each to Rs.300,00,00,000/- divided into 30,00,00,000 Equity Shares of Rs.10/- each as indicated in the Resolution at Item No.1 of the Notice. Consequently, Clause V of the Memorandum of Association is proposed to be altered.

The Resolutions at Item Nos. 1 and 2 seek the approval of the members to increase the Authorized Share Capital, alter the Memorandum of Association and issue Bonus Shares on the terms and conditions set out in Resolution at Item No. 2.

The Board recommends the Resolutions set forth in Item Nos. 1 and 2 above for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholdings in the Company.

Item No. 3

- (A) The present Article 167 of the Articles of Association of the Company confers powers upon shareholders for capitalization of reserves of the Company and distribution thereof amongst the shareholders by way of bonus shares or otherwise. In terms of provisions of Regulation 95 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, a proposal for bonus issue can be implemented without the approval of shareholders and with the approval by the Board of Directors, provided there are provisions of Articles of Association of the Company to that effect.

In terms of provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, for expeditious disposal of future bonus issues, it is proposed that powers with regard to capitalization of profits / reserves be conferred upon the Board of Directors as now permitted under law.

Accordingly, changes as indicated in the resolution are proposed to be made in Article 167 of the Articles of Association of the Company.

- (B) The present Article 13 of Articles of Association states that "the Company may from time to time, subject to Section 77 and other applicable provisions of the Companies Act, 1956, as may be in force, and passing a special resolution at its general meeting, buy-back its own shares".

In terms of provisions of Section 77A(2) of the Companies Act, 1956, approval of the shareholders by way of special resolution is necessary only when the buy-back exceeds ten percent of the total paid-up equity capital and free reserves of the Company. If the Buy-back is or less than ten percent of the total paid-up equity capital and free reserves of the Company, approval of the board of directors by means of resolution passed at its meeting is sufficient.

In order to bring the provisions of Articles of Association in line with the provisions of Section 77A of the Companies Act, 1956, it is proposed to delete the existing Article 13 and substitute a new Article 13 of Articles of Association as shown in the Resolution.

The Board recommends the Resolutions set forth in Item No.3 (A) & (B) as above for approval of the shareholders by way of a Special Resolution.

None of the directors is concerned or interested in the resolutions set forth at Item No.3 above.

Item No. 4

Pursuant to provisions section 372A of the Companies Act, 1956, the board of directors is authorized to make inter-corporate loans, guarantees, securities and investments, not exceeding the higher of the two :-

- i) 60% of paid-up capital and free reserves; and
- ii) 100% of the free reserves

Considering the financials of the Company and future business plans, by way of providing enabling powers to the Board of Directors, it is proposed to increase the limit from Rs.2,500 Crore to Rs.10,000 Crore for making inter-corporate investments, loans, guarantees, securities etc. in terms of section 372A of the Companies Act, 1956. The above limit currently exceeds the higher of 60% of the paid up capital and free reserves or 100% of the free reserves whichever is higher.

It is clarified for removal of doubt that the Board of Directors be and is hereby authorized to make a loan to a body(ies) corporate, give guarantee or provide security in connection with a loan and to acquire by way of subscription, purchase or otherwise, the securities of body(ies) corporate, in terms of Section 372A of the Act beyond Rs.10,000 Crore, provided the said investments / loans fall within the percentages prescribed under Section 372A of the Companies Act, 1956 on a future date.

The Board commends the special resolution for approval.

None of the directors of the Company is concerned or interested in the said resolution.

**By Order of the Board of Directors
For Bajaj Auto Limited**


J Sridhar
Company Secretary

Place: Pune
Date : 22 July 2010