

SCHEDULE 1

CONVERSION NOTICE

BAJAJ HINDUSTHAN LIMITED
U.S.\$120,000,000 Zero Coupon
Convertible Bonds due 2011

convertible into Shares or Global Depositary
Receipts representing Shares of Bajaj Hindusthan Limited

(Please read the notes overleaf before completing this Notice.)

Name: Date:

Address: Tel No:.....

Fax No:.....

Signature:

.....

To: **Bajaj Hindusthan Limited (the Company)**

I/We, being the holders of the Bonds specified below, hereby elect to convert such Bonds into *

shares issued in reliance on Regulation S by the Company (the **Regulation S Shares**); or

shares issued in reliance on Rule 144A by the Company (the **Rule 144A Shares** and, together with the Regulation S Shares, the **Shares**); or

global depositary receipts (each such receipt representing one fully-paid Shares of the Company) issued in reliance on Regulation S by the Company (the **Regulation S GDRs**); or

global depositary receipts (each such receipt representing one fully-paid Shares of the Company) issued in reliance on Rule 144A by the Company (the **Rule 144A GDRs** and, together with the Regulation S GDRs, the **GDRs**)

in accordance with Condition 6 of the terms and conditions of the Bonds.

* **Please indicate your election to convert your Bonds into either Shares or GDRs by ticking your choice.**

1 Total principal amount and identifying numbers of Bonds to be converted:

Total principal amount:

Total number of Bonds:

Identifying numbers of Bonds (if relevant)**:

Identifying numbers of Certificates deposited in respect of Bonds to be converted (if relevant)**:

N.B. If necessary, the identifying numbers of Bonds and Certificates can be attached separately.

** Not required for Bonds represented by a Global Certificate

- 2** Name(s) and address(es) of person(s) in whose name(s) the Shares required to be delivered on conversion of the Bonds are to be registered:

Name:

Address:

Details of the securities account to be credited with such number of Shares:

Account Name:

Account Number:

N.B. If necessary, the details relating to stated principal amounts of Bonds may be attached separately.

- 3** Name(s) and address(es) of person(s) in whose name(s) the GDRs required to be delivered on conversion are to be registered:

Name:

Address

- 4** Delivery instructions for GDRs:

Euroclear/Clearstream/DTC Participant Account No.:

Account No. for Investor or Euroclear/Clearstream/DTC
Participant (f/b/o information):

Contact Person at Euroclear/Clearstream/DTC Participant:

Daytime Telephone Number of Contact
Person at Euroclear/Clearstream/DTC Participant:

Email of Contact Person at Euroclear/Clearstream/DTC
Participant:

N.B. If necessary, the details relating to stated principal amounts of Bonds may be attached separately.

- 5** I/We hereby request that the certificates for the Shares/GDRs* (together with any other securities, property or cash) required to be delivered upon conversion be despatched (a:

* Delete as appropriate

my/our risk and expense) to my/our local agent in India whose name, contact person, telephone numbers, fax number and address is given below and in the manner specified below:

Name:

Contact Person:

Address:

.....

.....

Telephone Number/Fax Number:

Manner of despatch:.....

The Certificate in respect of the Bonds converted hereby accompanies this Conversion Notice *

Name:

Address:

.....

.....

* Not required for the Global Certificate.

6 I/We hereby certify that:

(a) the amount of (if any) stamp, issue, registration or other similar taxes and duties **(Duties)**

(i) arising upon exercise of the Conversion Rights in the country in which such Conversion Rights are exercised is:

Amount:.....

Country in which Conversion Rights are exercised:.....

and/or

(ii) payable in any jurisdiction consequent upon the issue or transfer of Shares to or to the order of a person other than the exercising Bondholder is:

Amount:

Country in which Duties are payable:

(b) the relevant tax authorities to which the Principal Agent must pay monies paid to it pursuant to Condition 6(B)(i) of the Terms and Conditions of the Bonds is:

Tax Authority Address:

.....

.....

- 7 The Company has notified the Conversion Agents that the Company's register of shareholders will be closed on the following dates:

.....

.....

- 8 If GDRs (representing Shares in the Company) are being issued upon conversion of the Bond(s) the following certification and agreement are hereby furnished in connection with the deposit of Shares and issuance of GDRs to be evidenced by one or more International Global Depositary Receipts (GDRs) pursuant to the Deposit Agreement.

(a) We acknowledge (or if we are a broker-dealer, our customer has confirmed to us that it acknowledges) that the GDRs and the Shares represented thereby have not been and will not be registered under the United States Securities Act of 1933 (the Securities Act).

(b) We certify that either:

(i) we are, or at the time the Shares are deposited and at the time GDRs are created in respect thereof will be, the beneficial owner of such Shares and of such GDRs, and (A) either (i) we are not a U.S. person (as defined in Regulation S under the Securities Act), we are located outside the United States (within the meaning of Regulation S) and we acquired, or have agreed to acquire and will have acquired, the Shares to be deposited outside the United States (within the meaning of Regulation S) or (ii) we are a qualified institutional buyer as defined in rule 144A under the Securities Act 1933, (B) we are not an affiliate of the Company or a person acting on behalf of such an affiliate, and (C) we are not in the business of buying and selling securities or, if we are in such business, we did not acquire the securities to be deposited from the Company or any affiliate thereof in the initial distribution thereof; or

(ii) we are a broker-dealer acting on behalf of our customer; our customer has confirmed to us that it is, or at the time the Shares are deposited and at the time GDRs are created in respect thereof will be, the beneficial owner of such Shares and GDRs, and (A) either (i) it is not a U.S. person (as defined in Regulation S), it is located outside the United States (within the meaning of Regulation S) and it acquired, or has agreed to acquire and will have acquired, the Shares to be deposited outside the United States (within the meaning of Regulation S) or (ii) it is a qualified institutional buyer as defined in rule 144A under the Securities Act 1933, (B) it is not an affiliate of the Company or a person acting on behalf of such an affiliate, and (C) it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the securities to be deposited from the Company or any affiliate thereof in the initial distribution thereof.

- (c) We agree (or if we are a broker-dealer, our customer has confirmed to us that it agrees) that (i) we will not surrender the GDRs received upon conversion of the Bond(s) for cancellation and withdrawal of the underlying Shares prior to such Shares being listed on the applicable Indian stock exchange and dematerialized (expected to be 45 calendar days) and (ii) we will inform any transferee of such GDRs of the restrictions on the withdrawal of Shares referred to in (i) above.

9 I/We hereby represent and agree that:

- (a) all approvals, consents and authorisations required by the laws of India to be obtained by me/us in relation to the said conversion have been obtained and are in full force and effect and that any applicable condition thereto has been complied with by me/us;
- (b) all stamp, issue, registration, excise and similar taxes and duties (if any) arising on conversion of the Bonds or payable consequent upon the issue, delivery or transfer of Shares or GDRs or any other property or cash upon conversion to or to the order of a person other than me/us have been paid or will be paid by me/us, except that the Company will pay the expenses arising in India on the issue of Shares or GDRs on conversion of Bonds and all charges of the Conversion Agents in connection therewith;
- (c) I/We hereby declare that I/we have duly appointed as my/our local agent the person named in section 5 above and acknowledge that the local agent is my/our agent and not the agent of the Company; and I/we further acknowledge that I/we will not hold the Company liable for any acts or omissions of the local agent;
- (d) if GDRs are to be issued upon conversion of this Bond, I/we have paid or will pay all fees and expenses payable to the Depository upon issuance of the GDRs;
- (e) I/We are not an affiliate of the Company or a person acting on behalf of such an affiliate;
- (f) I/We are not in the business of buying and selling securities, or if we are in such business, we did not acquire the Bonds from the Company or any affiliate thereof in a 'distribution' of GDRs.
- (g) I/We further acknowledge that the Company and the Trustee and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements;
- (h) I/We hereby declare that a copy of this notice has been provided to the local agent; and
- (i) I/We further agree and acknowledge that the delivery of the Shares upon conversion of this Bond is subject to the Shares having been listed on the applicable Indian stock exchange and dematerialized (expected to be 45 calendar days from the Conversion Date) and, as a result the delivery of the Shares may be delayed.

Date:

Signed _____

as or on behalf of the holder of the Bonds specified above

N.B.

- (i) This Conversion Notice will be void unless the introductory details in Sections 1 to 8 are completed.
- (ii) Your attention is drawn to Condition 6(B)(i) of the Bonds with respect to the conditions precedent which must be fulfilled before the Bonds specified above will be treated as effectively eligible for conversion.
- (iii) Despatch of share certificates or other securities or property will be made at the risk of the converting Bondholder and the converting Bondholder will be required to submit any necessary documents required in order to effect, despatch in the manner specified.
- (iv) If a retroactive adjustment contemplated by the terms and conditions of the Bonds is required in respect of a conversion of Bonds, certificates for the additional Shares or GDRs deliverable pursuant to such retroactive adjustment (together with any other securities, property or cash) will be delivered or despatched in the same manner as the Shares or GDRs, other securities, property and cash previously issued pursuant to the relevant Conversion Notice.

For Agent's use only:

- 1 (A) Bond conversion identification reference: [] Bajaj Hindusthan Limited Zero Coupon Convertible Bonds due 2011
(B) Conversion Date:
- 2 (A) Aggregate principal amount of Bonds in respect of which Certificates have been deposited for conversion:
(B) Conversion Price on Conversion Date:
(C) Number of Shares or GDRs issuable: (A) =
(disregard fractions) (B)
- 3 (if applicable) amount of cash payment due to converting Bondholder under Condition 6(A)(ii) in respect of fractions of Shares or GDRs:

The Conversion Agent must complete items 1, 2 and (if applicable) 3.