



**BAJAJ**

*Distinctly Ahead*

Since 1945

5th Annual Report 2011-12  
**Bajaj Auto Limited**





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## Board of Directors

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**Rahul Bajaj**  
Chairman

**Madhur Bajaj**  
Vice Chairman

**Rajiv Bajaj**  
Managing Director

**Sanjiv Bajaj**  
(Executive Director  
upto 31 March 2012;  
Non-Executive Director  
from 1 April 2012)

**Kantikumar R Podar**

**Shekhar Bajaj**

**D J Balaji Rao**

**D S Mehta**

**J N Godrej**

**S H Khan**

**Ms Suman Kirloskar**

**Naresh Chandra**

**Nanoo Pamnani**

**Manish Kejriwal**

**P Murari**

**Niraj Bajaj**

## Management

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**Rahul Bajaj**  
Chairman

**Madhur Bajaj**  
Vice Chairman

**Rajiv Bajaj**  
Managing Director

**Sanjiv Bajaj**  
Executive Director  
(upto 31 March 2012)

**Pradeep Shrivastava**  
Chief Operating Officer

**Abraham Joseph**  
Chief Technology Officer

**R C Maheshwari**  
President  
(Commercial Vehicle Business)

**Rakesh Sharma**  
President (International Business)

**Eric Vas**  
President (Retail Finance)

**Kevin D'sa**  
President (Finance)

**K Srinivas**  
President (Motorcycle Business)

**S Ravikumar**  
Senior Vice President  
(Business Development and  
Assurance)

**Amrut Rath**  
Vice President  
(Human Resources)

**C P Tripathi**  
Vice President (CSR)

## Company Secretary

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**J Sridhar**

## Auditors

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**Dalal and Shah**  
Chartered Accountants

## Cost Auditor

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**A P Raman**  
Cost Accountant

## Bankers

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Central Bank of India  
State Bank of India  
Citibank N A  
Standard Chartered Bank  
Bank of America  
ICICI Bank  
HDFC Bank

**Registered under the  
Companies Act, 1956**

## Registered Office

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Mumbai-Pune Road  
Akurdi, Pune 411 035

## Works

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- Mumbai-Pune Road  
Akurdi, Pune 411 035
- Bajaj Nagar, Waluj  
Aurangabad 431 136
- Chakan Industrial Area  
Chakan, Pune 410 501
- Plot No.2, Sector 10,  
IIE Pantnagar  
Udhamsinghnagar,  
Uttarakhand 263 531





**Rahul Bajaj**  
Chairman



**Madhur Bajaj**  
Vice Chairman

# Management Team



**Eric Vas**  
President  
(Retail Finance)

**Rajiv Bajaj**  
Managing Director

**R C Maheshwari**  
President (Commercial Vehicle Business)

**Pradeep Shrivastava**  
Chief Operating Officer

**C P Tripathi**  
Vice President  
(CSR)

**Rakesh Sharma**  
President  
(International Business)





**Abraham Joseph**  
Chief Technology Officer

**K Srinivas**  
President (Motorcycle Business)

**Kevin D'sa**  
President (Finance)

**Amrut Rath**  
Vice President (Human Resources)

**S Ravikumar**  
Senior Vice President  
(Business Development  
and Assurance)



## CNBC TV 18 honors MD with Outstanding Business Leader of the Year Award

MD, Mr. Rajiv Bajaj was recently bestowed with the honor of "Outstanding Business Leader of the Year" at the CNBC TV 18's India Business Leader Awards. This is the highest reward given to any individual for the year by TV 18. This accolade was given to Mr. Bajaj for taking Bajaj Auto to new heights in an extremely competitive and unsuitable environment. These awards are CNBC TV 18 annual endeavor to honor India Inc's top companies and salute the outstanding leaders who are at the helm.

## Mr. Rajiv Bajaj awarded Young Business Leader of the year at NDTV Profit Business Leadership Awards

Mr. Rajiv Bajaj, MD, Bajaj Auto was honored with the title of Young Business Leader at the NDTV Profit - Business Leadership Awards; early this year. This award was bestowed on him for bringing about a path-breaking low-cost 4 wheeler and redefining business categories. Accepting the award Mr. Bajaj said, "We would like to see Bajaj be the master of one category and dominate the world in it."





# Awards 2011-12



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CNBC TV18  
**Outstanding Business Leader  
of the Year**



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NDTV Profit  
**Business Leadership Award  
Young Business Leader**



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Business Standard  
**CEO of the Year**



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Autocar Awards 2012  
**Kawasaki Ninja  
Premium Bike of the Year**



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IIM Lucknow  
**National Leadership Award**



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AIAI  
**Generation Next Award  
Automobiles**



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Forbes Leadership Awards  
**Best CEO-Private Sector**



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Ernst And Young  
**"Entrepreneur of the Year"  
Business Transformation Award**



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AIMA Managing India Awards 2011  
**Rajiv Bajaj Emerging Business  
Leader of the Year**



# Chairman's Letter

## Dear Shareholder,

As in last year's letter to you, let me begin with words of congratulations. 2011-12, or FY2012, has been another excellent year for your Company. Here are some facts:

- Bajaj Auto recorded its highest sales, exports and profits from operations
- Net sales and other operating income grew by over 19% to ₹ 19,804 crore
- Your Company sold 4.35 million units – consisting of over 3.83 million motorcycles and more than 515,000 three-wheelers
- Exports rose by 31% over last year to 1.58 million units. It grew even faster in revenue terms – by 45% to ₹ 6,604 crore. And accounted for 35% of your Company's net sales
- Bajaj Auto's operating EBITDA crossed the ₹ 4,000 crore mark – increasing by over 18% to ₹ 4,001 crore. The operating EBITDA margin was 20.2% of net sales and other operating income
- Profit before taxes (PBT) grew by 15% to ₹ 4,160 crore
- Profit after tax (PAT) but before exceptional items grew by 18% to ₹ 3,095 crore

I am particularly pleased with your Company's EBITDA margin and export performance. In a difficult year where growth in motorcycle sales in India halved to 11.9%, with Q3 and Q4 showing single-digit growth, it is very creditable for Bajaj Auto to earn an operating EBITDA margin of over 20% of operating income. This is due to a more profitable product portfolio, strong engineering, good R&D, great control over raw material costs and logistics and across-the-board productivity improvements.

It is also due to an excellent export performance where 31% growth in volume – itself very creditable on a relatively high base – was bettered by 45% growth in value. To sell 1.27 million motorcycles in highly competitive markets all over the world is a laudable achievement. My congratulations to the management for delivering these good results. I am sure that Bajaj Auto will do even better in this area in the years to come.

There is another source of pride. In FY2012, your Company won many corporate awards and kudos. Your Managing Director, Rajiv Bajaj won the AIMA Managing India Award, 2011, for the Emerging Business Leader of the Year; the Economic Times Award, 2010-11, as the Company of the Year; the CNBC-TV18 Outstanding Business Leader of the year; the NDTV Profit Award for being the Young Business Leader of 2011; the Forbes Leadership Award, 2011, for the Best CEO in the Private Sector and the Business Standard Award, 2011, as the CEO of the Year. These awards reflect the "Can Do-Will Do-Will Win" attitude of your Company, which has been fostered, creatively channelled and executed by its leadership. I am proud of the team and its leader, Rajiv Bajaj.

Let me now turn to the domestic sector. For eight successive quarters, India's real GDP growth has been falling: from 9.4% in January-March 2010 to 6.1% in October-December 2011. With GDP growth anticipated at somewhere between 6.5% and 7.0% for FY2012 and serious uncertainties about the quality of governance and speed of decision-making at the Central Government and across some states, the chances of significantly higher growth look slim, especially for FY2013. If you recollect, I was worried about a growth slowdown in my last letter to you.



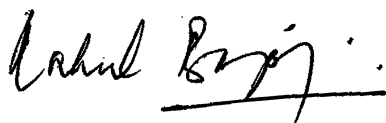
Regarding your Company, it is also true that FY2012 has been disappointing on the domestic front. After growing at over 39.6% in FY2010 and 35.5% in FY2011, our domestic motorcycle sales in FY2012 grew by 6.3%. The reasons may be many. Yet, the fact remains that the market grew faster, at over 11%. It is imperative that Bajaj Auto increases its domestic motorcycle sales and market share in the years ahead.

So, I call upon the management team to rise to the challenge – and increase domestic sales as well your Company's market share of motorcycles in FY2013 and thereafter through new product launches, marketing initiatives and best-in-class delivery.

This should not be done at the cost of profits. That is the challenge of a great company – to create the demand to sell more at healthy profits. Bajaj Auto is a great company with a top class management team. I am sure it will execute this task.

It is time to end. My thanks to all customers, dealers, vendors and employees of Bajaj Auto. They make your Company and extend its footprint. And to you for being a loyal owner of a company through the good times and the bad.

With warm regards,

A handwritten signature in black ink, appearing to read 'Rahul Bajaj', with a horizontal line drawn underneath the signature.

Rahul Bajaj  
Chairman



**Management  
Discussion  
and Analysis**






## **2011-12**

(FY2012) has been  
the best year ever for  
Bajaj Auto Limited

highest ever sales,  
highest ever exports,  
and highest ever profits  
from operations



# Performance Highlights for FY2012



Bajaj Auto is the  
“Company of the Year”  
– The Economic Times  
Award, 2010-11

- » Bajaj Auto recorded its highest ever sales, exports and profits from operations
- » Turnover crossed the ₹ 20,000 crore mark
- » Net sales and other operating income grew by 19% to ₹ 19,804 crore
- » Record sales of 4.35 million units – with over a million units being sold in each of the four quarters
- » Exports performed very well – rising by 31% to 1.58 million units
- » For the first time, the Company’s operating earnings before interest, taxes, depreciation and amortisation (EBITDA) crossed ₹ 4,000 crore, a growth of 18% over previous year
- » Operating EBITDA margin was 20.2% of net sales and other operating income – highest in the industry
- » Profit before tax (PBT) and exceptional items was ₹ 4,160 crore
- » Profit after tax (PAT) but before exceptional items grew by 18% to ₹ 3,095 crore
- » Surplus cash and cash equivalents, as on 31 March 2012, stood at ₹ 5,451 crore

**The results for FY2012, coming on the back of its performance in FY2011 and FY2010, make Bajaj Auto amongst the most profitable automobile companies in the world.**

Charts A, B and C depict Bajaj Auto's performance over the year

Motorcycle growth in India has slackened considerably. After clocking 26% growth in FY2010 followed by 23% growth in FY2011, the number of motorcycles sold in India increased by 11.9% in FY2012 – growth slowing down to 9% in Q3 FY2012, followed by 6% in Q4 FY2012. Despite this, Bajaj Auto has posted excellent results. In such an environment, the Company focused on driving the sales of more profitable products in its portfolio, coupled with strong improvement initiatives on the input side.

In a nutshell, FY2012 was a year of consolidation, with slower growth than the past two years, but with high profitability.

**Bajaj Auto is amongst  
the most profitable  
automobile companies  
in the world**



Chart A: Sales, in '000 units

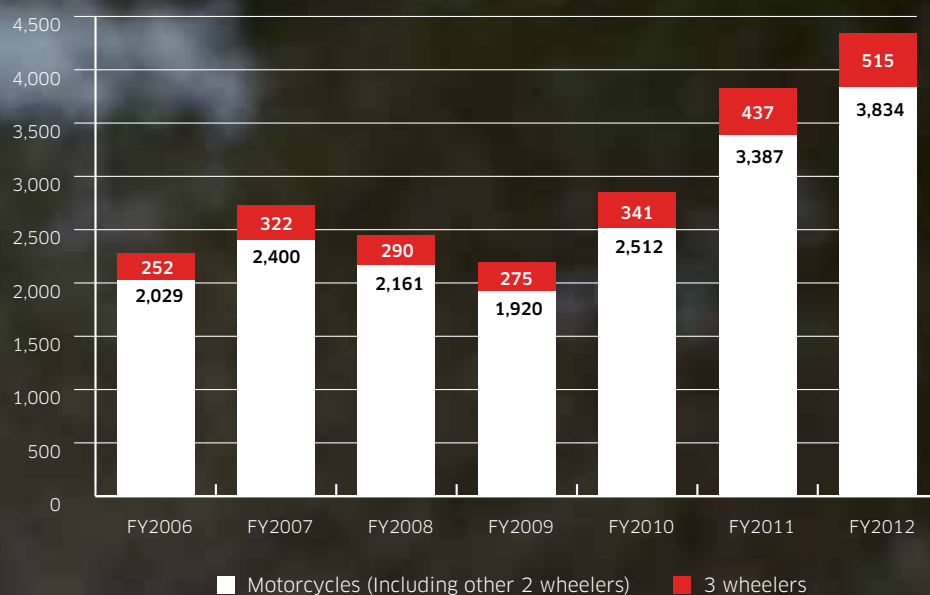


Chart B: Net Sales and Operating Income, Net Operating Profit and PAT

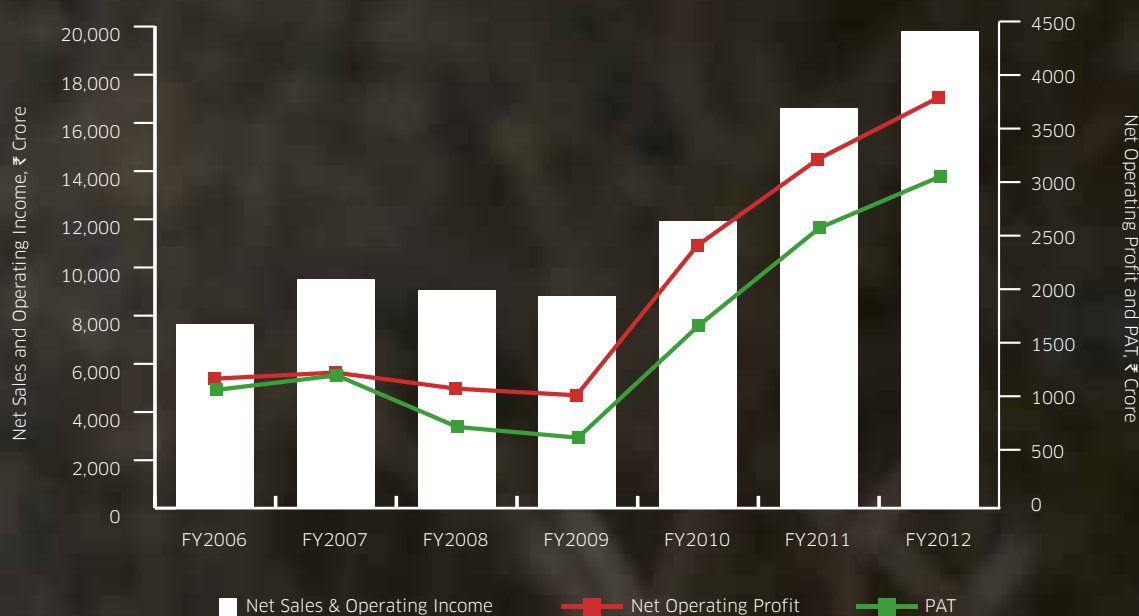
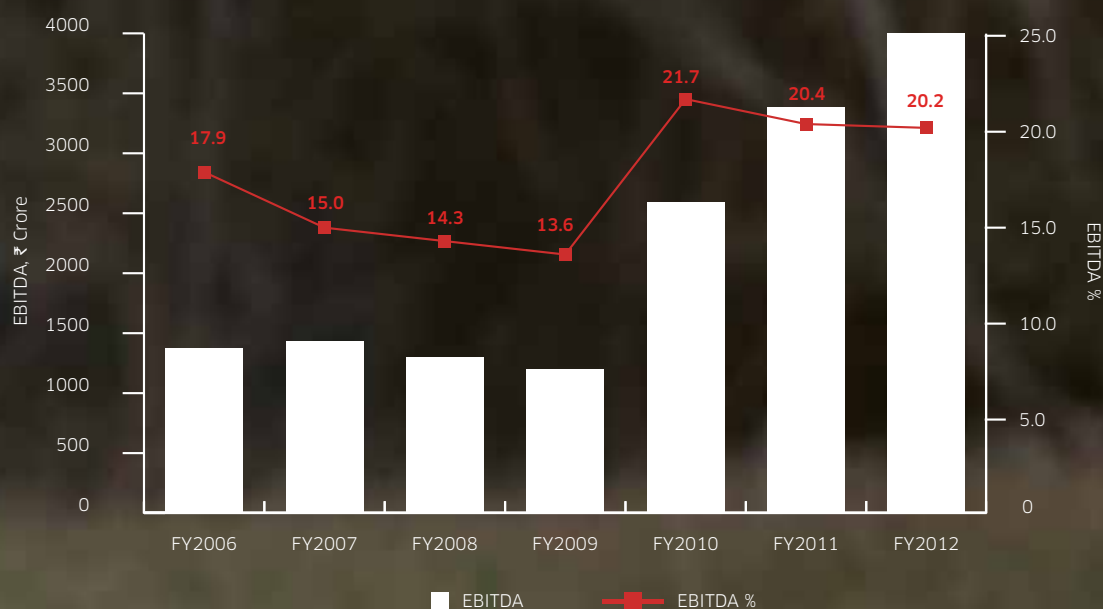


Chart C: EBITDA and EBITDA %





# Motorcycles

Table 1 gives the data of the Company's sales of motorcycles, both domestic and exports, vis-à-vis all manufacturers in India.

**Table 1: Bajaj Auto's Sale of Motorcycles, Domestic + Exports**

Year ended 31 March	Industry (nos.)	Industry growth	Bajaj Auto (nos.)	Bajaj Auto's growth	Bajaj Auto's share
2006	6,200,749	18.8%	1,912,306	31.9%	30.8%
2007	7,099,551	14.5%	2,379,499	24.4%	33.5%
2008	6,544,482	(7.8%)	2,139,783	(10.1%)	32.7%
2009	6,806,114	4.0%	1,907,853	(10.8%)	28.0%
2010	8,444,243	24.1%	2,506,791	31.4%	29.7%
2011	10,500,073	24.3%	3,387,043	35.1%	32.3%
2012	11,943,579	13.7%	3,834,405	13.2%	32.1%

**Note:** 'Industry' refers to domestic plus export sales of motorcycles by all manufacturers in India.

**Source:** SIAM and Company data

In FY2012, Bajaj Auto sold over 3.83 million motorcycles in India and abroad. In doing so, it grew sales by 13.2% over FY2011, which was lower than in the previous two years. However, as mentioned earlier, sales growth was muted for the industry as a whole, which grew by 13.7% versus over 24% in the last couple of years. Thus, despite lower growth, Bajaj Auto held on to a share of over 32%.

## India

In India, the Company sold 2,566,757 motorcycles during FY2012. That was 6.3% higher than the sales in the previous year. As mentioned earlier, FY2012 has been a year of lower growth for the domestic economy, with almost all sectors reporting subdued numbers. Sale of motorcycles in India was no exception. After two good quarters, sales growth fell very sharply in Q3 FY2012 and Q4 FY2012, to eventually clock 11.9% in FY2012, versus 22.9% last year.



Bajaj Auto is  
now world's third  
largest motorcycle  
manufacturer

Both urban and rural markets were affected by high consumer interest rates, increasing petrol prices and overall inflation. Even the 11.9% growth was severely skewed across quarters as well as segments. Sales of models belonging to the upper end Performance segment remained flat year-on-year. With a substantial proportion of Bajaj Auto's business coming from the Performance segment, the Company's sales growth by volume was more muted at 6%.

As evidenced in the first two months of ongoing financial year 2012-13, the growth continues to be muted. Industry growth for H1/FY2013 is expected to be in the range of 6-7% only. However, we expect an acceleration in growth in the second half of the fiscal year 2012-13.

The good news is that Bajaj Auto continues to dominate the performance segment. It sold 716,267 motorcycles in this segment in FY2012, with a market share of 44%. This, despite the segment being most hotly contested by every major two-wheeler company with a large number of models fighting for market share.

The Company's key brand in this segment, Pulsar, is now into its 10th year. Pulsar is the only brand in the Performance segment whose cumulative sales have crossed the 5 million mark.

To increase the momentum in the Performance segment, Bajaj Auto unveiled the next generation Pulsar 200 NS in January 2012. Pulsar 200 NS is expected to re-define motorcycling just as the original Pulsars did in 2001.

To dominate the high end, Bajaj Auto launched the KTM Duke 200 in January 2012. Known for their legendary racing achievements, KTM is Europe's second largest motorcycle manufacturer and dominates the off-road segment across the world. The first offering from the KTM stable in India, the Duke 200, is being retailed through dedicated KTM stores. Both the KTM Duke 200 and the Kawasaki Ninja 650R, launched earlier in June 2011, have received excellent response.

In FY2011-12, the Discover range in the mid-Commuter Deluxe segment has sold more than a lakh motorcycles every month, with annual sales of 1,279,619 bikes. Within Discover, contribution of the more powerful 125cc+ has nearly doubled to 53% of the brand portfolio this year. With several product and marketing initiatives planned for FY2013, Discover is set for further growth.

**In FY2012,  
Bajaj Auto sold over  
3.83 million motorcycles  
in India and abroad**

Reflecting the changing dynamics in the motorcycle market during FY2012, the Commuter Standard segment grew the fastest. Bajaj Auto also clocked healthy growth here with an annual volume of 570,871 motorcycles – contributed largely by the Platina.

New dealers appointed last year now have started contributing significant volumes.

## Exports

As in the earlier year, Bajaj Auto has done very well indeed. Exports grew by 30% to clock 1,267,648 motorcycles in FY2012 – or 69% of all motorcycle exports from India.

Within motorcycles, Boxer is the largest selling single brand in Africa. A new 150 cc version of it, the BM-150, has been received well and holds good growth prospects.

In Philippines, Boxer BM-150 and the Pulsar 135 were launched and were well received, with the latter helping Bajaj Auto to gain 34% market share in the Sports segment.

In Latin America, where Bajaj Auto sells 20% of its total motorcycle exports, the business has grown by 43% over the previous year. Market shares increased with the Pulsar Brand doing exceptionally well. High profile media events ensured excitement for the brand. Pulsar 135 ranks among the top selling motorcycle models in various Latin American markets.

# Commercial Vehicles

The development in the three-wheelers segment is best understood by looking at the numbers given in Table 2.

**Table 2: Three-Wheelers Sale, Industry and Bajaj Auto (in numbers)**

	Domestic		Exports		Total 3-wheelers	
	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012
Industry sales	526,022	513,251	269,967	362,876	795,989	876,127
Bajaj Auto sales	205,603	202,979	231,281	312,176	436,884	515,155
Bajaj Auto market share	39.1%	39.5%			54.9%	58.8%

## India

Domestic sales for three-wheelers across the industry in FY2012 declined by 2.4% to 513,251 units. Conditions were not conducive to growth of business on account of (i) frequent fuel price hikes, (ii) significant hardening of interest rates, and (iii) political disturbances leading to a generally negative sentiment.

Bajaj Auto, too, saw a marginal fall in sales – by 1.3% to 202,979 vehicles. However, with a fall lower than the industry, the Company's market share increased by 40 basis points from 39.1% in FY2011 to 39.5% in FY2012.

Bajaj Auto has taken a number of strategic initiatives during the year. These include:

- Network correction and expansion
- Concerted efforts to increase market share of diesel vehicles through new marketing initiatives
- Marketing efforts to promote alternate fuel vehicles in states like Gujarat (using CNG as the fuel), Andhra Pradesh (LPG) and Karnataka (LPG)
- Increase the share of public sector bank financing, thus making the vehicles more affordable
- Generating other financing options for customers

**Bajaj Auto  
continues to be world's  
largest three-wheeler  
manufacturer**

With no improvement in the economic environment and with high inflation and fuel cost, we expect the financial year 2012-13 to be a challenging year for the domestic CV industry.

## Exports

In contrast, exports have done very well. As Table 2 shows, exports for three-wheelers as a whole grew by over 34% to 362,876 units in FY2012. Accounting for the lion's share, Bajaj Auto's exports grew by 35% to 312,176 three-wheelers.

In South Asia, the overwhelming market shares continued to be maintained in the markets of Sri Lanka and Bangladesh. Sri Lanka powered the growth of three-wheelers on the back of consumer demand for it as a personal usage vehicle.

Overall, exports of three-wheelers have been more than satisfactory.



# International Business

The Company is now exporting to 35 countries, and enjoys leadership position in 12 countries. Export markets have been expanding for both, motorcycles and three-wheelers, as shown in Table 3.

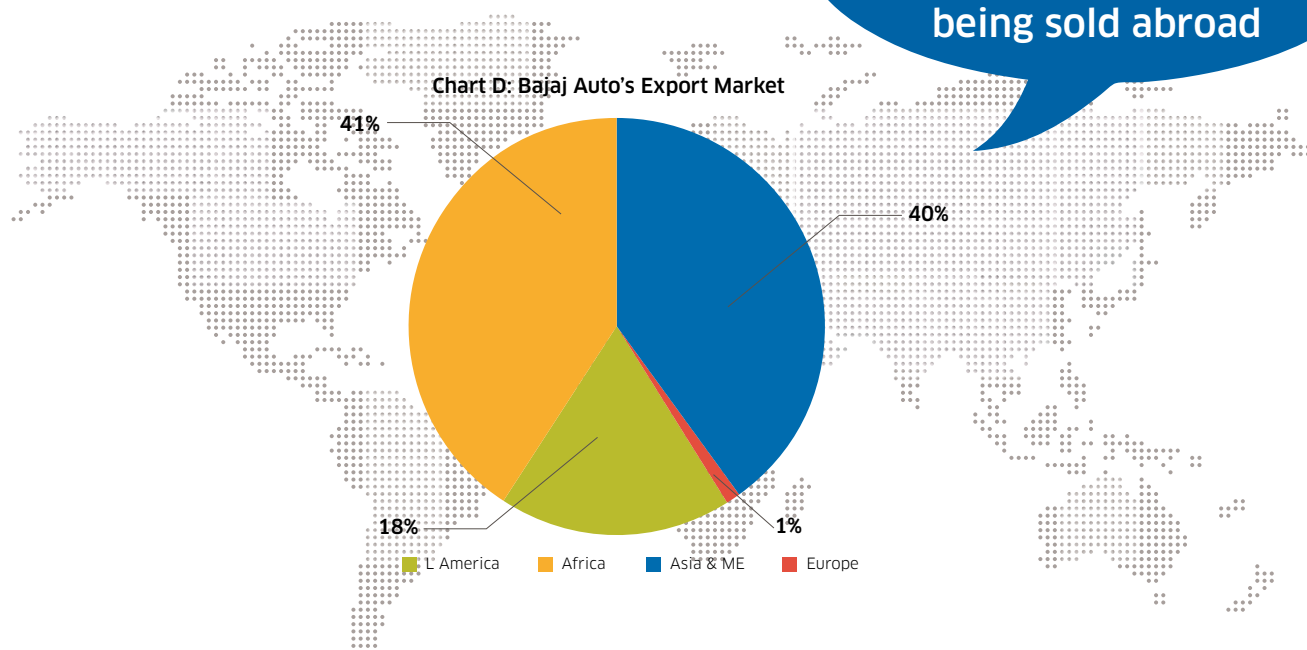
**Table 3: Export Units and Revenue for Bajaj Auto**

	FY2011	FY2012	Growth %
Motorcycles	972,437	1,267,648	30%
Three-wheelers	231,281	312,176	35%
Total	1,203,718	1,579,824	31%
Exports in USD (million)	975	1,369	40%

During FY2012, Bajaj Auto exported 1,579,824 vehicles – a growth of 31% over the previous year. This was further sweetened with a 40% increase in the value of exports to USD 1.37 billion as against 975 million in the previous year.

The Company enjoys a healthy geographical spread, as shown in Chart D.

**Bajaj Auto is India's No. 1 exporter in terms of the share of total production that is being sold abroad**



At 41% of the total exports, Africa accounts for the largest share by volume, followed by Asia and Middle East at 40%. This is for both motorcycles and three-wheelers.

The business will continue on the strategy to focus on Brand building and at specific initiatives at territorial levels. Growth in exports for the Company for the financial year 2012-13 in both motorcycles and three wheeler segments is facing some headwinds due to international events such as substantial rise in import duty in Srilanka, trade restrictions imposed in Argentina, Dollar trade embargo in Iran. Given this challenging environment, managing growth with profitability and building a sustainable growth momentum will continue to be a key challenge for the forthcoming financial year.

**Bajaj Auto is also India's No. 1 exporter of motorcycles and three-wheelers**

# R&D: New Products

## Pulsar 200 NS

This completely new engine and vehicle platform was designed to carry forward the legacy of Pulsar, Bajaj Auto's most successful brand in the past decade. It has been designed to further enhance and sharpen the sports image of the brand. The Pulsar 200 NS is powered by a high performance 4-valve liquid cooled engine with a triple spark ignition, delivers 23.5 Ps, with a six-speed gear box. It is equipped with state of the art features like perimeter frame with high lateral rigidity, low slung central muffler, Nitrox mono shock rear suspension – all of which add up to provide excellent handling and riding pleasure. The vehicle also has disc brakes for both front and rear wheels.

At the heart of the Pulsar 200 NS is its cutting-edge engine which sets new benchmarks in performance, emission and fuel efficiency. It takes technology altogether to another level with a SOHC 4-valve triple spark engine controlled by an advanced electronic control unit for absolutely unmatched performance. The Pulsar 200 NS has received rave reviews from all biking experts. Bajaj Auto expects it to take the biking world by storm in FY2013.



DTS-i technology, from twin-spark two-valve has evolved to four-valve triple-spark

## KTM 200

This model extends the new platform of engine and vehicle co-designed by Bajaj and KTM from 125 cc to 200 cc. Unlike KTM 125, this model is aimed for Indian as well as European markets. The KTM 200 is powered by a high performance 4-valve liquid cooled fuel injection engine delivering 25 Ps, with a six-speed gear box. It is equipped with state of the art features like radial callipers for front disc brakes, inverted front forks, cast aluminium swing arm and radial tyres at both front and back.



## BM-150 and BM-100

BM-100 is the number one bike in Africa. BM-150, debuted in FY2012, expands the BM range bringing the power of 150 cc to the utility segment of the market. It has a sturdy frame and wide tyres designed to do duty under demanding usage and difficult terrain conditions. The BM-150 has been well received in the export markets.

The BM-100 complements the BM-150 to bring in features like electric start to enhance the utility of the product. Its strong frame and modern engine make it very robust in trying conditions. The BM-100 and BM-150 together address competitors in Africa in the 100 cc to 150 cc category.





# Operations and Productivity

Bajaj Auto's plants at Waluj, Chakan and Pantnagar have constantly made efforts to improve upon EBITDA margins by optimising resources and increasing efficiency. This has helped in taking effective business decisions and attaining higher levels of efficiency across all operations.

**Pantnagar plant won the TPM Excellence Award from JIPM in December 2011**

The Pantnagar plant produced 1.138 million vehicles in FY2012, versus 0.914 million a year earlier – a growth of 24.5%. It has further augmented its plant capacity to meet future demand.

Waluj achieved the landmark production of 2.24 million motorcycles and commercial vehicles. The plant, which is also the export hub for Bajaj Auto, has accomplished its stated target of exporting 1.31 million vehicles exports in this year – and is gearing up to export more motorcycles and commercial vehicles.

Chakan has used its core competencies in manufacturing high end sports bikes, such as the Duke-125 and the Duke-200.

**Table 4: Plant-wise Capacities (in numbers) and Product Range**

Plant	FY2011	FY2012	Product Range
	As on 31 March 2011	As on 31 March 2012	
Waluj	Motorcycles: 1,500,000	Motorcycles: 1,500,000	Boxer, Platina, Discover and three-wheelers
	3 Wheelers: 540,000	3 Wheelers: 600,000	
Waluj Subtotal	2,040,000	2,100,000	
Chakan	1,200,000	1,200,000	Pulsar, Avenger, Ninja and KTM
Pantnagar	1,800,000	1,800,000	Platina, Discover, Boxer
<b>Grand Total</b>	<b>5,040,000</b>	<b>5,100,000</b>	

There have been significant productivity improvements over time, as Table 5 shows. Between FY2012 and a year earlier, productivity measured as output per employee per year increased by 6.9%. In the last five years, productivity has increased by 94% – at a CAGR of 16.6%.

**Table 5: Production and Output per Employee**

As on 31 March	Production (units)	No. of employees	Output/employee/year
2008	2,477,151	9,509	260.5
2009	2,175,216	7,318	297.2
2010	2,864,519	7,897	362.7
2011	3,844,438	8,125	473.2
2012	4,363,099	8,627	505.7

# Subsidiaries

## Bajaj Auto International Holdings BV (BAIH BV)

Bajaj Auto International Holdings BV is a 100% Netherlands based subsidiary of Bajaj Auto set up in FY2008. BAIH BV invested € 98.4 million to acquire 24.45% equity stake in KTM Power Sports AG of Austria, Europe's second largest sport motorcycle manufacturer.

As the co-operation between KTM and Bajaj Auto took root, further investments were made and as on date BAIH BV has invested € 189.9 million for a 47.18% ownership. BAIH BV is the second largest shareholder in KTM after Cross Industries who owns majority stake.

KTM is a sharply positioned brand that leads global off-road and motor-cross segments, with its products being distributed via 1,100 dealers across the world. It is also an outstanding brand that connotes top class products using best-in-class technology – and thus enjoys tremendous pricing power.

Realising back-end synergies in development and supply chain and preserving the brand focus in the front end is the foundation of co-operation between KTM and Bajaj Auto. Both partners are aligned to the above and to realising the market potential that such co-operation could open up.

In calendar year 2011, KTM strongly rode out of the downturn selling 81,200 motorcycles, achieving a turnover of € 526.8 million and a profit of €20.8 million.

The first jointly developed KTM Duke 125, manufactured at our Chakan plant, was launched in Europe in FY2011 and has become a market leader in its class.

The European racing legend also rode into India with its KTM Duke 200 motorcycle to a rousing response in Q4 FY2012.

## PT Bajaj Indonesia (PT BAI)

PT BAI, incorporated in FY2007, is a 98.9% subsidiary of Bajaj Auto in Indonesia. The subsidiary assembles and markets Pulsars in Indonesia. It sold 23,337 motorcycles in FY2012 versus 21,586 in FY2011 – a growth of 8%. At PBT level, the loss for FY2012 was ₹ 12 crore as compared to a loss of ₹ 11 crore in FY2011.

Total investment in PT BAI stands at USD 29.5 million (₹ 137.82 crore).





Pulsar  
the **largest selling**  
sports bike  
in India

**A  
Decade  
of  
Dominance**

200NS





**pulsar**

# Financials

Table 6 gives the summarised profit and loss statement of Bajaj Auto Limited.

At 20.2%, Bajaj Auto enjoys the highest EBITDA margin in the industry

**Table 6: Summarised profit and loss statement**

	(₹ In Crore)	
	FY2011	FY2012
<b>Operations</b>		
Sales	16,830	19,827
Less : Excise duty	933	947
Net Sales	15,897	18,880
Other operating income	712	924
<b>Total operating income</b>	<b>16,609</b>	<b>19,804</b>
Cost of materials consumed, net of expenses capitalised	11,781	14,053
	70.9%	71.0%
Stores and tools	85	110
	0.5%	0.6%
Employee cost	494	540
	3.0%	2.7%
Factory and administrative expenses	375	459
	2.2%	2.3%
Sales and after sales expenses	492	641
	3.0%	3.2%
<b>Total expenses</b>	<b>13,227</b>	<b>15,803</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,382	4,001
	20.4%	20.2%
Interest	2	22
Depreciation	123	146
<b>Operating profit</b>	<b>3,257</b>	<b>3,833</b>
	19.6%	19.4%
<b>Non-operating income</b>	<b>366</b>	<b>333</b>
Less: Non-operating expenses	–	6
<b>Non-operating income, net</b>	<b>366</b>	<b>327</b>
<b>Profit before tax and exceptional items</b>	<b>3,623</b>	<b>4,160</b>
<b>Exceptional items :</b>		
MTM loss	–	(134)
Surplus on pre-payment of sales tax deferral liability/loan	827	–
Provision for diminution in value of investment in PT.Bajaj Auto Indonesia	(102)	–
<b>Profit before tax</b>	<b>4,348</b>	<b>4,026</b>
Tax expense	1,008	1,022
<b>Profit after tax</b>	<b>3,340</b>	<b>3,004</b>
<b>Profit after tax (before exceptional items)</b>	<b>2,615</b>	<b>3,095</b>

Bajaj Auto operates on a very lean cost structure. Currently, fixed cost including employee cost, form just 6% of operating income.

Return on capital employed (operating) stood at a healthy 253%.

As on 31 March 2012, VAT refund of approximately ₹ 800 crore are yet to be realised from the State Government of Maharashtra. The VAT refunds not realised has significantly affected the working capital cycle of the Company.

**Surplus cash and cash equivalents**, as on 31 March 2012, stood at ₹ 5,451 crore as against ₹ 4,239 crore as on 31 March 2011. The surplus funds are invested in fixed income securities rated P1+ and equivalent for short-term investments, AA+ and above for long-term investments and fixed deposits with banks.

**Operating profit at 19.4% is almost double that of any other automobile company in the country**

## Consolidation of Accounts and Segment Reporting

Table 7 gives the data.

**Table 7: Segment Revenue and Segment Results**

	(₹ In Crore)	
	FY2011	FY2012
<b>Segment Revenue</b>		
Automotive	16,642	19,868
Investment and others	366	333
<b>Total</b>	<b>17,008</b>	<b>20,201</b>
<b>Segment Results</b>		
<b>Profit/(Loss) from each segment before tax</b>		
Automotive	4,097	3,764
Investment and others	366	327
<b>Total</b>	<b>4,463</b>	<b>4,091</b>
Less: Interest	2	23
<b>Profit before tax</b>	<b>4,461</b>	<b>4,068</b>
<b>Profit after tax</b>	<b>3,455</b>	<b>3,045</b>

### Cautionary Statement

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



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# Corporate Governance

Bajaj Group's commitment to good corporate governance practices predates SEBI and clause 49 of the listing agreements. Transparency, fairness, disclosure and accountability are the main thrust to the working of the Bajaj Group. Bajaj Auto Limited ('BAL' or 'the Company' or 'Bajaj Auto') maintains the same tradition and commitment.

Given below are the Company's corporate governance policies and practices for 2011-12. As will be seen, Bajaj Auto's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of clause 49 of the listing agreement.

## Board of directors

In keeping with the commitment of the management for the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management.

## Composition

As on 31 March 2012, the Board of Bajaj Auto consisted of sixteen directors, of whom four directors were executive. Nine out of twelve non-executive directors were independent.

The Board has no institutional nominee directors.

According to clause 49, if the chairman is executive or a promoter, at least one half of the Board should consist of non-executive, independent directors. As Table 1 below shows, this provision is met at Bajaj Auto.

## Non-executive directors' compensation

The Board of Directors at its meeting held on 26 March 2011 had partially revised the directors' remuneration policy with effect from 1 April 2011 and accordingly non-executive directors of the Company with effect from 1 April 2011 are being paid, in addition to the sitting fee of ₹ 20,000 per meeting for every meeting of the Board and its committees, commission at the rate of ₹ 100,000 per meeting of the Board and its committees attended by them, subject to the overall ceiling of one percent of net profits. In terms of the said approvals given by the Board of Directors and shareholders, one independent director viz. Nanoo Pamnani will be paid ₹ 1,000,000 as commission for the year 2011-12 in consideration of the services rendered by him during the year 2011-12 at the request of the management.

The company did not have a stock option programme for the non-executive directors during the year under review.



## Board procedures

During 2011-12, the Board of Directors met six times: on 18 May 2011, 14 July 2011, 16 September 2011, 20 October 2011, 19 January 2012 and 27 March 2012. The gap between any two meetings has been less than four months. The Board meeting held on 27 March 2012 was done with Video Conferencing facility in terms of the circulars issued by Ministry of Corporate Affairs.

## Attendance record of directors

**Table 1: Composition of the Board and attendance record of directors for 2011-12**

Name of director	Category	Meetings attended	Whether attended last AGM
Rahul Bajaj	Chairman, executive	6/6	Yes
Madhur Bajaj	Vice Chairman, executive	6/6	Yes
Rajiv Bajaj	Managing Director, executive	6/6	Yes
Sanjiv Bajaj *	Executive Director, executive	6/6	Yes
D S Mehta	Non-executive, independent	5/6	Yes
Kantikumar R Podar	Non-executive, independent	4/6	No
Shekhar Bajaj	Non-executive	5/6	No
D J Balaji Rao	Non-executive, independent	5/6	Yes
J N Godrej	Non-executive, independent	0/6	No
S H Khan	Non-executive, independent	6/6	Yes
Ms Suman Kirloskar	Non-executive, independent	6/6	Yes
Naresh Chandra	Non-executive, independent	6/6	Yes
Nanoo Pamnani	Non-executive, independent	6/6	Yes
Manish Kejriwal	Non-executive	6/6	Yes
P Murari	Non-executive, independent	4/6	Yes
Niraj Bajaj	Non-executive	6/6	Yes

\*Sanjiv Bajaj has become a non-executive director w.e.f. 1 April 2012

## Information supplied to the Board

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to officers of the Company. In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on various significant items. In terms of quality and importance, the information supplied by management to the Board of the Company is far ahead of the list mandated under clause 49 of the listing agreement.

## Directorships and memberships of board committees

Table 2 gives the number of directorships and committee positions held by the directors of Bajaj Auto.

**Table 2: Number of directorships/committee positions of directors as on 31 March 2012**

Name of director	In listed companies	In unlisted public limited companies	Committee positions	
			As Chairman	As Member
Rahul Bajaj	4	2	0	0
Madhur Bajaj	6	0	0	0
Rajiv Bajaj	4	1	0	1
Sanjiv Bajaj	6	4	1	5
D S Mehta	4	0	0	5
Kantikumar R Podar	3	2	0	0
Shekhar Bajaj	3	5	0	0
D J Balaji Rao	10	0	4	6
J N Godrej	5	4	1	2
S H Khan	5	3	5	5
Ms Suman Kirloskar	1	1	0	0
Naresh Chandra	11	1	1	9
Nanoo Pamnani	4	0	5	2
Manish Kejriwal	2	0	0	2
P Murari	8	2	3	4
Niraj Bajaj	6	5	0	1

**Notes:** Private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 are excluded for the above purposes. Only audit committee and shareholders' grievance committee are considered for the purpose of committee positions as per listing agreement.

None of the directors was a member in more than 10 committees, nor a chairman in more than five committees across all companies, in which he/she was a director.

## Review of legal compliance reports

During the year, the board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the management.

## Code of conduct

The board at its meeting on 30 January 2008 laid down a code of conduct for all directors and senior management of the Company, which has been posted on the website [www.bajajauto.com](http://www.bajajauto.com).

All directors and senior management personnel have affirmed compliance with the code for 2011-12. A declaration to this effect signed by the Managing Director/chief executive officer is given in this annual report.

## Audit committee

### Constitution and composition

After the demerger of erstwhile BAL in 2008, the new Bajaj Auto set up its audit committee in 2008. The company has been reviewing the working of the committee from time to time to bring about greater effectiveness in order to comply with various requirements under the Companies Act, 1956 and clause 49 of the listing agreement. The present audit committee consists of the following directors:

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

All members of the audit committee are independent, non-executive directors and are 'financially literate' as required by clause 49. Moreover, the audit committee has members who have 'accounting or related financial management expertise'.

### Meetings, attendance and topics discussed

During 2011-12, the audit committee met four times: 18 May 2011, 14 July 2011, 20 October 2011 and 19 January 2012. The meetings were scheduled well in advance. In addition to the members of the audit committee, these meetings were attended by the heads of finance and internal audit functions, the statutory auditors and cost auditors of the Company, and those executives who were considered necessary for providing inputs to the committee. The company secretary acted as the secretary to the audit committee.

The terms of reference of the audit committee are extensive and go beyond what is mandated in clause 49 of the listing agreement and Section 292A of the Companies Act, 1956.

**Table 3: Composition of the audit committee and attendance record of members for 2011-12**

Name of director	Category	Meetings attended
Nanoo Pamnani, Chairman	Non-executive, independent	4/4
S H Khan	Non-executive, independent	4/4
D J Balaji Rao	Non-executive, independent	4/4
Naresh Chandra	Non-executive, independent	4/4

### Subsidiary companies

During the year, the audit committee reviewed the financial statements, including the investments made by the two overseas subsidiaries, viz, PT. Bajaj Auto Indonesia and Bajaj Auto International Holdings BV, Netherlands. A statement of all significant transactions and arrangements entered into by the subsidiary companies was regularly placed before the board.

### Disclosures

A summary statement of transactions with related parties was placed periodically before the audit committee during the year. Suitable disclosures have been made in the financial statements, together with the management's explanation in the event of any treatment being different from that prescribed in accounting standards.



The Board has laid down procedures to inform it of the Company's risk assessment and minimisation procedures. These are periodically reviewed to ensure that management identifies and controls risk through a properly defined framework.

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

## Remuneration and Nomination Committee

Bajaj Auto constituted the remuneration committee of the Board on 30 January 2008. Subsequently, the Board of Directors at its meeting held on 16 January 2009 extended the terms of reference of the said committee to include nomination functions and restyled the said committee as 'Remuneration and Nomination Committee'.

The committee has the following members:

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

During the year, the committee met twice on 16 September 2011 and 27 March 2012. S H Khan attended the meeting of 27 March 2012 by way of video conferencing from Mumbai. Committee deliberated about the managerial personnel including their background, job profile, past remuneration etc. in comparison with financial position and performance of the Company, trends in the industry etc and also referred to a report of a reputed independent consultant on the subject. The committee also noted that D S Mehta, Kantikumar R Podar, Shekhar Bajaj and D J Balaji Rao were due for retirement by rotation at the ensuing annual general meeting. The committee recommended for the consideration of the Board the re-appointment of these directors, who are due for re-appointment at the ensuing annual general meeting of the Company.

## Remuneration of directors

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

1. J N Godrej is a director and shareholder of Godrej & Boyce Manufacturing Company Limited, which is a vendor to Bajaj Auto. Purchases of goods from this company have been in the ordinary course of business and, for the year ended 31 March 2012, amounted to ₹ 4.42 crore.
2. Shekhar Bajaj is a director of Bajaj Electricals Ltd. During the year under review, the total value of transactions between Bajaj Auto and Bajaj Electricals Ltd., which has been in the ordinary course of business, amounted to ₹ 0.17 crore.
3. Shekhar Bajaj is a director of Hind Musafir Agency Limited, an accredited travel agency. During the year under review, the total value of services availed of by Bajaj Auto from Hind Musafir Agency Limited, which has been in the ordinary course of business, amounted to ₹ 15.67 crore.
4. The register of contracts maintained by the Company under Section 301 of the Companies Act, 1956, contains record of the transactions entered into with the above companies. The register is signed by all the directors present at the respective Board meetings.
5. A statement showing the disclosure of transactions with related parties as required under Accounting Standard -18 is set out separately in this Annual Report.

## Criteria of making payments to non-executive directors

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making, and provide leadership and strategic guidance while maintaining objective judgment. They also oversee corporate governance framework of the Company.

The criteria of making payments to non-executive directors, as approved by the Board at its meeting held on 24 March 2010 have been put on the Company's website [www.bajajauto.com](http://www.bajajauto.com).

## Non-executive directors

Non-executive directors are paid sitting fees and commission on net profits as separately stated in this report.

## Executive directors

Executive directors are entitled to superannuation benefits payable in the form of an annuity from the Life Insurance Corporation of India which forms part of the perquisites allowed to them. No pension is paid by the Company.

The company has no stock option plans for the directors and hence, it does not form a part of the remuneration package payable to any executive and/or non-executive director. During the year under review, none of the directors was paid any performance-linked incentive.

In 2011-12, the Company did not advance any loans to any of the executive and/or non-executive directors. Table 4 gives details of the remuneration paid or payable to directors during 2011-12.

**Table 4: Remuneration paid/payable to directors during 2011-12**

(Amount In ₹)

Name of director	Relationship with other directors	Sitting fees	Salary and perquisites	Commission	Total
Rahul Bajaj	Father of Rajiv Bajaj, Sanjiv Bajaj, father-in-law of Manish Kejriwal	–	43,334,198	67,500,000	110,834,198
Madhur Bajaj	Brother of Shekhar Bajaj and Niraj Bajaj	–	32,189,878	51,300,000	83,489,878
Rajiv Bajaj	Son of Rahul Bajaj, brother of Sanjiv Bajaj, brother-in-law of Manish Kejriwal	–	42,288,196	59,400,000	101,688,196
Sanjiv Bajaj	Son of Rahul Bajaj, brother of Rajiv Bajaj, brother-in-law of Manish Kejriwal	–	3,387,762	7,200,000	10,587,762
D S Mehta	–	100,000	–	500,000	600,000
Kantikumar R Podar	–	80,000	–	400,000	480,000
Shekhar Bajaj	Brother of Madhur Bajaj and Niraj Bajaj	100,000	–	500,000	600,000
D J Balaji Rao	–	220,000	–	1,100,000	1,320,000
J N Godrej	–	–	–	–	–
S H Khan	–	260,000	–	1,300,000	1,560,000
Ms Suman Kirloskar	–	120,000	–	600,000	720,000
Naresh Chandra	–	260,000	–	1,300,000	1,560,000
Nanoo Pamnani	–	200,000	–	2,000,000	2,200,000
Manish Kejriwal	Son-in-law of Rahul Bajaj, brother-in-law of Rajiv Bajaj and Sanjiv Bajaj	120,000	–	600,000	720,000
P Murari	–	80,000	–	400,000	480,000
Niraj Bajaj	Brother of Madhur Bajaj and Shekhar Bajaj	120,000	–	600,000	720,000

**Notes:** Salary and perquisites include all elements of remuneration i.e. salary, allowances and benefits. No bonus, pension or incentive is paid to any of the directors. The company has not issued any stock options to any of the directors. The term of executive directors does not exceed five years.

## Shares held by non-executive directors

**Table 5: Shares held by non-executive directors**

Name of director	Number of shares held as on 31 March 2012
Shekhar Bajaj	503,880
Niraj Bajaj	2,264,476
Manish Kejriwal	200
D S Mehta	15,980

## Management

### Management discussion and analysis

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

### Disclosure of material transactions

Under clause 49, senior management is required to make periodical disclosures to the Board relating to all material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. This provision was adhered to during the year.

### Compliances regarding insider trading

Comprehensive guidelines in accordance with the SEBI regulations in this regard are in place. A code of conduct and corporate disclosure practices framed by the Company helps in ensuring compliance with the requirements.

## Shareholders

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

According to the statutes, at least two third of the Board should consist of directors liable to retire by rotation. Of these, one third are required to retire every year and, if eligible, may seek re-appointment by the shareholders. Accordingly, D S Mehta, Kantikumar R Podar, Shekhar Bajaj and D J Balaji Rao retire from the Board by rotation this year and being eligible offer themselves for re-appointment.

Brief profiles of the retiring directors are given in the notice being issued to the shareholders of the ensuing annual general meeting of the Company.

### Communication to shareholders

Quarterly, half-yearly and annual financial results are published in numerous leading dailies, such as Business Standard, Financial Express, The Economic Times, Kesari, Hindu Business Line and Times of India. The official press release is also issued. The company also sends the half-yearly financial results, alongwith a detailed write-up, to each household of shareholders.

Bajaj Auto has its own website, [www.bajajauto.com](http://www.bajajauto.com), which contains all important public domain information, including presentations made to the media, analysts and institutional investors. The website also contains information on matters such as dividend history, answers to Frequently Asked Questions (FAQs) by the various shareholder categories and details of the corporate contact persons. All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the company's website.



Ministry of Corporate Affairs as a 'Green Initiative in the Corporate Governance' has issued a Circular no 17/2011 on 21 April 2011, permitting companies to service delivery of documents electronically on the registered members'/shareholders' email addresses under Section 53 of the Companies Act, 1956. The company is accordingly proposing to send documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form will continue to get the same in physical form.

The company also files the following information, statements, reports on the website as specified by SEBI:

- Full version of the annual report including the balance sheet, statement of profit and loss, directors' report and auditors' report, cash flow statement, half-yearly financial statement and quarterly financial statements
- Corporate governance report
- Shareholding pattern

## Information on general body meetings

The last three annual general meetings of the Company were held at the registered office of the Company on the following dates and times:

2nd AGM	16 July 2009	at 11.30 a.m.
3rd AGM	22 July 2010	at 11.30 a.m.
4th AGM	14 July 2011	at 11.30 a.m.

## Details of Special Resolution(s) passed during the last three years' Annual General Meetings (AGM) and resolution(s) passed through postal ballot

At the fourth AGM held on 14 July 2011, a special resolution was passed regarding payment of commission to the non-executive directors of the Company for a further period of five years commencing 1 April 2011.

At the third AGM held on 22 July 2010, three separate special resolutions were passed regarding re-appointments of Rahul Bajaj as Chairman, Madhur Bajaj as Vice Chairman and Rajiv Bajaj as Managing Director for a term of five years commencing from 1 April 2010 to 31 March 2015; which also approved the remuneration payable to them.

During that year, resolutions were also passed by way of postal ballot as contained in notice dated 22 July 2010 regarding (a) Alteration of relevant clauses of Articles of Association for the purpose of issue of bonus shares, (b) issue of bonus shares by way of capitalisation of reserves and increase in authorised share capital, (c) Alteration of relevant clauses of Articles of Association regarding buy-back of securities and (d) for increase in limit for inter-corporate loans and investments under Section 372A of the Companies Act, 1956.

At the second AGM held on 16 July 2009, two special resolutions were passed pertaining to (a) re-appointment of Sanjiv Bajaj as executive director for a term of five years commencing from 1 April 2009 to 31 March 2014 and approval of remuneration payable to him and (b) approval of employee stock option scheme for issue of shares upto a maximum of 2,200,000 equity shares.

Company has not granted any shares by way of stock option to any of the employees so far.

## Material disclosure of related party transactions

Material transactions entered into with related parties have been already disclosed in this chapter. None of these have had any potential conflict with the interests of the Company.

## Details of capital market non-compliance, if any

There has been no non-compliance by the Company of any legal requirements; nor has there been any penalty, stricture imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the period under review.

## Shareholders' and investors' grievance committee

The Board of Directors of Bajaj Auto constituted its shareholders' and investors' grievance committee in 2008. This committee has been constituted to specifically look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends etc. In addition, the committee also looks into matters that can facilitate better investor services and relations. The committee regularly kept the Board of Directors apprised on all the major developments on investors' issues through various reports and statements furnished to the Board from time to time throughout the year.

The committee consisted of the following non-executive independent directors as on 31 March 2012:

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

During the year under review, the committee met on 27 March 2012 to review the status of investors' services rendered. All members except J N Godrej were present at the meeting. S H Khan attended the meeting by way of video conferencing from Mumbai. The secretarial auditor as well as company secretary (who is also the compliance officer) were also present. More details have been furnished in the chapter on General Shareholder Information.

SEBI vide its circular no. CIR/CFD/DIL/10/2010 dated 16 December 2010 amended Clause 5A by inserting a para prescribing a Uniform procedure for dealing with physical unclaimed shares pursuant to public issue or any other issue. Accordingly, the Company, after sending three reminders to the concerned shareholders during the year, has opened a demat account with HDFC Bank titled as "Bajaj Auto Limited unclaimed suspense account" to which all the unclaimed shares have been transferred in terms of the said circular.

## CEO/CFO certification

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

## Report on corporate governance

This chapter, read together with the information given in the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance during 2011-12.

## Auditors' certificate on corporate governance

The company has obtained the certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the listing agreement. This report is annexed to the directors' report, and will be sent to the stock exchanges alongwith the annual return to be filed by the Company.

## Compliance of mandatory and non-mandatory requirements under clause 49

### Mandatory

The company has complied with all the mandatory requirements of clause 49 of the listing agreement.

### Non-mandatory

The company has also complied with the non-mandatory requirements as under:

#### 1. The Board

The requirement regarding non-executive chairman is not applicable, since the chairman of the Company is executive chairman.

None of the nine independent directors of the Company have tenures exceeding a period of nine years on the Board.

#### 2. Remuneration committee

The company has a remuneration committee known as "Remuneration and Nomination Committee". A note on this committee is provided in the annual report.

#### 3. Shareholder rights

A half-yearly declaration of financial performance including summary of significant events in the preceding six months, is sent to each household of shareholder.

#### 4. Audit qualifications

There are no qualifications in the financial statements of the Company for the year 2011-12.

#### 5. Whistle blower policy

The company has a whistle blower policy to enable its employees to report to the management their concerns about unethical behavior, actual or suspected fraud or violation of company's code of conduct or ethics policy. This mechanism provides safeguards against victimisation of employees, who avail of the mechanism. This also provides for direct access to the chairman of the audit committee in exceptional cases. The policy has been appropriately communicated to the employees within the organisation.



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# General Shareholder Information

## Annual General Meeting

Date:	18 July 2012
Time:	11.30 a.m.
Venue:	Registered Office at Bajaj Auto Limited Complex Mumbai - Pune Road, Akurdi, Pune - 411 035

## Financial calendar

Audited annual results for year ending 31 March	May
Mailing of annual reports	June
Annual general meeting	July
Unaudited first quarter financial results	July
Unaudited second quarter financial results	October
Unaudited third quarter financial results	January

## Dividend

The Board of Directors of Bajaj Auto has proposed a dividend of ₹ 45 per equity share (450 per cent) for the financial year 2011-12, subject to approval by the shareholders at the annual general meeting. Dividend paid in the previous year was ₹ 40 per equity share (400 per cent).

## Dates of book closure

The register of members and share transfer books of the Company will remain closed from Saturday, 07 July 2012 to Wednesday, 18 July 2012, both days inclusive.

## Date of dividend payment

Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched between 23 July 2012 to 25 July 2012:

- to all those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on Friday, 06 July 2012; and
- to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company on or before the closing hours on Friday, 06 July 2012.

## Payment of dividend

Dividend will be paid by account payee/non-negotiable instruments or through the National Electronic Clearing Service (NECS), as notified by the SEBI through the stock exchanges.



In view of the significant advantages and the convenience, the Company will pay dividend through NECS in all major cities to cover maximum number of shareholders, as per applicable guidelines. Shareholders are advised to refer to the notice of the annual general meeting for details of action required to be taken by them in this regard. For additional details or clarifications, shareholders are welcome to contact the registered office of the Company.

## Unclaimed dividend

The shareholders who have not encashed their dividend warrants for the years 2004-05 onwards are requested to claim the amount from M/s Karvy Computershare Pvt. Ltd./ registered office of the Company.

As per Section 205 of the Companies Act, 1956, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called "The Investor Education and Protection Fund" (IEPF) set up by the Central Government. No claims shall lie against the fund or the Company in respect of the amount so transferred.

## Share transfer agent

The company appointed Karvy Computershare Pvt. Ltd. as its share transfer agent and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities was outsourced to Karvy Computershare Pvt. Ltd., Hyderabad with effect from 10 July 2008.

All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand drafts in lieu of dividend warrants etc. as well as requests for dematerialisation/rematerialisation are being processed at Karvy Computershare Pvt. Ltd. The work related to dematerialisation/rematerialisation is handled by Karvy Computershare Pvt. Ltd. through connectivities with National Securities Depository Ltd. and Central Depository Services (India) Ltd.

## Share transfer system

Share transfers received by the share transfer agent/company would be registered within 15 days from the date of receipt, provided the documents are complete in all respects.

Total number of shares transferred in physical category during 2011-12 was 130,706.

## Dematerialisation of shares

Total number of shares dematerialised during 2011-12 was 513,970.

Distribution of shares as on 31 March 2012 is given in Table 1.

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

	Position as on 31 March 2012		Position as on 31 March 2011		Net change during 2011-12	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
<b>Physical</b>	21,170,390	7.32	21,684,349	7.49	513,959	—
<b>Demat:</b>						
NSDL	263,483,855	91.05	262,473,583	90.71	1,010,272	—
CDSL	4,712,775	1.63	5,209,088	1.80	(496,313)	—
<b>Sub Total</b>	268,196,630	92.68	267,682,671	92.51	513,959	—
<b>TOTAL</b>	<b>289,367,020</b>	<b>100.00</b>	<b>**289,367,020</b>	<b>100.00</b>		

\*\*During 2010-11, company had issued 144,683,510 equity shares by way of bonus shares in the ratio of 1:1

## Global depository receipts (GDRs)

Bajaj Auto issued and allotted Global Depository Receipts (GDRs) on 3 April 2008 to the shareholders of BHIL (formerly BAL) pursuant to the scheme of demerger sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 18 December 2007 and the underlying shares against each GDR were issued in the name of the overseas depository, i.e. Deutsche Bank Trust Company Americas (DBTCA). The company has entered into a deposit agreement with DBTCA on 21 August 2008 in respect of these GDRs.

## Stock code

1.	BSE, Mumbai	532977
2.	National Stock Exchange	BAJAJ-AUTO
3.	ISIN for Depositories (NSDL and CDSL)	INE917101010
4.	Bloomberg	BJAUT.IN
5.	Reuters	BAJA.BO

## Listing on stock exchanges

The shares of the Company are currently listed on the following stock exchanges :

Name	Address
Bombay Stock Exchange Ltd. Mumbai (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051

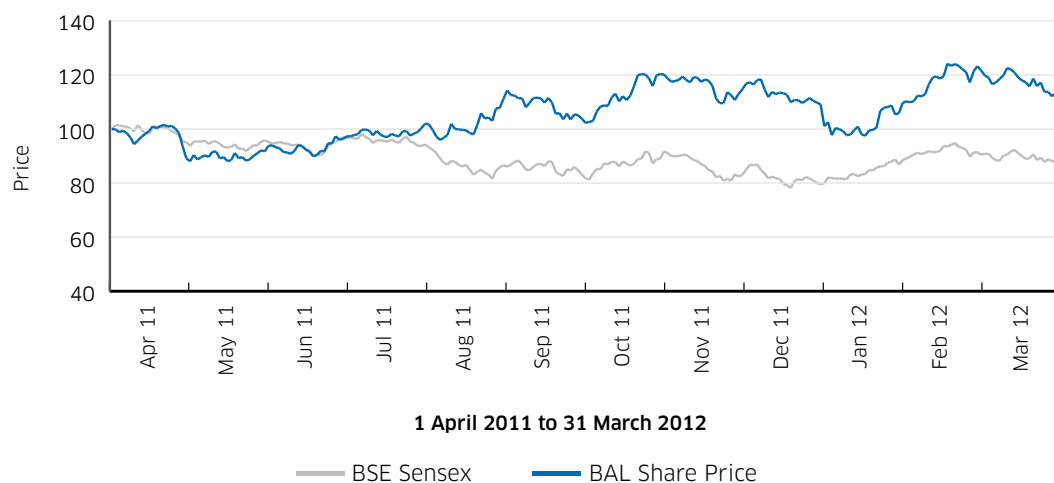
During 2011-12, the listing fees payable to these stock exchanges have been paid in full.

## Market price data

**Table 2: Monthly highs and lows of Bajaj Auto Limited share price (₹) during 2011-12 vis-à-vis BSE Sensex**

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 11	1,496.00	1,364.00	1,500.50	1,363.00	19,135.96
May 11	1,489.40	1,260.05	1,496.35	1,260.30	18,503.28
Jun 11	1,439.90	1,293.25	1,444.00	1,295.00	18,845.87
Jul 11	1,476.85	1,405.25	1,482.00	1,405.00	18,197.20
Aug 11	1,615.35	1,351.25	1,617.00	1,356.00	16,676.75
Sep 11	1,694.90	1,486.00	1,694.85	1,485.00	16,453.76
Oct 11	1,822.15	1,478.20	1,823.55	1,477.20	17,705.01
Nov 11	1,773.80	1,566.25	1,774.90	1,565.80	16,123.46
Dec 11	1,738.95	1,567.80	1,739.00	1,567.60	15,454.92
Jan 12	1,608.50	1,410.00	1,610.00	1,407.20	17,193.55
Feb 12	1,839.00	1,586.00	1,843.35	1,585.20	17,752.68
Mar 12	1,820.00	1,610.00	1,818.35	1,612.10	17,404.20

### Bajaj Auto Limited vs BSE Sensex, indexed to 100 on 1 April 2011



## Distribution of shareholding

Table 3 gives details about the pattern of shareholdings among various categories as on 31 March 2012 and 31 March 2011, while Table 3A gives the data according to size classes as on 31 March 2012.

**Table 3: Distribution of shareholding across categories as on**

Categories	31 March 2012		31 March 2011	
	No. of Shares	% to total capital	No. of Shares	% to total capital
Promoters	144,733,332	50.02	144,733,332	50.02
Friends and associates of promoters	30,641,279	10.59	29,840,402	10.31
GDRs*	169,088	0.06	220,134	0.08
Foreign Institutional Investors	47,516,700	16.42	46,274,849	15.99
Public Financial Institutions	9,290,035	3.21	7,990,498	2.76
Mutual Funds	7,278,439	2.52	7,544,798	2.61
Nationalised and other banks	122,508	0.04	526,507	0.18
NRIs and OCBs	1,189,892	0.41	1,324,322	0.46
Others	48,425,747	16.73	50,912,178	17.59
<b>TOTAL</b>	<b>289,367,020</b>	<b>100.00</b>	<b>289,367,020</b>	<b>100.00</b>

\* Under the deposit agreement, the depository exercises the voting rights on the shares underlying the GDRs as directed by the promoters of the Company.

**Table 3A: Distribution of shareholding according to size class as on 31 March 2012**

No. of shares	No. of Shareholders		Shares held in each class	
	Number	%	Number	%
1 TO 500	79,047	91.59	4,247,597	1.47
501 TO 1000	2,438	2.82	1,800,295	0.62
1001 TO 2000	1,476	1.71	2,165,199	0.75
2001 TO 3000	695	0.81	1,732,464	0.60
3001 TO 4000	405	0.47	1,424,215	0.49
4001 TO 5000	314	0.36	1,433,507	0.50
5001 TO 10000	708	0.82	5,095,124	1.76
10001 AND ABOVE	1,222	1.42	271,468,619	93.81
<b>TOTAL</b>	<b>86,305</b>	<b>100.00</b>	<b>289,367,020</b>	<b>100.00</b>

## Shareholders' and investors' grievances

The Board of Directors of Bajaj Auto currently has a shareholders'/investors' grievance committee consisting of four non-executive independent directors to specifically look into the shareholders'/investors' complaints on various matters. Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and/or bank particulars. There were no pending issues to be addressed or resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning 10 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors and no action remained to be taken at the Company's end.

## Opening of demat suspense account with HDFC Bank

In accordance with the provisions contained in the Listing Agreement with the Stock Exchanges, (as amended by SEBI vide circular dated 16 December 2010 - Clause 5A), the Company was required to send 3 reminders at the registered addresses of the shareholders whose shares were lying "Undelivered/Unclaimed" with the Company, requesting for the correct particulars to dispatch such share certificates. If no response was received, the shares were required to be transferred to an "Unclaimed Share Suspense Account", which shall be maintained by the Company in electronic form. As and when any shareholder approaches at a later date, the Company shall deliver the shares to him/her from the said account, after proper verification/identification. Further, voting rights on such shares are to remain frozen till the rightful owner claims the shares.

Accordingly, during the year, company has sent three reminders to these shareholders, followed by opening of the said Suspense account with HDFC Bank.

After completing the necessary formalities, 44,375 shares held by 148 shareholders were transferred to the said suspense account. Since such a transfer was made in April 2012, the question of giving any disclosure under Clause 5A of the Listing Agreement for the year 2011-12 does not arise. The disclosure will be made regarding this account from the year 2012-13.



## Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form will be sent by the Company upon such request. Nomination facility for shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

## Plant locations

Bajaj Auto has plants located at the following places:

1. Mumbai-Pune Road, Akurdi, Pune 411 035 (Maharashtra)
2. Bajaj Nagar, Waluj, Aurangabad 431 136 (Maharashtra)
3. MIDC, Plot No A1, Mahalunge Village, Chakan, Dist. Pune 410 501 (Maharashtra)
4. Plot No.2, Sector 10, IIE Pantnagar, Udham Singh Nagar, 263 531 (Uttara Khand)

## Address for correspondence

Investors and shareholders can correspond with the share transfer agent or at registered office of the Company at the following address:

**Karvy Computershare Pvt. Ltd.**

Plot No.17 to 24, Vittalrao Nagar,  
Near Image Hospital,  
Madhapur,  
Hyderabad 500 081

**Contact persons**

Mr M S Madhusudhan  
Mr Mohd. Mohsinuddin  
Tel No. (040) 44655152  
Mobile: +91 91774 01094  
Fax No: (040) 44655024  
E-mail: mohsin@karvy.com  
Website: [www.karvy.com](http://www.karvy.com)

**Bajaj Auto Limited**

Bajaj Auto Limited Complex  
Mumbai-Pune Road  
Akurdi, Pune 411 035.  
Tel: (020) 27472851(Extn 6063), 27406063  
Fax: (020) 27407380  
e-mail: investors@bajajauto.co.in  
Website: [www.bajajauto.com](http://www.bajajauto.com)



दुनिया की नं.१ सवारी

Bajaj RE | Now on  
world's largest | Four  
selling 3 Wheeler | Wheels





# Directors' Report

## Introduction

The directors present their fifth annual report and the audited statements of accounts for the year ended 31 March 2012.

The highlights are as under:

Units in Numbers	2012	2011
Two wheelers	3,834,405	3,387,070
Three wheelers	515,155	436,884
Total	4,349,560	3,823,954
<b>Of which Exports</b>	<b>1,579,824</b>	<b>1,203,718</b>

## Financials

	2012	2011
	(₹ In Crore)	
Net sales and other income	20,137.02	16,974.74
Gross profit before exceptional items, interest and depreciation	4,328.03	3,747.73
Interest	22.24	1.69
Depreciation	145.62	122.84
Gross Profit before exceptional items	4,160.17	3,623.20
Exceptional items	(134.00)	724.55
<b>Profit before tax</b>	<b>4,026.17</b>	<b>4,347.75</b>
Tax expense	1,022.12	1,008.02
<b>Profit for the year</b>	<b>3,004.05</b>	<b>3,339.73</b>
Add: Balance brought forward from previous year	2,515.48	854.99
Profit available for Appropriation	5,519.53	4,194.72
Transfer to General Reserve	301.00	334.00
Proposed dividend (inclusive of dividend tax)	1,513.39	1,345.24
Balance carried to Balance Sheet	3,705.14	2,515.48
<b>Earnings per share (₹)</b>	<b>103.8</b>	<b>115.4</b>

## Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of ₹ 45 per share, (450 per cent) for the year ended 31 March 2012. The amount of dividend and the tax thereon aggregate to ₹ 1,513.39 crore.

Dividend paid for the year ended 31 March 2011 was ₹ 40 per share (400 per cent). The amount of dividend and the tax thereon aggregated to ₹ 1,345.24 crore.



## Operations

The operations of the Company are elaborated in the annexed Management Discussion and Analysis Report.

## Capacity expansion and new projects

The company's current installed capacity is 5.1 million units per annum. The company plans to increase the installed capacity to 6.36 million units per annum by March 2013.

Commercial launch of the four-wheeler RE 60 show-cased in the Delhi Auto Expo in Jan 2012, is scheduled for second half of 2012-13. RE 60 will be produced from the Company's Waluj plant.

The 4 Wheeler plant was earlier being planned in the Company's site at Chakan MIDC Phase III. To benefit from the synergies with the 3 Wheeler facilities at Waluj, the 4 Wheeler project is now being implemented at Waluj. The Chakan site will be used for expansion of the 2 Wheeler capacity.

## Research and Development and technology absorption

### A) Products

#### **Pulsar 200 NS**

A new platform of engine and vehicle was designed to carry forward the legacy of the Company's most successful brand – Pulsar, into the future. This vehicle is designed to further enhance and sharpen the street sports image of the Pulsar brand. The vehicle is powered by a high performance 4 valve liquid cooled engine with triple spark ignition, delivering 23.5 Ps, with a 6 speed gear box. This provides the vehicle with excellent and thrilling performance as well as efficiency. The vehicle is equipped with state-of-the-art features like perimeter frame with high lateral rigidity, low slung central muffler, nitrox mono shock rear suspension, all adding up to providing excellent handling and riding pleasure.

#### **KTM 200**

This model extends the new platform of engine and vehicle co-designed by Bajaj and KTM from 125cc into a 200cc. Unlike KTM125, this product is aimed for Indian as well as European markets. The vehicle is powered by a high performance 4V liquid cooled engine delivering 25 Ps, with a 6 speed gear box suitably mated to the power characteristics of the engine. The engine has electronic fuel injection. The vehicle is equipped with state-of-the-art features like radial calipers for front disc brakes, inverted front forks, cast aluminum swing arm and radial tyres at both front and back.

#### **BM-150**

The BM-150 moves the highly successful BM-100, the number one bike in Africa, to the next level. This product brings the power of 150cc to the utility segment of the market. It has a sturdy frame designed to do duty under demanding usage and terrain conditions and wide tyres to complement. The BM-150 has been well received in the export markets.

#### **BM-100**

The BM-100 complements the BM-150 to bring in features like electric start in order to enhance the utility of the product. The strong frame and modern engine make it very robust. The BM-100 and BM-150 together address competitors from the 100 to 150 cc segments.

## B) Process

R&D has been working on improving its operations in a number of areas as listed below:

- **Manpower:** R&D has been expanding its team size in areas of design, analysis and validation in order to keep up with the rapidly expanding aspirations of the Company. This year, R&D expanded its manpower strength by about 12%.
- **Facilities:** R&D continued to enhance its design, computing and validation facilities. The efforts on the establishment of validation facilities have enabled R&D to develop durable and refined products like the new Pulsar 200 NS.
- **Total Productivity Management (TPM):** R&D continues to vigorously pursue the TPM way of thinking and working. This has yielded excellent results in quality management of design and validation process. The TPM approach has also been effective in the lead time reduction on the various critical processes in R&D by elimination of waste.

## C) Outgo

The expenditure on research and development during 2011-12 and in the previous year was:

Particulars	(₹ In Crore)	
	2012	2011
i. Capital (Including technical know-how)	42.22	11.65
ii. Recurring	113.70	112.95
<b>TOTAL</b>	<b>155.92</b>	<b>124.60</b>
iii. Total research and development expenditure as a percentage of sales, net of excise duty	0.83%	0.78%

## Conservation of energy

Company has always been a forerunner in conservation of energy and natural resources. All manufacturing processes and products are designed for minimising the carbon footprints and are being continuously upgraded to consistently achieve this goal. Company has a distinction of having all its plants certified for ISO 14000 and 18000. Company not only follows Standard Operating Procedures for environment protection and conservation of resources in all its plants, but also propagates these initiatives throughout its vendor partners under the initiative of 'Green Supply Chain'.

Given below are some of the key initiatives taken during 2011-12 towards Energy and Natural resource conservation. Apart from technology adoptions, the energy conservation drive is guided by the principle of 5Rs (Reuse, Reduce, Recycle, Remove, Recover).

- Electrical energy saving was achieved by replacing reciprocating compressor with screw air compressors at Waluj; reducing central grid pressure of compressed air from 4.89 Bar to 4.68 Bar at Waluj; installation of Air flow control unit in compressed air line at Pantnagar; installation of Breeze Air coolers in place of ARP at Waluj; use of LPG heaters in place of Electrical heaters at CGC furnace in heat treatment; re-using waste energy from dynamometer to generate electricity, at Pantnagar; use of LED/CFLs for Office/Street lighting;
- Water saving was achieved by rationalisation of pumping hours of main pump and regulating pump on-off timing through timers; use of air cooled compressors in place of water cooled compressors; use of treated water for horticulture and non-critical processes;

- Liquified Petroleum Gas (LPG)/propane saving was achieved by installation of waste heat recovery system for paint shops at Waluj; implementation of 'Tactalis' pre-treatment process; reduction in weight of paint line jigs and heat treatment fixtures; increasing conveyor speed in paint shop;
- Major initiatives in utilisation of renewable energy were taken by use of solar water heating system for process shops/canteen, at Waluj and Chakan; installation of natural air exhaust (turbo ventilators) in shops at Waluj and Chakan; use of wind mill energy for street lights at Chakan.

## Impact of measures taken

As a result of the initiatives taken for conservation of energy and natural resources, the Company has effected an overall reduction in consumption as under :-

	Reduction achieved in %	
	2012	2011
Electrical energy	7.86	14.31
Water	**	13.33
LPG	13.44	14.40

\*\* No saving in water consumption was achieved due to construction work of 4-wheeler plant.

## Investment/savings

	(₹ In Crore)	
	2012	2011
Investment for energy conservation activities	2.07	0.84
Saving achieved through above activities	2.14	1.12

## International Business

Bajaj Auto maintained its stellar growth in exports and continued to be India's largest exporter of two and three-wheelers. During the year under review, the Company exported 1,579,824 vehicles, achieving a growth of 31% over the previous year, while total exports amounted to ₹ 6,604 crore as against ₹ 4,552 crore in the previous year.

More details of International Business are set out in the annexed Management Discussion and Analysis report.

## Foreign exchange earning and outgo

The company continued to be a net foreign exchange earner during the year.

Total foreign exchange earned by the Company during the year under review was ₹ 6,626.30 crore, compared to ₹ 4,564.78 crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 1,023.38 crore as against ₹ 844.50 crore during the previous year.

The above outflow includes an investment of ₹ 68.14 crore (Previous Year: ₹ 210.08 crore) made in its 100% subsidiary, Bajaj Auto International Holdings BV, Netherlands for increasing its stake in KTM Power Sports AG from 39.26% to 40.87%.

## Industrial relations

Industrial Relations with staff and workmen across the plants at Akurdi, Waluj, Chakan and Pantnagar continued to be cordial.

## Subsidiaries

**PT. Bajaj Auto Indonesia (PTBAI)** is a majority shareholding (98.94%) subsidiary of Bajaj Auto Limited. The subsidiary assembles and markets Pulsars in Indonesia. PTBAI has achieved a billing of 23,337 units in 2011-12 as against 21,586 units in 2010-11, an increase of 8%. Existing models Pulsar 135, Pulsar 180 and Pulsar 220 have contributed to this steady growth rate.

Sales and service network have been considerably strengthened in 2011-12 across entire Indonesia with number of showroom/outlets now at 152 compared to 84, in March 2011. The year has seen a considerable improvement in availability of finance, as the Company has tied up financing arrangements with a few more finance companies. Network expansion, easy availability of finance and scheduled new product launches would be the key drivers for growth in 2012-13.

More details are given separately in this annual report.

### **Bajaj Auto International Holdings BV, Netherlands (BAIHBV)**

During the year under review, BAIHBV invested further € 10.3 million to increase its stake in KTM Power Sports AG (KTM) to 40.87%.

With further investment of € 25.9 million during April 2012, BAIHBV's shareholding in KTM currently stands at 47.18%. In its recently held AGM, KTM Power Sports AG has changed its corporate name to KTM AG.

The co-operation with KTM is progressing well. KTM Duke 125 has become the leader in its category in Europe. KTM Duke 200 has been launched in India in February 2012 and has become an instant hit with bike enthusiasts. These products will be taken to further markets in the current fiscal.

Further, during 2011, KTM has made good progress, improved its market share and has reported a healthy set of numbers.

## Signing for anti-corruption initiative of World Economic Forum (WEF)

In support of the initiative taken by WEF, with a view to strengthening the efforts to counter bribery and corruption, your company is a signatory to the "Commitment to anti-corruption" and is supporting the "Partnering Against Corruption - Principles for Countering Bribery" derived from Transparency International's Business Principles. This calls for a commitment to two fundamental actions viz. a zero-tolerance policy towards bribery and development of practical and effective implementation program.

## Corporate Social Responsibility

During the year 2011-12, Bajaj Auto continued its Affirmative Action Plan and Corporate Social Responsibility initiatives in various fields. Activities in this area are set out in greater detail in the annexed CSR Report.



## Directors

D S Mehta, Kantikumar R Podar, Shekhar Bajaj and D J Balaji Rao retire from the Board by rotation this year and being eligible, offer themselves for re-appointment.

Sanjiv Bajaj, in view of his appointment as Managing Director in Bajaj Holdings & Investment Ltd., has resigned as Executive director of the Company with effect from 1 April 2012. He will however continue on the Board as a non-executive director. The Board places on record its sincere appreciation of the valuable services rendered by Sanjiv Bajaj during his tenure as Executive Director of the Company.

## Directors' responsibility statement

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- that the annual accounts have been prepared on a going concern basis

## Presentation of financial results

Pursuant to Notification dated 28 February 2011 issued by the Ministry of Corporate Affairs, the format for disclosure of financial statement prescribed under Schedule VI to the Companies Act, 1956 has been substantially revised. The financial results of the Company for the year ended 31 March 2012 have, therefore, been disclosed as per the revised Schedule VI. Previous year's figures have also been restated to conform with the current year's presentation.

## Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, viz. PT. Bajaj Auto Indonesia and Bajaj Auto International Holdings BV, Netherlands and as prepared in compliance with the accounting standards and listing agreement as prescribed by SEBI.

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

## Statutory disclosures

Ministry of Corporate Affairs (MCA) vide Circular No. 51/12/2007-CL-III dated 8 February 2011 has given general exemption with regard to attaching of the balance sheet, profit and loss account and other documents of its subsidiary companies subject to fulfillment of conditions mentioned therein. The company has fulfilled all the necessary conditions in this regard. The summary of the key financials of the Company's subsidiaries is included in this annual report.

The annual accounts of the subsidiary companies and the related detailed information will be made available to the members of the Company and its subsidiary companies, seeking such information at any point of time. The annual accounts of the subsidiary companies will be kept for inspection by any member of the Company at its registered office and also at the registered office of the concerned subsidiary company.

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

Particulars regarding technology absorption, conservation of energy and foreign exchange earnings and outgo required under Section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 have been given in preceding paragraphs.

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

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

A cash flow statement for the year 2011-12 is attached to the balance sheet.

## Corporate governance

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

All Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2011-12. A declaration to this effect signed by the Chief Executive Officer (CEO) of the Company is contained in this annual report.

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

## Secretarial standards of ICSI

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

## Group

Pursuant to an intimation from the promoters, the names of the promoters and entities comprising "Group" as defined under the erstwhile Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed in the annual report in terms of Regulation 3(1)(e) of the erstwhile SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

## Auditors' report

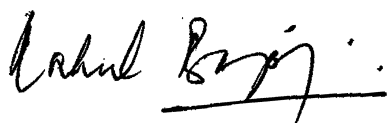
The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

## Auditors

The members are requested to appoint Messers Dalal and Shah, Chartered Accountants, as auditors for the period from the conclusion of the ensuing annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

In conformity with the directives of the Central Government, the Company has appointed A P Raman, cost accountant, ICWA Membership No. 837, with address at Golok, Plot No.13, Sector No.28, Pradhikaran, Nigdi, Pune - 411 044, as the cost auditor under Section 233B of the Companies Act, 1956 to conduct the cost audit of Bajaj Auto Ltd. for the year 2012-13. For the year ended 31 March 2011, the due date of filing the cost audit report was 30 September 2011, and the actual date of filing the cost audit report was 8 August 2011.

On behalf of the Board of Directors,



Rahul Bajaj  
Chairman  
17 May 2012

## Annexure 1

### Auditors' certificate regarding compliance of conditions of Corporate Governance

To the members of  
**Bajaj Auto Limited**

We have examined the compliance of conditions of Corporate Governance by Bajaj Auto Limited, for the year ended 31 March 2012, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

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

For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership No : 40451  
Pune: 17 May 2012



## Annexure 2

### Declaration by Chief Executive Officer (CEO)

I, Rajiv Bajaj, Managing Director of Bajaj Auto Limited hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended 31 March 2012 compliance with the code of conduct of the Company laid down for them.

Rajiv Bajaj  
Managing Director  
Pune: 17 May 2012

## Annexure 3

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

We, Rajiv Bajaj, Managing Director and Kevin D'sa, President (Finance) of Bajaj Auto Limited, certify:

1. That we have reviewed the financial statements for the year ended 31 March 2012 and that to the best of our knowledge and belief;
  - these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - these statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies; and
4. That we have informed the auditors and the audit committee of
  - i. significant changes in internal control during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Rajiv Bajaj  
Managing Director  
Pune: 17 May 2012

Kevin D'sa  
President (Finance)



READY  
TO »  
RACE





Europe's  
racing legend  
now in India

**READY  
TO »  
RACE**

**KTM**

# Report on Corporate Social Responsibility (CSR)

The CSR activities of the Bajaj Group are guided by the vision and philosophy of its Founding Father, Shri Jammalal Bajaj, who embodied the value of trusteeship in business and laid the foundation for its ethical and value-based functioning.

The core elements of CSR activities include ethical functioning, respect for all stake-holders, protection of human rights, and care for the environment.

The Company and Bajaj Group generally implement the above initiatives through its employees, welfare funds, and Group NGOs/Trusts/Charitable Bodies operating at various locations in the country. It also enlists the help of non-Group NGOs, local authorities, business associations and civil society, wherever deemed necessary.

Some of the major initiatives taken up during the year under review are summarised below:

## A. By the Company

### Code of conduct and affirmative action

Your Company believes that its success is interlinked with the well-being of all sections of society and equal opportunity for all sections. The Company continues to ensure no discrimination of any type to socially disadvantaged sections in the work place.

In the year under review, the Company recruited 2,066 new employees, of which 284 (13.75%) belong to weaker sections, in line with the affirmative action. At the end of the previous year, this percentage was 7.63%.

### Support to weaker sections for IIT JEE entrance

One economically weaker, underprivileged student belonging to the SC/ST category has been given financial assistance to undertake coaching for the Joint Entrance Examination to enable him to qualify for admission to India's premier engineering education centre - Indian Institute of Technology.

### Education

Under the Public Private Partnership programme (PPP), the Company has undertaken to upgrade two Industrial Training Institutes (ITI) in Pune, one in Pantnagar, and one in Aurangabad.

The Company took action to ensure better quality of output from the institutes and also followed up with concerned agencies for approval of the Institute Development Plan. In ITI Mulshi, Bajaj Auto donated used machinery for better training and job orientation, which has been installed and commissioned. 56 additional students were admitted to ITI Mulshi during this year. Revenue generation has also started at ITI Mulshi during this year, helping in the repayment of loans taken from Government.

At Ramnagar, near Pantnagar, the new structure is ready and additional students are expected to be admitted in 2012.

CII had initiated a programme to enhance the employability of diploma engineers through life skill inputs from industry in partnership with Government Polytechnic, Pune. BAL has supported this initiative by conducting three sessions on 'team work' for final year students of Government Polytechnic, Pune during 2011-12.



## Health

Government of India – Ministry of Health and Family Welfare – National AIDS Control Organisation (NACO) and CII have initiated Public Private Partnership (PPP) to provide better healthcare to AIDS patients. From August 2008, the Bajaj YCM ART Centre at YCM Hospital has registered 6,653 patients with 4,863 cases for Anti Retroviral Therapy (ART). This Centre, the largest such run by industry, continues to be a benchmark for others.

In view of the increased patient flow, additional man power has been added to handle increased ART patients. In appreciation of the ART Centre's quality of service, four Link ART Centres have been attached to us; they are located at Mawal, Manchar, Khed, and Junnar.

## Others

Our Akurdi plant employees organised a blood donation camp for Deenanath Mangeshkar Hospital in which 181 employees donated blood.

Our fire tenders attended to non Bajaj distress/fire calls 19 times during the year.

## B. Through group trusts and group companies

### 1. Jamnalal Bajaj Foundation (JBF-Foundation)

In 1976, the Jamnalal Bajaj Foundation was established to promote Gandhian constructive programmes and assist constructive workers devoted to the national cause.

## Awards

The Foundation gives four awards annually, each of the value of ₹ 5 lakh. Of these, three are given to individuals in India for outstanding contribution in the fields of constructive work on Gandhian lines, application of science and technology for rural development, and upliftment and welfare of women and children. The fourth is an International Award given to individuals other than Indian citizens from foreign countries for their contribution to the promotion of Gandhian values outside India.

## Other charitable activities

The Foundation has given donations to various Institutions/NGOs from time to time to strengthen their various community welfare activities and charitable objectives of welfare of general public utility based on Gandhian philosophy and ideals. Special mention must be made of the Foundation's project to provide financial assistance to widows of farmers who had committed suicide in the Vidarbha region of Maharashtra.

### 2. Janakidevi Bajaj Gram Vikas Sanstha (JBGVS)

## Rural and community development activities and empowerment of women

The group continued with its rural development activities through JBGVS in Pune, Aurangabad and Wardha districts of Maharashtra, and Sikar district of Rajasthan. JBGVS aims at integrated development of 75 villages, to be carried out by the villagers themselves, and under their own leadership by forging partnerships with the Government, local institutions and NGOs. This year, JBGVS has started working in 90 villages of Wardha district in association with local NGOs on specific need based projects such as natural farming, sanitation, etc.

During the year, JBGVS implemented several programmes to strengthen primary education and primary health care, improve socio-economic conditions, and develop the environment. Out of a total of 39,000 beneficiaries through our programmes, about 75% were from economically weaker sections. Of these, 16,400 beneficiaries belong to socially backward sections (5,900 Scheduled Caste and 10,500 Scheduled Tribe), 2,600 to Nomadic Tribe and 5,560 to Other Backward Classes. The focus of all the initiatives has been to provide support to economically weak and socially neglected communities, i.e., Scheduled Caste, Scheduled Tribes, and families below the poverty line.

## Primary education

Primary education has been the major area of intervention in the villages. Support has been provided for infrastructure development in primary schools and anganwadis (pre-primary schools). School rooms have been repaired and furniture and equipment have been provided to both primary and pre-primary schools. Special efforts were taken to check malnutrition by conducting awareness and training programmes for mothers on the importance of breast feeding, nutritious food using local materials, special check up camps, supporting VCDs, etc. Non-formal educational programmes for children in primary schools were organised by involving secondary school students from the villages. These programmes are aimed at generating interest in education among children. Through various short programmes, teachers and parents were motivated to actually participate and improve the quality of education. Special programmes on health related issues and HIV/AIDS were organised for adolescent boys and girls in the schools.

## Primary health care

JBGVS attaches a lot of importance to its community health initiatives and follows the philosophy 'Prevention is better than cure'. Programmes such as Mother and Child Health (MCH), health check up camps, mobile clinic service, hygiene and sanitation programs, etc. were organised with the help of trained village level health workers. In the JBGVS villages of Aurangabad, six health check up camps were organised for BPL families only, in association with Kamalnayan Bajaj Hospital, Aurangabad; 305 patients were examined in these camps. The idea was to screen and detect complicated cases and provide free treatment at Kamalnayan Bajaj Hospital; 32 patients have been provided this benefit under these programmes. During the year, 30 HIV/AIDS awareness programmes were organised, in which 1,250 women participated.

## Economic development

Agriculture is the main occupation in the villages where JBGVS works. Programmes like soil testing, demonstration plots for improved variety seeds and fertilizers, improved agricultural practices, natural farming, promotion of horticulture, etc. were implemented in all the project areas. Various types of farm and non-farm based vocational training programmes, such as dairy, poultry, goatery, two wheeler repairing, fashion designing, etc. were organised. A few such programmes were organised exclusively for 34 SC/ST youths. Of the 34 youths participating in the two wheeler repairing course, 12 were sent to Om Sai Service Station, Pune for onsite training. In Wardha, JBGVS has been working in partnership with Magan Sangrahalaya Samiti to promote natural farming. This will help reduce the cost of inputs in agriculture. During the year, 750 farmers registered to start natural farming.

In Kasi ka bas village of Sikar district, a revolving fund of ₹ 105,000 has been created with support from JBGVS. During the year, 90 women have taken loans of ₹ 9 lakh for various income generation activities, like goatery, grocery shops, tea stalls, trading of incense sticks (agarbatti), etc. The focus of all economic development programmes has been to generate gainful self employment amongst youth and women at the grass-root level.

## Environmental development

Under this programme, soil and water conservation, plantation, and horticulture based livelihood development amongst tribal families have been implemented. The Central Government supported DPAP (Drought Prone Area Programme) which was started in 2003-04 came to an end on 31 March 2012. During the year, various treatments like

continuous contour trenches, farm bunds, cement nala bunds, Vanaraibandhara, etc. were carried out on 2,525 hectares of land to increase productivity. Under the Aamrai project, supported jointly by National Bank for Agriculture and Rural Development (NABARD) and JBGVS, 448 tribal families were benefitted.

A total of 393.5 acres of waste land was brought under horticulture plantation. In Bhojankheda village, Wardha, water conservation work was carried out in a nala, which resulted in higher storage capacity (around 6TCM) and increased water level up to 5 ft. in five wells downstream. This will help solve the drinking water problem in the village and irrigate about 60-70 acres of land.

## Social development

Local leadership plays a very important role in the development of villages. During the year, JBGVS organised various types of leadership development programmes for local youth, women, and adolescent girls and boys. Under the youth programme, support was provided for sports competitions and sports equipment. Support was also provided to promote local culture and celebrate various festivals. Women Self Help Groups (SHG) were formed and motivated to take up village development activities in addition to their regular saving and credit programmes. During the year, 15 new SHGs consisting of 160 women were formed.

## Urban development

Samaj Seva Kendra (SSK) is the urban development wing of JBGVS. It has a total membership of 1,050 families. SSK provides facilities for social, educational, cultural and economic development to the residents of Akurdi, Nigadi and adjoining areas. During the year, various types of programmes were carried out, such as pre-primary classes, balbhavan, literacy, tailoring, yoga, karate, tabla and harmonium, classical and western dance, senior citizen programmes, etc. The summer camp for school children got a very good response, with 374 children attending in two batches. A library was also started with initial stock of 550 books on subjects ranging from fiction and autobiographies to tailoring, nutrition, health care, etc. In future, the library will be developed as a resource centre, catering to the needs of school children, youth, women and senior citizens. A few vocational training programmes like beauty parlour, basic tailoring, fashion designing, and mobile handset repairing were also conducted. About 100 youth, mostly women, benefitted from these programmes.

## 3. Group trusts for colleges

### Shiksha Mandal

Founded in 1914 by Late Shri Jamnalal Bajaj, Shiksha Mandal, Wardha runs seven colleges in Wardha/Nagpur, with around 10,000 students. These include colleges for commerce, science, agriculture, engineering (polytechnic), and rural services. Shiksha Mandal's mission is to provide high quality education at an affordable cost. It was set up to develop human resources for national development and it strives to fulfil its mandate.

All the colleges are in the throes of development, both academic and infrastructural. Ramkrishna Bajaj College of Agriculture was recently rated as 'A' by its affiliating University. ASTN Engineering Polytechnic has invested ₹ 1.6 crore to double its space and upgrade its laboratories. JB College has a new Biotechnology and Microbiology Lab, and a Girls' Hostel. Ten Shiksha Mandal faculty members received project grants in the year 2011-12, as against three last year. Almost 30% of the faculty in the colleges are Ph.Ds. During 2011-12, they produced over 68 papers in journals and 15 books.

The topper in the XII Commerce Board Exam from Vidarbha was from its GS College, Nagpur, as was the topper in Nagpur University's MBA course.

Guidance for appearing in the Common Proficiency Test of the Institute of Chartered Accountants of India was started at GS College, Wardha and a 50% result was achieved in it, compared to 20% nationally and 2% in Wardha. Similar results were achieved at GS College, Nagpur. A vegetable vendor's daughter and an autorickshaw driver's daughters were amongst the qualifiers. Meritorious students from low income families are given full remission of fees.

In 2011-12, three of its students won medals at the national level in power lifting. Over 40 students represented the University and 30 students represented Maharashtra in various sporting events.

Shiksha Mandal has a very strong National Service Scheme (NSS) culture, and camps are held in villages. Students built a house for a destitute woman during one such camp this year.

Eminent alumni of Shiksha Mandal include Nitin Gadkari, Harish Salve, Justice Ravi Deshpande, Udayan Sen (CEO Deloitte India), Ramesh Chandak (MD KEC International), and Jaydeep Shah (President ICAI).

A new Bajaj Institute of Technology is being planned at Wardha. It is expected to cost ₹ 50 crore, which is being funded by Bajaj Trusts. A retired General Manager from Bajaj Auto has been given responsibility for its development. The Institute is expected to set new standards in developing industry-ready students. Bajaj Group Trusts have donated ₹ 13.5 crore to Shiksha Mandal in the last four years. Refer web link [www.shikshamandal.org](http://www.shikshamandal.org)

## **Bajaj Science Centre**

Functioning for the last five years, Bajaj Science Centre (BSC) nurtures a culture amongst school children of learning science through experiments. Its value is now clearly understood. For its 230 vacancies this year, 1,160 students gave the entrance test compared to 835 students last year. BSC had 486 students participating in its programs during 2011-12; some of them won prestigious scholarships/awards.

Dr. Anil Kakodkar, Ex-Chairman, Atomic Energy Commission and Chairman, Rajeev Gandhi Science and Technology Commission, visited BSC to understand its functioning and explore the possibility of establishing similar institutions at the district level in Maharashtra.

A new four-day training programme for science teachers, aimed at improving the teaching of science in schools, was started; 20 teachers from various schools, mostly outside Wardha, participated in it. Bajaj Trusts spent ₹ 20 lakh on BSC during 2011-12.

## **Institute of Gandhian Studies (Gandhi Vichar Parishad)**

During the year 2011-12, Institute of Gandhian Studies (Gandhi Vichar Parishad), Wardha organised (a) Post Graduate Diploma Course in Gandhian Thought for students from different parts of India and abroad (b) Orientation Camp Classes on Gandhian Thought for Medical Students (c) University Students' Camps at the regional and national level (d) International Non-violence Day and Related Programmes (e) Ravindra Varma Memorial Lecture on Gandhi and Contemporary Non-Violent Action (f) Inauguration of Silver Jubilee Year (g) Inter Religious Study Course on the Concept of Love in Religions and its Practical Applications (h) Special training programme for Gandhi International, France (i) Publications, and other programmes.

## **4. Marathwada Medical and Research Institute (MMRI)**

Bajaj Group gives substantial financial support to this institution, which runs the Kamalnayan Bajaj Hospital, and Kamalnayan Bajaj Nursing College (KBNC) for B.Sc. Nursing degree course.

### **Kamalnayan Bajaj Hospital**

MMRI has established Kamalnayan Bajaj Hospital at Aurangabad in the Marathwada region of Maharashtra, and is providing super speciality and tertiary care medical facilities not available elsewhere in this region. The hospital has expanded its capacity to 250 beds, with advanced facilities and equipment; a major part of the expansion has been for general category patients. Annually, the hospital has been providing relief for close to 55,000 patients on OPD basis, and close to 7,000 patients admitted to the hospital for various treatments. It also has an intensive care unit and cardiac care unit, with a capacity of 22 beds, and an occupancy rate of more than 95%.



The Hospital also runs a programme to provide relief through free/subsidised treatment to Below Poverty Line (BPL) and Economically Weaker Section (EWS) persons. With the help of an NGO, the Hospital has conducted camps in 309 villages in Aurangabad district, where more than 18,700 patients have been checked and given treatment and free medicines; of these, 5,538 patients needing further treatment were treated totally free as in-patients at the hospital at a cost of ₹ 1.67 crore.

## Kamalnayan Bajaj Nursing College (KBNC)

Kamalnayan Bajaj Nursing College (KBNC) was established in 2010 by MMRI Trust, which is managed by the Bajaj Group as part of its Corporate Social Responsibility initiatives.

KBNC offers a basic B.Sc Nursing four-year degree programme with an annual intake of 50 students. It is affiliated to Maharashtra University of Health Sciences, Nashik.

KBNC has invested over ₹ 10 crore in excellent infrastructure facilities of international standard, including state-of-the-art laboratories, a library with computer lab allowing free Internet access, and hostels for boys and girls.

The College has a well qualified teaching staff with high profile degrees in nursing and management. KBNC has plans to start P.B.B.Sc (N) and M.Sc (N) programmes, a research centre for allied health sciences, and short term training programmes for healthcare professionals.

KBNC offers several types of scholarships with support from the Government of Maharashtra, Social Welfare Office, and MUHS, Nashik.

## 5. Fuji Guruji Memorial Trust

Fuji Guruji Memorial Trust has established Bauddha Mandir, Vishwa Shanti Stupa at Wardha to promote the thoughts and teachings of Lord Buddha, Mahatma Gandhi, and other such preachers, in a bid to propagate the message of world peace, love, non-violence and equality of all religions. It has also established Bal Sanskar Kendras for the benefit of poor children below the age of six years from small villages in Wardha District.

## 6. Kamalnayan Bajaj Charitable Trust

Kamalnayan Bajaj Charitable Trust runs Gitai Mandir, Pujya Jamnalal Bajaj Exhibition and Vinoba Darshan Complex, Audio-video Hall at Wardha. It also runs a library with literature and books on Mahatma Gandhi, Vinoba Bhave, Pujya Jamnalal Bajaj, Smt. Jankidevi Bajaj, and other freedom fighters.

## 7. Jamnalal Bajaj Seva Trust

Soon after the demise of Jamnalalji in 1942, as per his wishes, the first charitable trust, Jamnalal Bajaj Seva Trust was established with an initial corpus of ₹ 5 lakh.

In 1960, on the suggestion of Acharya Vinoba Bhave, the Trust purchased about 400 acres of land on the outskirts of Bangalore to establish the International Sarvodaya Centre - Vishwaneedam for the promotion of agriculture, dairy development, rural development, and training in self employment for local women and youth.

The Trust has also been promoting arts and culture through Kamalnayan Bajaj Hall and Art Gallery. Exhibitions, handicrafts displays, corporate meetings, conferences and seminars are held at the Kamalnayan Bajaj Hall. The art gallery is used to display the artistic works of painters and sculptors. It also provides budding artists an opportunity to showcase their talent.

The Trust has continued to run seven balwadis, i.e., Bal Sanskar Kendras in rural areas for poor children below six years of age.

'Hamaara Sapna' project initiated by the Trust endeavours to uplift the slum residents of South Mumbai. The project involves imparting skill training along with overall knowledge and hands-on experience to foster a better tomorrow.

## 8. Bajaj Allianz Insurance Companies

This year, Bajaj Allianz Life Insurance Company Limited (BALIC) won the stiffly competed 'Best utilisation of IT to transform business – Large Enterprise' award at the Bloomberg UTV CXO Awards 2011. For the second consecutive year, BALIC was awarded the SKOCH Financial Inclusion Award 2012 for contribution towards financial inclusion through life insurance. The SKOCH Financial Inclusion award recognised BALIC's micro-insurance product, Sarv Shakti Suraksha (SSS), which is an affordable life insurance product with a systematic savings option catering to rural markets.

BALIC was also awarded Certificates of Merit in recognition of its micro-insurance initiatives in the following areas:

- A robust and simplified micro insurance renewal collection mechanism
- Tools of financial insurance literacy for rural customers
- Micro-insurance claims handling and settlement

The Allianz global format Junior Football Camp in India with a school contact programme was conducted for the second year across 40 cities. Over 25,000 students participated, of which four were finally selected to attend an exclusive football training camp at FC Bayern Club in Munich.

## General

The Group has about 40 Public Charitable Trusts that are also engaged in many topical and socially relevant CSR activities and initiatives by donating to worthy organisations. The above narrative is only illustrative and not exhaustive; it gives a glimpse of the importance being given by the Group towards its Social Responsibilities.

Refer web links

<http://www.bajajauto.com/csr.asp>

<http://www.bajajelectricals.com/beyond-profits.aspx>

<http://www.jamnalalbajajfoundation.org/>

<http://narishakti.org/>

Contact : [csr@bajajauto.co.in](mailto:csr@bajajauto.co.in) for any more information.

## Constituents of 'Group' as defined in erstwhile MRTTP Act, 1969 for the purposes of erstwhile SEBI (SAST) Regulations, 1997

Persons constituting group within the definition of "group" as defined in the erstwhile Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e) of the erstwhile Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Sr. No.	Name of the Person/Entity	Sr. No.	Name of the Person/Entity
1	Anant Bajaj	39	Bajaj Finance Ltd.
2	Deepa Bajaj	40	Bajaj Financial Securities Ltd.
3	Geetika Bajaj	41	Bajaj Financial Solutions Ltd.
4	Kiran Bajaj	42	Bajaj Finserv Ltd.
5	Kriti Bajaj	43	Bajaj Holdings & Investment Ltd.
6	Kumud Bajaj	44	Bajaj International Pvt. Ltd.
7	Madhur Bajaj	45	Bajaj Sevashram Pvt. Ltd.
8	Minal Bajaj	46	Baroda Industries Pvt. Ltd.
9	Nimisha Bajaj	47	Hercules Hoists Ltd.
10	Niraj Bajaj	48	Hind Musafir Agency Ltd.
11	Niravnayan Bajaj	49	Jamnalal Sons Pvt. Ltd.
12	Pooja Bajaj	50	Kamalnayan Investment & Trading Pvt. Ltd.
13	Rahul Kumar Bajaj	51	Madhur Securities Pvt. Ltd.
14	Rajivnayan Bajaj	52	Mukand Engineers Ltd.
15	Rishab Bajaj	53	Mukand Ltd.
16	Ruparani Bajaj	54	Niraj Holdings Pvt. Ltd.
17	Sanjali Bajaj	55	Rahul Securities Pvt. Ltd.
18	Sanjivnayan Bajaj	56	Sanraj Nayan Investments Pvt. Ltd.
19	Shefali Bajaj	57	Shekhar Holdings Pvt. Ltd.
20	Shekhar Bajaj	58	Rupa Equities Pvt. Ltd.
21	Siddhant Bajaj	59	The Hindustan Housing Company Ltd.
22	Suman Jain	60	Anant Trading Company
23	Sunaina Kejriwal	61	Bachhraj Trading Company
24	Manish Kejriwal	62	Bajaj Trading Company
25	Aryaman Kejriwal	63	Rishabh Trading Company
26	Nirvaan Kejriwal	64	Anant Trust
27	Neelima Bajaj Swamy	65	Aryaman Trust
28	Aditya Swamy	66	Deepa Trust
29	Bachhraj and Company Pvt. Ltd.	67	Geetika Trust
30	Bachhraj Factories Pvt. Ltd.	68	Kriti Trust
31	Bajaj Allianz Financial Distributors Ltd.	69	Minal Trust
32	Bajaj Allianz General Insurance Company Ltd.	70	Neelima Trust
33	Bajaj Allianz Life Insurance Company Ltd.	71	Nimisha Trust
34	Bajaj Auto Employees' Welfare Funds	72	Niravnayan Trust
35	Bajaj Auto Holdings Ltd.	73	Nirvaan Trust
36	Bajaj Auto Ltd.	74	Rishabnayan Trust
37	Bajaj Electricals Ltd. Employees Welfare Funds	75	Sanjali Trust
38	Bajaj Electricals Ltd.	76	Siddhant Trust

**Note:** Shareholdings of HUFs, are held in the names of the respective individuals in the capacity of Karta. Hence HUFs, are not separately listed hereinabove.







# **Standalone Financial Statements**

## Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of Bajaj Auto Limited (the "Company") as at 31 March 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
2. We 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 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 sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give 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 31 March 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit 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 Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

## Annexure to Auditors' Report

### Referred to in paragraph [3] of the Auditors' Report of even date to the members of Bajaj Auto Limited on the financial statements for the year ended 31 March 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
  
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses 3(b) to 3(d) of para 4 of the order are not applicable to the Company for the year.  
  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses 3(f) and 3(g) of para 4 of the order are not applicable to the Company for the year.
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 for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weaknesses have been noticed or reported.
5. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
  
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5 lakh in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

## Annexure to Auditors' Report (Contd.)

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at 31 March 2012 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Excise Duty	Additional Demand Received	6.61	Various years 1984-2006	CEGAT
	Additional Demand Received	0.50	Various years 1991-2003	Commissioner Appeals
	Additional Demand Received	1.83	Various years 1986-2000	High Court
	Additional Demand Received	6.25	Various years 1993-1999	Supreme Court
Sales Tax	Additional Demand Received on the basis of Assessment Order	288.04	Financial year 2000-01 to 2004-05 and 2007-08	Joint Commissioner of Sales tax
	Additional Demand Received on the basis of Assessment Order	63.30	Financial year 2001-02 to 2004-05, 2008-09, 2009-10, 2011-12	Tribunal
	Additional Demand Received on account of entry tax	6.5	Financial year 1996-97 to 2000-2001	High Court
Income Tax	Demand Notice Received against regular Assessment	9.57	Financial year 2007-08	CIT (Appeals)
Service Tax	Denial of Credit	3.77	For the year 2002-03	High Court
		2.38	Various years 2004 to 2008	CEGAT/CESAT
Customs Duty	Recovery of Duty by treating the vehicles as not fuel efficient	3.84	Financial year 1988-89	High Court
		0.24	Financial year 2001 and 2002	CEGAT

10. The Company has no accumulated losses.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.



## Annexure to Auditors' Report (Contd.)

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

**Balance Sheet** as at 31 March

		(₹ In Crore)	
Particulars	Note No.	2012	2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	289.37	289.37
Reserves and surplus	3	5,751.70	4,620.85
		<b>6,041.07</b>	<b>4,910.22</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	97.48	133.88
Deferred tax liabilities (net)	5	48.44	29.71
Other long-term liabilities	6	157.07	193.71
Long-term provisions	7	111.85	124.54
		<b>414.84</b>	<b>481.84</b>
<b>Current liabilities</b>			
Short-term borrowings	8	–	157.84
Trade payables	9	2,003.08	1,789.26
Other current liabilities	9	559.04	477.11
Short-term provisions	7	2,063.04	1,431.26
		<b>4,625.16</b>	<b>3,855.47</b>
<b>Total</b>		<b>11,081.07</b>	<b>9,247.53</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	1,479.59	1,478.43
Intangible assets	10	2.14	4.28
Capital work-in-progress		11.77	69.86
Intangible assets under development		29.88	–
		<b>1,523.38</b>	<b>1,552.57</b>
Non-current investments	11	3,786.21	4,035.08
Long-term loans and advances	12	579.90	226.96
Other non-current assets	14	1.43	401.77
		<b>5,890.92</b>	<b>6,216.38</b>
<b>Current assets</b>			
Current investments	11	1,096.60	686.83
Inventories	15	678.53	547.28
Trade receivables	13	422.79	359.89
Cash and bank balances	16	1,653.83	228.78
Short-term loans and advances	12	1,042.81	992.09
Other current assets	14	295.59	216.28
		<b>5,190.15</b>	<b>3,031.15</b>
<b>Total</b>		<b>11,081.07</b>	<b>9,247.53</b>

Summary of significant accounting policies followed by the Company

1

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal and Shah

Firm Registration Number: 102021W

Chartered Accountants

Anish P Amin

Partner

Membership Number: 40451

Pune: 17 May 2012

J Sridhar  
Company Secretary

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

Directors

**Statement of Profit and Loss** for the year ended 31 March

		(₹ In Crore)	
Particulars	Note No.	2012	2011
Sales		19,827.03	16,830.23
Less: Excise duty		946.76	933.41
Net sales		18,880.27	15,896.82
Other operating revenue		648.71	501.41
Revenue from operations (net)	17	<b>19,528.98</b>	<b>16,398.23</b>
Other income	18	608.04	576.51
<b>Total revenue (I)</b>		<b>20,137.02</b>	<b>16,974.74</b>
<b>Expenses:</b>			
Cost of raw material and components consumed	19	13,445.54	11,311.89
Purchases of traded goods	20	751.15	568.41
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	21	(94.15)	(82.79)
Employee benefits expense	22	540.11	493.58
Finance costs	23	22.24	1.69
Depreciation		145.62	122.84
Other expenses	24	1,215.77	952.58
Expenses, included in above items, capitalised		(49.43)	(16.66)
<b>Total expenses (II)</b>		<b>15,976.85</b>	<b>13,351.54</b>
<b>Profit before exceptional items and tax (I-II)</b>		<b>4,160.17</b>	<b>3,623.20</b>
Exceptional items	25	(134.00)	724.55
<b>Profit before tax</b>		<b>4,026.17</b>	<b>4,347.75</b>
Tax expense			
Current tax		1,003.39	980.00
Deferred tax		18.73	28.02
<b>Total tax expense</b>		<b>1,022.12</b>	<b>1,008.02</b>
<b>Profit after tax for the year</b>		<b>3,004.05</b>	<b>3,339.73</b>
Basic and diluted Earnings per share (In ₹)	27	103.8	115.4
(Nominal value per share ₹ 10)			

Summary of significant accounting policies followed by the Company

1

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal and Shah

Firm Registration Number: 102021W

Chartered Accountants

Anish P Amin

Partner

Membership Number: 40451

Pune: 17 May 2012

J Sridhar  
Company Secretary

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

} Directors

## Cash Flow Statement

(₹ In Crore)

Particulars	2012	2011
<b>I. Operating activities</b>		
Profit before tax	4,026.17	4,347.75
Adjustments:		
Add:		
i) Depreciation	145.62	122.84
ii) Provision for diminution in value of investment in the company's subsidiary, PT. Bajaj Auto Indonesia	–	102.27
iii) Valuation losses of derivative hedging instruments	134.00	–
iv) Amount written off against technical know-how	2.14	2.14
v) Amount written off against leasehold land	0.65	0.65
vi) Loss on assets sold, demolished, discarded and scrapped	7.49	20.12
vii) Provision for doubtful debts and advances	9.95	0.34
viii) Amortisation of premium/discount on acquisition of fixed income securities	18.64	15.91
ix) Interest expense	22.24	1.69
	340.73	265.96
Less:		
i) Investment income included in above:		
Interest on long-term investments	275.56	320.88
Interest on fixed deposits and others	42.76	6.16
Profit on sale of investments, net	33.09	52.82
Surplus/(Loss) on redemption of securities, net	(6.03)	1.39
Dividend on long-term investments	0.14	0.47
Amortisation of premium/discount on acquisition of fixed income securities	(18.64)	(15.91)
	326.88	365.81
ii) Provision for doubtful debts and advances written back	1.86	2.22
iii) Surplus on sale of assets	9.65	9.37
iv) Surplus on pre-payment of sales tax deferral liability/loan	–	826.82
	(338.39)	(1,204.22)
	4,028.51	3,409.49
Change in assets and liabilities		
i) Inventories	(131.25)	(101.07)
ii) Trade receivable	(62.10)	(90.94)
iii) Loans and advances and other assets	(5.59)	(1,068.45)
iv) Liabilities and provisions	297.81	457.52
	98.87	(802.94)
Annuity payments (net) to VRS optees	(19.20)	(18.58)
<b>Net cash from operating activities before income tax</b>	<b>4,108.18</b>	<b>2,587.97</b>
Income tax paid	(1,148.27)	(974.25)
<b>Net cash from operating activities</b>	<b>2,959.91</b>	<b>1,613.72</b>
Carried forward	2,959.91	1,613.72



## Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	2012	2011
Brought forward	2,959.91	1,613.72
<b>II. Investment activities</b>		
i) (Increase)/decrease in investment in subsidiaries, associates, etc.	(68.14)	(210.08)
ii) (Increase)/decrease in other investments, net	(112.57)	(608.49)
iii) (Increase)/decrease in other bank balances	(474.96)	0.16
iv) Capital expenditure	(108.98)	(200.63)
v) Sales proceeds of assets/adjustment to gross block	22.97	39.21
vi) Capital expenditure on development of technical know-how	(29.88)	(6.42)
	(771.56)	(986.25)
vii) Investment income		
Interest on long-term investments	275.56	320.88
Interest on fixed deposits and others	42.76	6.16
Profit on sale of investments, net	33.09	52.82
Surplus/(Loss) on redemption of securities, net	(6.03)	1.39
Dividend on long-term investments	0.14	0.47
Amortisation of premium/discount on acquisition of fixed income securities	(18.64)	(15.91)
	326.88	365.81
(Increase)/decrease in investment income receivable	(0.76)	(2.75)
	326.12	363.06
<b>Net cash from investment activities</b>	(445.44)	(623.19)
Carried forward	2,514.47	990.53

## Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	2012	2011
Brought forward	2,514.47	990.53
<b>III. Financing activities</b>		
i) Short-term bank loan taken/(repaid)	(134.31)	134.31
ii) Cash credit from banks	(23.53)	10.55
iii) Interest expense	(22.24)	(1.69)
iv) Deferral/(repayment) of sales tax deferral liability/loan	(31.88)	36.68
v) Pre-payment of sales tax deferral liability/loan	(10.39)	(368.14)
vi) Dividend paid	(1,154.26)	(577.58)
vii) Corporate dividend tax paid	(187.77)	(96.12)
<b>Net cash from financing activities</b>	<b>(1,564.38)</b>	<b>(861.99)</b>
<b>Net change in cash and cash equivalents</b>	<b>950.09</b>	<b>128.54</b>
Cash and cash equivalents as at 1 April 2011	228.74	100.20
[Opening balance]		
Cash and cash equivalents as at 31 March 2012	1,178.83	228.74
[Closing balance]		
	—	—

In terms of our report of even date  
For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

J Sridhar  
Company Secretary

Rahul Bajaj  
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Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

} Directors

Notes to financial statements for the year ended 31 March 2012

## 1 Summary of significant accounting policies followed by the Company

### Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

### 1) System of accounting

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial Statements are prepared under the Historical cost convention. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- iii) Estimates and Assumptions used in the preparation of the financial statements and disclosures are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

### 2) Revenue recognition

#### a) Sales

- i) Domestic sales are accounted for on dispatch from the point of sale.
- ii) Export sales are recognised on the date of the Mate's Receipt/shipped on board and initially recorded at the relevant exchange rates prevailing on the date of the transaction.

#### b) Export incentives

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

#### c) Income

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

- (1) Interest income is accrued over the period of the loan/investment and net of amortisation of premium/discount with respect to fixed income securities, thereby recognising the implicit yield to maturity, with reference to coupon dates. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the guidelines framed by the management.
- (2) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- (3) Profit/loss on sale of investments is recognised on the contract date.

### 3) Fixed Assets and depreciation

#### (A) Fixed Assets

Fixed Assets except freehold land are carried at cost of acquisition, construction or at manufacturing cost, as the case may be, less accumulated depreciation and amortisation.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

**1 Summary of significant accounting policies followed by the Company (Contd.)**

**(B) Depreciation and amortisation**

(a) Leasehold land

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

(b) On Pressure Die Casting (PDC) Dies

Depreciation on certain PDC Dies is provided over the estimated economic life of the dies or at the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher, proportionate from the month they are put to use.

(c) On other Fixed Assets

Depreciation on all assets is provided on 'Straight Line basis' in accordance with the provisions of Section 205(2)(b) of the Companies Act 1956, in the manner and at the rates specified in Schedule XIV to the said Act.

i) Depreciation on additions is being provided on prorata basis from the month of such additions.

ii) Depreciation on assets sold, discarded or demolished during the year is being provided at their rates upto the month in which such assets are sold, discarded or demolished.

**4) Intangible assets**

a) **Technical know-how acquired**

Expenditure on technical know-how acquired (including Income-tax and R&D cess) is being amortised equally over a period of six years.

b) **Technical know-how developed by the Company**

i) Expenditure incurred on technical know-how developed by the company, post research stage, is recognised as an intangible asset, if and only if the future economic benefits attributable are probable to flow to the company and the costs can be measured reliably.

ii) The cost of technical know-how developed is amortised equally over its estimated life i.e. generally three years.

**5) Investments**

- a) Fixed income securities remaining with the company on vesting of the manufacturing undertaking of erstwhile Bajaj Auto Limited, are carried at their fair market values as at 1 April 2007 where the carrying costs of such investments were higher on that date, less amortisation of premium/discount thereafter, as the case may be.
- b) Other fixed income securities are carried at cost, less amortisation of premium/discount, as the case may be, and provision for diminution, if any, as considered necessary.
- c) Investments other than fixed income securities intended to be held for a long-term are valued at cost of acquisition, less provision for diminution as necessary.
- d) Investments made by the company are, generally, of a long-term nature, hence diminutions in value of quoted and unquoted investments are not considered to be of a permanent nature. However, current investments, representing fixed income securities with a maturity less than 1 year and investment not intended to be held for a period more than 1 year, are stated at lower of cost or fair value.
- e) The management has laid out guidelines for the purpose of assessing likely impairments in investments and for making provisions based on given criteria. Appropriate provisions are accordingly made, which in the opinion of the management are considered adequate.



Notes to financial statements for the year ended 31 March 2012 (Contd.)

## **1 Summary of significant accounting policies followed by the Company (Contd.)**

### **6) Inventories**

Cost of inventories have been computed to include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- a) Finished stocks of vehicles, Auto spare parts and Work-in-progress are valued at cost or net realisable value whichever is lower. Finished stocks of vehicles lying in the factory premises, branches, depots are valued inclusive of excise duty.
- b) Stores, Packing material and Tools are valued at cost arrived at on weighted average basis. However, obsolete and slow moving items are valued at cost or estimated realisable value whichever is lower.
- c) Raw materials and components are valued at cost arrived at on weighted average basis or lower of cost and net realisable value, as circumstances demand. However, obsolete and slow moving items are valued at cost or estimated realisable value whichever is lower.
- d) Machinery spares and Maintenance materials are charged out as expense in the year of purchase. However machinery spares forming key components specific to a machinery and held as insurance spares are capitalised along with the cost of the asset.
- e) Goods in transit are stated at actual cost incurred upto the date of Balance Sheet.

### **7) Foreign currency transactions**

- a) Monetary items of current assets and liabilities in foreign currency outstanding at the close of financial year are revalued at the appropriate exchange rates prevailing at the close of the year.
- b) The gain or loss on decrease/increase in reporting currency due to fluctuations in foreign exchange rates, in case of monetary current assets and liabilities in foreign currency, are recognised in the statement of profit and loss in the manner detailed in note 38 to financial statements.
- c) Fixed Assets purchased at liaison offices in foreign exchange are recorded at their historical cost computed with reference to the average rate of foreign exchange remitted to the liaison office.
- d) Foreign Exchange Contracts/Derivatives:

- i) Cash flow hedges -

Changes in the fair value of a derivative hedging instrument that qualify for hedge accounting as per the principles of hedge accounting and designated as a cash flow hedge are recognised as Hedge Reserve and presented within Reserves and Surplus, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in Hedge Reserve, remains there until the forecast transaction occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Hedge Reserve is immediately transferred to the statement of profit and loss.

- ii) Profits and losses arising from either cancellation or utilisation of contracts are recognised in the statement of profit and loss as detailed in note 38 to financial statements.
- iii) Refer note 26 to financial statements.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 1 Summary of significant accounting policies followed by the Company (Contd.)

### 8) Research & Development expenditure

Research & Development Expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Payments for R&D work by contracted agency are being expensed out upto the stage of completion. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the company, is considered as an Intangible asset and accounted in the manner specified in clause 4 b) above.

### 9) Employee benefits

#### a) Privilege Leave entitlements

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised at the actuarially determined value by an Appointed Actuary.

#### b) Gratuity

Payment for present liability of future payment of gratuity is being made to approved Gratuity Fund, which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited (BALIC). However, any deficit in Plan Assets managed by LIC and BALIC as compared to the actuarial liability is recognised as a liability immediately.

#### c) Superannuation

Defined Contribution to Superannuation fund is being made as per the Scheme of the Company.

#### d) Provident Fund contributions

are made to Company's Provident Fund Trust. Deficits, if any, of the fund as compared to actuarial liability is to be additionally contributed by the company and hence recognised as a liability.

#### e) Defined contribution to Employees Pension Scheme 1995

is made to Government Provident Fund Authority.

### 10) Taxation

- a) Provision for tax is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income Tax Act, 1961.
- b) Deferred tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax assets and liabilities are expected to crystallise with reasonable certainty. However, in case of deferred tax assets, representing unabsorbed depreciation or carried forward losses, are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred tax is recognised on adjustments to revenue reserves to the extent the adjustments are allowable as deductions in determination of taxable income and they would reverse out in future periods.

### 11) Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 2 Share capital

	(₹ In Crore)
	<u>2012</u>
	<u>2011</u>
<b>Authorised:</b>	
300,000,000 equity shares of ₹ 10 each	300.00
	300.00
<b>Issued, subscribed and fully paid-up shares:</b>	
289,367,020 equity shares of ₹ 10 each	289.37
	289.37
	289.37
	289.37

### a. Reconciliation of shares outstanding at the beginning and at the end of the year

	<u>31 March 2012</u>		<u>31 March 2011</u>	
	<u>Nos.</u>	<u>₹ In Crore</u>	<u>Nos.</u>	<u>₹ In Crore</u>
<b>Equity shares</b>				
At the beginning of the year	289,367,020	289.37	144,683,510	144.68
Issued during the year - Bonus issue *	—	—	144,683,510	144.69
Outstanding at the end of the year	289,367,020	289.37	289,367,020	289.37

\* Equity shares allotted as fully paid bonus shares by capitalisation of General Reserve.

### b. Further, of the above:-

101,183,510 equity shares were allotted as fully paid up pursuant to the scheme of arrangement for demerger of erstwhile Bajaj Auto Limited (now Bajaj Holdings & Investment Limited) by the Company on 3 April 2008.

1,805,071 equity shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 169,088 (220,134)

### c. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### d. Details of shareholders holding more than 5% shares in the company

	<u>31 March 2012</u>		<u>31 March 2011</u>	
	<u>Nos.</u>	<u>% Holding</u>	<u>Nos.</u>	<u>% Holding</u>
<b>Equity shares of ₹ 10 each fully paid</b>				
Bajaj Holdings & Investment Ltd.	91,119,000	31.49%	91,119,000	31.49%
Jamnalal Sons Pvt. Ltd.	25,949,400	8.97%	25,949,400	8.97%

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 3 Reserves and surplus

	(₹ In Crore)	
	2012	2011
<b>General Reserve</b>		
Balance as per the last financial statements	2,084.60	1,895.28
Less: Capitalised as fully paid up bonus shares	–	(144.68)
Add: Transferred from surplus in the statement of profit and loss	301.00	334.00
Closing Balance	2,385.60	2,084.60
<b>Hedge Reserve</b> [See note 26]	(339.04)	20.77
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	2,515.48	854.99
Profit for the year	3,004.05	3,339.73
Less: Appropriations		
Transfer to general reserve	301.00	334.00
Proposed dividend	1,302.15	1,157.47
Tax on proposed dividend	211.24	187.77
Total appropriations	1,814.39	1,679.24
Balance in the statement of profit and loss	3,705.14	2,515.48
	5,751.70	4,620.85



Notes to financial statements for the year ended 31 March 2012 (Contd.)

#### 4 Long-term borrowings

(₹ In Crore)

	Non-current portion		Current maturities	
	2012	2011	2012	2011
<b>Unsecured</b>				
Sales tax deferral Liability/Loan, an incentive under Package Scheme of Incentives 1983,1988,1993 and 1998 - Interest free, partially prepaid [See note 25]	97.48	133.88	27.55	33.42
	97.48	133.88	27.55	33.42
Amount disclosed under the head "other current liabilities" [See note 9]	—	—	(27.55)	(33.42)
	97.48	133.88	—	—
<b>Terms of Repayment:</b>				
Sales tax deferral liability/loan is repayable, free of interest, over predefined equal annual instalments (5/6/7) after the expiry of a specified period (10/12/18 years) from the initial date of deferment of liability, as per respective schemes of incentive.				
Repayment schedule				
Repayable to IDBI				
May-11	—	—	—	33.42
May-12	—	27.55	27.55	—
May-13	17.17	17.17	—	—
May-14	1.45	1.45	—	—
May-15	0.58	0.58	—	—
Repayable to Sales tax department				
May-29	—	12.45	—	—
May-30	11.18	12.45	—	—
May-31	11.18	12.45	—	—
May-32	11.18	12.45	—	—
May-33	11.18	12.45	—	—
May-34	11.18	12.44	—	—
May-35	11.19	12.44	—	—
May-36	11.19	—	—	—
	97.48	133.88	27.55	33.42

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 5 Deferred tax liabilities (Net)

	(₹ In Crore)	
	2012	2011
<b>Deferred tax liability</b>		
On account of timing difference in		
Depreciation and amortisation	201.10	197.70
Amortisation of premium/discount on acquisition of fixed income securities	5.24	–
<b>Gross deferred tax liability</b>	206.34	197.70
<b>Deferred tax asset</b>		
On account of timing difference in		
Voluntary Retirement Scheme costs	58.37	82.41
Inventory valuation (Section 145 A of the Income Tax Act ,1956)	27.92	23.02
Provision for bad and doubtful debts, DEPB, ICDs etc.	2.15	2.57
Provision for privilege leave etc.	16.76	16.00
Taxes, duties etc.	11.88	11.88
Amortisation of premium/discount on acquisition of fixed income securities	5.08	(0.89)
Adjustments on account of gratuity provisions	34.82	32.07
Transitional provision for diminution in value of investments	0.92	0.93
<b>Gross deferred tax asset</b>	157.90	167.99
	48.44	29.71

## 6 Other long-term liabilities

	(₹ In Crore)	
	2012	2011
Annuity payable to VRS optees	148.87	181.53
Trade payables	8.20	12.18
	157.07	193.71

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 7 Provisions

	(₹ In Crore)			
	Long-term		Short-term	
	2012	2011	2012	2011
<b>Provision for employee benefits</b> [See note 34]				
Provision for gratuity	107.31	98.83	–	–
Provision for compensated absences	–	–	40.09	37.77
Provision for welfare scheme	4.54	4.50	0.34	0.24
	111.85	103.33	40.43	38.01
<b>Other provisions</b>				
Provision for warranties	–	–	31.20	39.02
Provision for tax (net of tax paid in advance)	–	21.21	9.04	8.99
Proposed dividend*	–	–	1,302.15	1,157.47
Tax on proposed dividend	–	–	211.24	187.77
Valuation losses on derivative hedging instruments [See note 26]	–	–	468.98	–
	–	21.21	2,022.61	1,393.25
	111.85	124.54	2,063.04	1,431.26

### Provision for warranties

	(₹ In Crore)	
	2012	2011
At the beginning of the year	39.02	30.89
Arising during the year	29.24	29.32
Utilised during the year	34.29	21.19
Unused amounts reversed	2.77	–
<b>At the end of the year</b>	<b>31.20</b>	<b>39.02</b>
Current portion	31.20	39.02
Non-current portion	–	–

\*During the year ended 31 March 2012, the amount of per share dividend proposed and recognised as distributions to equity shareholders is ₹ 45 (previous year ₹ 40).

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 8 Short-term borrowings

	(₹ In Crore)	
	2012	2011
<b>Loans repayable on demand</b>		
<b>Secured</b>		
Cash credit facility secured by hypothecation of Stores, Raw materials, Finished goods, Stock in process and book debts of the Company, book overdraft	—	23.53
<b>Other Loans</b>		
<b>Unsecured</b>		
Foreign currency loan, from a bank as packing credit facility against exports	—	134.31
	—	157.84

## 9 Other current liabilities

	(₹ In Crore)	
	2012	2011
<b>Trade payables</b>		
Dues to micro and small enterprises*	11.10	10.44
Other than dues to micro and small enterprises@	1,991.98	1,778.82
	2,003.08	1,789.26
<b>Other liabilities</b>		
Current maturities of long-term borrowings [See note 4]	27.55	33.42
Annuity payable to VRS optees	32.89	33.18
Advance against orders	279.00	246.46
Unclaimed matured fixed deposits and interest accrued thereon	0.01	0.02
Investor Education Protection Fund (₹ 2,323 – previous year ₹ 4,745 )		
Security deposits	9.51	7.45
Unclaimed dividend	6.08	2.87
Book overdraft	—	1.08
Other payables	204.00	152.63
	559.04	477.11
	2,562.12	2,266.37

\* Considering the company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under "The Micro, Small and Medium Enterprises Development Act 2006" during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. The above information is on basis of intimation received, on requests made by the company, with regards to vendors registration under the said Act.

@ Trade payables includes emoluments payable to employees for services rendered.



Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 10 Fixed assets (tangible and intangible assets)

(₹ In Crore)

	Gross block (a)				Depreciation				Net block	
	As at 31 March 11	Additions	Deductions/ adjustments	As at 31 March 12	As at 31 March 11	Deductions/ adjustments	For the Year (d)	As at 31 March 12	As at 31 March 12	As at 31 March 11
<b>Tangible assets</b>										
Land Freehold	28.00	–	–	28.00	–	–	–	–	28.00	28.00
Land Leasehold	57.62	–	0.65	56.97	–	–	–	–	56.97	57.62
Buildings (b) & (c)	575.82	9.57	0.60	584.79	130.58	0.18	14.10	144.50	440.29	445.24
Waterpumps, Reservoirs and Mains	13.16	0.07	–	13.23	5.85	–	0.52	6.37	6.86	7.31
Plant & Machinery	1,608.67	38.71	120.84	1,526.54	1,238.82	107.83	51.03	1,182.02	344.52	369.85
Dies & Jigs	425.94	34.81	25.56	435.19	328.21	22.91	32.26	337.56	97.63	97.73
Electric Installations	66.68	1.29	0.02	67.95	30.75	0.01	2.68	33.42	34.53	35.93
Factory Equipments	240.08	10.20	1.32	248.96	98.61	1.18	10.89	108.32	140.64	141.47
Furniture	27.23	1.34	5.23	23.34	13.55	5.04	1.75	10.26	13.08	13.68
Office Equipment	30.15	1.67	3.58	28.24	12.26	3.16	1.39	10.49	17.75	17.89
Electric Fittings	18.44	2.92	–	21.36	7.46	–	0.82	8.28	13.08	10.98
Vehicles & Aircraft	299.09	66.49	6.23	359.35	46.36	2.26	29.01	73.11	286.24	252.73
<b>Total tangible assets</b>	<b>3,390.88</b>	<b>167.07</b>	<b>164.03</b>	<b>3,393.92</b>	<b>1,912.45</b>	<b>142.57</b>	<b>144.45</b>	<b>1,914.33</b>	<b>1,479.59</b>	1,478.43
Previous year total	3,379.25	172.29	160.66	3,390.88	1,899.66	110.05	122.84	1,912.45	1,478.43	
<b>Intangible assets</b>										
Technical know-how	4.28	–	2.14	2.14	–	–	–	–	2.14	4.28
Previous year total	–	6.42	2.14	4.28	–	–	–	–	4.28	

(a) At cost, except leasehold land and technical know-how which is at cost, less amounts written off.

(b) Includes premises on ownership basis in Co-operative Society ₹ 9.06 crore and cost of shares therein ₹ 2,000/-

(c) Includes premises purchased, pending registration amounting to ₹ 15.3 crore.

(d) Refer note 1 clause 3(A) & (B) of summary of significant accounting policies.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments

(₹ In Crore)

	Non-current portion		Current maturities	
	2012	2011	2012	2011
<b>A. Long-term investments</b>				
<b>In Investment Property:</b>				
<b>Unquoted:</b>				
– Cost of building given on operating lease	64.79	–	–	–
Less: Accumulated depreciation	1.17	–	–	–
	63.62	–	–	–
<b>In Government and Trust Securities:</b>				
<b>Quoted:</b>				
6.83% Government of India Stock 2039 of face value of ₹ 50,000,000	4.71	4.71	–	–
– 8.13% Government of India Stock 2022 of face value of ₹ 1,000,000,000	–	103.69	–	–
11.83% Government of India Stock 2014 of face value of ₹ 3,500,000	0.51	0.51	–	–
	5.22	108.91	–	–
Less: Amortisation of Premium/Discount on acquisition	0.07	0.08	–	–
	5.15	108.83	–	–
<b>Unquoted:</b>				
6 Years National Saving Certificates of the face value of ₹ 98,500	0.01	0.01	–	–
<b>In Fully Paid Equity Shares:</b>				
<b>Trade:</b>				
<b>In Subsidiary Company:</b>				
<b>Unquoted:</b>				
# 1,645,250 (2,000) Shares of Euro 100 each in Bajaj Auto International Holding B V Amsterdam, Netherlands	986.86	918.72	–	–
291,875 Shares of US \$ 100 each in PT Bajaj Auto Indonesia	137.82	137.82	–	–
	1,124.68	1,056.54	–	–
<b>Others:</b>				
<b>Unquoted:</b>				
565,000 Shares of ₹ 10 each in Durovalves India Private Limited	0.57	0.57	–	–
	0.57	0.57	–	–
<b>In Debentures:</b>				
<b>Fully paid:</b>				
<b>Others:</b>				
<b>Quoted:</b>				
– (250) 7.35% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited Series-188G-007	–	–	–	26.11
Carried over	–	–	–	26.11
Carried over	1,194.03	1,165.95	–	–

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

(₹ In Crore)

	Non-current portion		Current maturities	
	2012	2011	2012	2011
Brought over	1,194.03	1,165.95	—	—
<b>In Debentures: (Contd.)</b>				
<b>Fully paid: (Contd.)</b>				
<b>Others: (Contd.)</b>				
<b>Quoted: (Contd.)</b>				
Brought over	—	—	—	26.11
250 8.40% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited	25.00	25.00	—	—
150 (-) 9.50% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited Series S-218-H-022	15.65	—	—	—
350 (-) 9.75% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited Series S-219-H-023	36.59	—	—	—
350 (-) 9.75% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited	36.77	—	—	—
1,250 (250) 9.90% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited	129.68	25.00	—	—
100 7.75% Unsecured Redeemable subordinated Bonds in the nature of Debentures of ₹ 1,000,000 each of HDFC Bank Limited Series 5/2005	10.00	10.00	—	—
500 8.25% Unsecured Redeemable subordinated Bonds in the nature of Debentures of ₹ 1,000,000 each of HDFC Bank Limited Series-S-6	52.01	52.01	—	—
100 10.75% Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Kalyani Steels Limited Series-S-19	10.33	10.33	—	—
— (250) 7.05% Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited Series-TR-61	—	—	—	26.03
— (50) 7.64% Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited Series-T-60	—	—	—	5.21
700 7.99% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	—	71.54	71.54	—
100 (-) 7.25% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	—	—	10.28	—
200 (-) 8.48% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	20.56	—	—	—
Carried over	336.59	193.88	81.82	57.35
Carried over	1,194.03	1,165.95	—	—

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2012	2011	2012	2011
	Brought over	1,194.03	1,165.95	—	—
<b>In Debentures: (Contd.)</b>					
<b>Fully paid: (Contd.)</b>					
<b>Others: (Contd.)</b>					
<b>Quoted: (Contd.)</b>					
	Brought over	336.59	193.88	81.82	57.35
100	(-) 9.40% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited Series TR-66	—	—	10.53	—
250	(-) 9.48% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited Series TR-89	—	—	26.95	—
50	(-) 9.48% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited Series TR-91	—	—	5.36	—
100	(-) 9.83% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	—	—	10.19	—
550	(-) 9.85% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	56.24	—	—	—
—	(300) 9.20% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of L & T Limited	—	—	—	32.30
100	(-) 9.96% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of L & T Finance Limited	10.00	—	—	—
2,000	6.70% Secured Non Convertible Debentures of ₹ 100,000 each of Reliance Infrastructure Limited Series 3 Series-NCD-3	20.04	20.04	—	—
350	11.45% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Reliance Industries Limited	40.92	40.92	—	—
400	10.90% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Reliance Gas Transportation Infrastructure Limited Series-S-PPD1	45.71	45.71	—	—
150	(-) 8.70% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Tata Sons Limited	—	—	15.58	—
100	(-) 9.90% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Tata Sons Limited	10.54	—	—	—
50	(-) 9.90% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Tata Sons Limited	5.29	—	—	—
100	6.50% Unsecured Non Convertible Redeemable Debentures of ₹ 1,000,000 each of Axis Bank Limited Series VIII	10.00	10.00	—	—
	Carried over	535.33	310.55	150.43	89.65
	Carried over	1,194.03	1,165.95	—	—

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

(₹ In Crore)

	Non-current portion		Current maturities	
	2012	2011	2012	2011
Brought over	1,194.03	1,165.95	—	—
<b>In Debentures: (Contd.)</b>				
<b>Fully paid: (Contd.)</b>				
<b>Others: (Contd.)</b>				
<b>Quoted: (Contd.)</b>				
Brought over	535.33	310.55	150.43	89.65
50 8.80% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Ultra Tech Cement Limited Series S-II	5.25	—	—	—
350 10.48% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Ultra Tech Cement Limited Series-S-I	39.90	39.90	—	—
	580.48	350.45	150.43	89.65
Less: Amortisation of Premium/Discount on acquisition	6.89	1.19	1.90	1.22
	573.59	349.26	148.53	88.43
<b>In Bonds:</b>				
<b>Fully paid:</b>				
<b>Others:</b>				
<b>Quoted:</b>				
450 11.30% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of ACC Limited	51.32	51.32	—	—
350 7.40% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Airport Authority of India Limited Series-S-I	—	36.22	36.22	—
150 8.75% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Axis Bank Limited Series-11Opt-II	15.77	15.77	—	—
200 8.85% Unsecured Redeemable Non Convertible Subordinated Lower Tier-II Bonds (Series VI) in the nature of Promissory Notes ("Bonds") of ₹ 1,000,000 each of Corporation Bank	21.63	21.63	—	—
748 9.00% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Canara Bank Series-S-XI	81.16	81.16	—	—
1,000 9.25% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited Series K-13	109.16	109.16	—	—
750 9.25% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited	—	82.69	82.69	—
450 9.25% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited Series-K-09	—	49.18	49.18	—
200 9.35% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited Series-K-10	20.97	—	—	—
Carried over	300.01	447.13	168.09	—
Carried over	1,767.62	1,515.21	148.53	88.43



Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2012	2011	2012	2011
	Brought over	1,767.62	1,515.21	148.53	88.43
<b>In Bonds: (Contd.)</b>					
<b>Fully paid: (Contd.)</b>					
<b>Others: (Contd.)</b>					
<b>Quoted: (Contd.)</b>					
	Brought over	300.01	447.13	168.09	—
950	9.50% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited Series-S-L070	105.17	105.17	—	—
40	(60) 5.85% Secured Taxable, Non Convertible Redeemable Bonds with STRPP Series-II of ₹ 1,000,000 each of Gail (India) Limited	1.78	3.60	1.81	1.85
100	6.80% Gujarat Punarnirman Special Tax-free Bonds Series IV B of ₹ 1,000,000 each of Housing & Urban Development Corporation Limited	—	10.00	10.00	—
—	(200) 9.25% Gujarat Punarnirman Special Tax-free Bonds Series I of ₹ 500,000 each of Housing & Urban Development Corporation Limited	—	—	—	10.00
3,000	(3,500) 6.70% Tax-free Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of ₹ 100,000 each of India Railway Finance Corporation Limited	30.00	35.00	—	—
30,000	7% Omni Bonds of ₹ 5,000 each of Industrial Development Bank of India Limited	15.42	15.42	—	—
1,100	(1,000) 9.25% Omni Bonds of ₹ 1,000,000 each of Industrial Development Bank of India Limited Series-S2008-09 XVIII	117.19	106.78	—	—
250	10.70% Secured Non Convertible Redeemable Bonds in the nature of Debentures of ₹ 1,000,000 each of Indian Oil Corporation Limited Series-S-IX	30.25	30.25	—	—
50	8.75% Unsecured Redeemable Subordinated Bonds in the nature of Promissory Notes of ₹ 1,000,000 each of ING Vysya Bank Limited	5.00	5.00	—	—
50	9% Tax Free Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited Series 17 (2015)	5.00	5.00	—	—
—	(500) 8.65% Unsecured Redeemable Subordinated Bonds of ₹ 100,000 each of L & T Limited	—	5.00	—	—
1,250	(-) 9.40% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development.	128.61	—	—	—
150	(-) 10.05% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development Series NPSB IX B	16.49	—	—	—
	Carried over	754.92	768.35	179.90	11.85
	Carried over	1,767.62	1,515.21	148.53	88.43

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2012	2011	2012	2011
	Brought over	1,767.62	1,515.21	148.53	88.43
<b>In Bonds: (Contd.)</b>					
<b>Fully paid: (Contd.)</b>					
<b>Others: (Contd.)</b>					
<b>Quoted: (Contd.)</b>					
	Brought over	754.92	768.35	179.90	11.85
250	(400) 9.50% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development	—	43.98	27.49	—
—	(200) 9.65% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development	—	—	—	21.58
100	(200) 9.80% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development. Series NPSB IX H	—	22.45	11.23	—
—	(250) 9.85% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development. Series NPSB VIII U	—	—	—	27.05
—	(100) 8.65% Unsecured Redeemable Non Convertible Taxable Bonds of ₹ 1,000,000 each of National Housing Bank	—	—	—	10.70
150	9.40% Unsecured Redeemable Non Convertible Taxable Bonds of ₹ 1,000,000 each of National Housing Bank	16.47	16.47	—	—
3,200	8.40% Non Convertible Redeemable Bonds in the nature of Debentures (Series I) of ₹ 1,000,000 each of ONGC Videsh Limited	333.88	333.88	—	—
500	8.45% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited	52.68	52.68	—	—
150	8.90% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 63-I	15.86	15.86	—	—
350	8.94% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series XLI-B	—	37.79	37.79	—
150	8.60% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 57B-I	16.27	16.27	—	—
	Carried over	1,190.08	1,307.73	256.41	71.18
	Carried over	1,767.62	1,515.21	148.53	88.43

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2012	2011	2012	2011
	Brought over	1,767.62	1,515.21	148.53	88.43
<b>In Bonds: (Contd.)</b>					
<b>Fully paid: (Contd.)</b>					
<b>Others: (Contd.)</b>					
<b>Quoted: (Contd.)</b>					
	Brought over	1,190.08	1,307.73	256.41	71.18
100	8.50% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 61-I	10.61	10.61	—	—
500	8.95% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 64-II	51.70	51.70	—	—
950	(800) 8.95% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 64-I	99.79	84.49	—	—
—	(600) 9.40% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series XLIV	—	64.67	—	—
100	11.25% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 52C	12.29	12.29	—	—
100	7.39% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,000,000 each of Power Grid Corporation of India Limited Series XVIIISTP-G	10.23	10.23	—	—
160	8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Part A	21.53	21.53	—	—
40	8.90% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series B of ₹ 1,250,000 each of Power Grid Corporation of India Limited	5.14	5.14	—	—
480	(400) 8.90% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series A of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXI STRPP-C	63.36	53.34	—	—
80	8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST-B	10.44	10.44	—	—
	Carried over	1,475.17	1,632.17	256.41	71.18
	Carried over	1,767.62	1,515.21	148.53	88.43

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

(₹ In Crore)

		Non-current portion		Current maturities	
		2012	2011	2012	2011
Brought over		1,767.62	1,515.21	148.53	88.43
<b>In Bonds: (Contd.)</b>					
<b>Fully paid: (Contd.)</b>					
<b>Others: (Contd.)</b>					
<b>Quoted: (Contd.)</b>					
Brought over		1,475.17	1,632.17	256.41	71.18
400	8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST-C	52.52	52.52	—	—
160	8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST-D	21.07	21.07	—	—
280	8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST-E	37.12	37.12	—	—
240	8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST-A	31.55	31.55	—	—
320	8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST-G	41.32	41.32	—	—
120	9.20% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXIX STRP-A	—	16.07	16.07	—
240	(200) 9.20% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXIX STRP-A	32.12	27.06	—	—
80	(-) 9.20% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXIX STRP-C	10.12	—	—	—
40	(-) 9.33% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series S-XXVIII STRPP-B	5.21	—	—	—
40	9.33% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVIII STRPP-C	5.47	5.47	—	—
40	9.33% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVIII STRPP-D	5.47	5.47	—	—
Carried over		1,717.14	1,869.82	272.48	71.18
Carried over		1,767.62	1,515.21	148.53	88.43

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2012	2011	2012	2011
	Brought over	1,767.62	1,515.21	148.53	88.43
<b>In Bonds: (Contd.)</b>					
<b>Fully paid: (Contd.)</b>					
<b>Others: (Contd.)</b>					
<b>Quoted: (Contd.)</b>					
	Brought over	1,717.14	1,869.82	272.48	71.18
40	9.33% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVIII STRPP-E	5.52	5.52	—	—
80	9.47% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVII STRPP-C	10.79	10.79	—	—
40	9.47% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVII STRPP-C	5.23	—	—	—
147	9.35% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds of ₹ 1,000,000 each of Punjab National Bank	16.04	16.04	—	—
50,020	Zero Percent Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 30,000 each of Rural Electrification Corporation Limited	67.85	67.85	—	—
8,500	Zero Percent Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 30,000 each of Rural Electrification Corporation Limited	11.02	11.02	—	—
900	7.60% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 92-O-I	—	93.54	93.54	—
500	8.35% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 90B-I	53.51	53.51	—	—
250	8.45% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 93-O-II	26.11	26.11	—	—
—	(100) 8.65% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series 88 of ₹ 1,000,000 each of Rural Electrification Corporation Limited	—	10.25	—	—
100	9.45% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 84	11.08	11.08	—	—
	Carried over	1,924.29	2,175.53	366.02	71.18
	Carried over	1,767.62	1,515.21	148.53	88.43



Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

(₹ In Crore)

	Non-current portion		Current maturities	
	2012	2011	2012	2011
Brought over	1,767.62	1,515.21	148.53	88.43
<b>In Bonds: (Contd.)</b>				
<b>Fully paid: (Contd.)</b>				
<b>Others: (Contd.)</b>				
<b>Quoted: (Contd.)</b>				
Brought over	1,924.29	2,175.53	366.02	71.18
600 11.50% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 87C	68.88	68.88	—	—
100 9.90% Subordinated Non Convertible Bonds of ₹ 1,000,000 each of State Bank of Patiala	10.54	10.54	—	—
450 (-) 9.50% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of SIDBI Limited	45.91	—	—	—
— (3,500) 6.60% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of SIDBI Limited S-III	—	366.69	—	—
— (250) 8.85% Subordinated Non Convertible Bonds of ₹ 1,000,000 each of State Bank of India	—	26.57	—	—
— (5,000) 9.50% Subordinated Non Convertible Bonds of ₹ 10,000 each of State Bank of India	—	5.25	—	—
	2,049.62	2,653.46	366.02	71.18
Less: Amortisation of Premium/Discount on acquisition	25.44	22.90	12.64	0.80
	2,024.18	2,630.56	353.38	70.38
<b>In Mutual Fund Units:</b>				
<b>Unquoted:</b>				
— (25,000,000) Units of ₹ 10 each of Birla Sun Life Fixed term plan- Series CE-Growth-FMP	—	—	—	25.00
25,000,000 (-) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series ES Growth-INF209K01PB3	25.00	—	—	—
20,000,000 (-) Units of ₹ 10 each of DWS-FMP-Series 6	20.00	—	—	—
10,000,000 (-) Units of ₹ 10 each of HDFC-FMP-400D March 2012 (1)-Growth	10.00	—	—	—
20,000,000 (-) Units of ₹ 10 each of SBI Debt Fund Series 15 Months Fund Series 7	20.00	—	—	—
15,000,000 (-) Units of ₹ 10 each of Kotak FMP Series 76-Growth (13 Months)	15.00	—	—	—
14,999,990 (-) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan-Series 62-396 days Growth Plan F	15.00	—	—	—
	105.00	—	—	25.00
<b>Total (A)</b>	<b>3,896.80</b>	<b>4,145.77</b>	<b>501.91</b>	<b>183.81</b>

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

	(₹ In Crore)			
	Non-current portion		Current maturities	
	2012	2011	2012	2011
<b>B. Current Investments:</b>				
<b>In Certificate of Deposit:</b>				
<b>Unquoted:</b>				
– (2,500) Certificate of Deposit of ₹ 100,000 each of Bank of India - 24.06.2011	–	–	–	23.61
– (5,000) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur - 04.04.2011	–	–	–	47.32
– (2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of India - 27.06.2011	–	–	–	23.51
– (7,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 11.07.2011	–	–	–	71.03
– (2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur - 15.07.2011	–	–	–	23.91
– (5,000) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 21.09.2011	–	–	–	46.44
– (5,000) Certificate of Deposit of ₹ 100,000 each of State Bank of Mysore - 28.09.2011	–	–	–	46.36
– (2,500) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 20.02.2012	–	–	–	22.72
– (5,000) Certificate of Deposit of ₹ 100,000 each of State Bank of Travancore - 22.02.2012	–	–	–	45.44
– (5,000) Certificate of Deposit of ₹ 100,000 each of Bank of Baroda - 24.02.2012	–	–	–	45.42
– (2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur - 27.02.2012	–	–	–	22.72
– (2,500) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 27.02.2012	–	–	–	22.70
– (2,500) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 26.03.2012	–	–	–	22.71
– (2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 02.03.2012	–	–	–	22.70
2,500 (-) Certificate of Deposit of ₹ 100,000 each of IDBI Bank - 09.05.2012	–	–	23.59	–
5,000 (-) Certificate of Deposit of ₹ 100,000 each of Syndicate Bank - 14.05.2012	–	–	48.70	–
2,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 12.06.2012	–	–	23.95	–
5,000 (-) Certificate of Deposit of ₹ 100,000 each of Bank of India - 15.06.2012	–	–	48.14	–
2,500 (-) Certificate of Deposit of ₹ 100,000 each of Oriental Bank of Commerce - 15.06.2012	–	–	23.96	–
5,000 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur - 15.06.2012	–	–	48.20	–
2,500 (-) Certificate of Deposit of ₹ 100,000 each of Syndicate Bank - 15.06.2012	–	–	24.21	–
2,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Travancore - 19.06.2012	–	–	23.91	–
2,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Mysore - 22.06.2012	–	–	23.89	–
2,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 28.06.2012	–	–	23.85	–
Carried over	–	–	312.40	486.59

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 11 Investments (Contd.)

(₹ In Crore)				
	Non-current portion		Current maturities	
	2012	2011	2012	2011
<b>In Certificate of Deposit: (Contd.)</b>				
<b>Unquoted: (Contd.)</b>				
Brought over	—	—	312.40	486.59
2,500 (-) Certificate of Deposit of ₹ 100,000 each of Punjab and Sind Bank - 03.07.2012	—	—	24.32	—
5,000 (-) Certificate of Deposit of ₹ 100,000 each of Indian Overseas Bank - 06.07.2012	—	—	47.44	—
2,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur - 27.08.2012	—	—	23.20	—
2,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 03.09.2012	—	—	23.15	—
7,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 20.06.2012	—	—	68.71	—
2,500 (-) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 27.06.2012	—	—	22.84	—
2,500 (-) Certificate of Deposit of ₹ 100,000 each of IDBI Bank - 28.03.2013	—	—	22.58	—
	—	—	544.64	486.59
Add: Amortisation of Premium/Discount on acquisition	—	—	16.14	11.51
	—	—	560.78	498.10
<b>In Mutual Fund Units:</b>				
<b>Unquoted:</b>				
1,980,225.117 (3,186,479.132) Birla Sun Life Cash Plus - Institutional Premium - Growth	—	—	34.00	5.00
	—	—	34.00	5.00
<b>Total (B)</b>	—	—	594.78	503.10
<b>Total (A+B)</b>	3,896.80	4,145.77	1,096.69	686.91
Less: Provision for Diminution in Value of Investments	110.59	110.69	0.09	0.08
	3,786.21	4,035.08	1,096.60	686.83

₹ In Crore				
	Book Value as at		Market Value as at	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Quoted*	3,096.42	3,238.96	2,999.50	3,110.73
Unquoted	1,786.39	1,482.95		
	4,882.81	4,721.91		

### Notes to Investments

- National Saving Certificate of face value of ₹ 8,500 deposited with Government Departments.
- # Bajaj Auto International Holdings BV, has issued 1,643,250 shares to Bajaj Auto Limited on 20 March 2012 by conversion of share premium. The number of issued ordinary shares, in view of the above conversion, stands at 1,645,250.
- \* Quoted Investments for which quotations are not available have been included in market value at the face value/paid up value, whichever is lower, except in case of Debentures, Bonds and Government securities, where the Net Present Value at current yield to maturity have been considered.
- Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long-term, hence diminution in the value of quoted investments are not considered to be of a permanent nature. On an assessment of the non-performing investments (quoted & unquoted) as per the guidelines adopted by the management, no provision has been determined during the year ended 31 March 2012.
- Refer note 1 clause 5 for accounting policy and valuation principles for investments.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 12 Loans and advances

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

	Long-term		Short-term	
	2012	2011	2012	2011
<b>Capital advances</b>	331.38	79.48	—	—
<b>Security deposits</b>	28.69	28.28	—	—
<b>Loan and advances to related parties</b> [See note 36]	—	—	—	—
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	46.43	58.20	74.81	32.19
Doubtful	3.47	3.02	—	—
	49.90	61.22	74.81	32.19
Provision for doubtful advances	3.47	3.02	—	—
	46.43	58.20	74.81	32.19
<b>Other loans and advances</b>				
VAT refund receivable	—	—	823.87	882.35
Excise duty rebate receivable on export	—	—	106.52	56.68
Advance income tax (net of provision for tax)	150.89	27.17	—	—
Loans to former employees	3.44	14.76	11.31	13.71
Balances with Central Excise Department	19.07	19.07	26.30	7.16
	173.40	61.00	968.00	959.90
	579.90	226.96	1,042.81	992.09

Deposits include a sum of ₹ 9.2 crore (previous year ₹ 9.2 crore) against use of premises on a Leave License basis, placed with Directors and their relatives, jointly and severally.

## 13 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2012	2011	2012	2011
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Good	0.41	0.63	—	—
Doubtful	3.16	3.96	—	—
	3.57	4.59	—	—
Provision for doubtful receivable	3.16	3.96	—	—
	0.41	0.63	—	—
<b>Others, Good</b>	—	—	422.79	359.89
	0.41	0.63	422.79	359.89
Amount disclosed under the head "other non-current assets" [See note 14]	(0.41)	(0.63)	—	—
	—	—	422.79	359.89

Notes to financial statements for the year ended 31 March 2012 (Contd.)

#### 14 Other assets

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2012	2011	2012	2011
Long-term trade receivables [See note 13]	0.41	0.63	–	–
Non-current bank balances [See note 16]	1.02	401.00	–	–
	1.43	401.63	–	–
<b>Others</b>				
Interest receivable on investments (₹ 5,247 – previous year ₹ 7,050)				
Interest receivable on loans, deposits etc.	–	–	3.85	3.08
Export incentives receivable				
Unsecured considered good	–	0.14	291.74	192.43
Doubtful	9.46	1.38	–	–
	9.46	1.52	291.74	192.43
Provision for doubtful export incentives	9.46	1.38	–	–
	–	0.14	291.74	192.43
Valuation gains on derivative hedging instruments [See note 26]	–	–	–	20.77
	–	0.14	295.59	216.28
	1.43	401.77	295.59	216.28

#### 15 Inventories\*

(₹ In Crore)

	2012	2011
Raw materials and components [includes in transit ₹ 15.49 crore (previous year ₹ 10.91 crore)]	223.11	186.21
Work-in-progress	26.67	26.20
Finished goods		
Vehicles	273.71	230.27
Auto spare parts (manufactured)	17.26	10.42
Auto spare parts (traded)	120.30	76.90
Stores, spares and packing material	11.93	10.23
Loose tools	5.55	7.05
	678.53	547.28

\* Refer note 1 clause 6 for accounting policy on valuation of inventories.



Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 15 Inventories (Contd.)

Details of inventory

	(₹ In Crore)	
	2012	2011
<b>Raw materials and components</b>		
Ferrous metal	6.05	10.62
Non-ferrous metal	1.46	1.41
Components	190.57	146.89
Tyres and tubes	22.50	26.06
Others	2.53	1.23
	223.11	186.21
<b>Work-in-progress</b>		
Vehicles	0.75	4.88
Factory made components	25.92	21.32
	26.67	26.20
<b>Finished goods</b>		
Vehicles	273.71	230.27
Auto spare parts (manufactured)	17.26	10.42
Auto spare parts (traded)	120.30	76.90
	411.27	317.59

## 16 Cash and bank balances

	(₹ In Crore)			
	Non-current		Current	
	2012	2011	2012	2011
<b>Cash and cash equivalents</b>				
<b>Balances with banks</b>				
On current accounts	–	–	439.31	152.36
On unclaimed dividend account	–	–	6.08	2.87
<b>Cash on hand</b>	–	–	0.08	0.11
<b>Cash equivalents</b>				
Cheques/drafts on hand	–	–	–	0.11
Certificate of Deposits with maturity of less than three months from date of acquisition	–	–	733.36	73.29
	–	–	1,178.83	228.74
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	0.02	400.00	475.00	0.02
Margin money deposit	1.00	1.00	–	0.02
	1.02	401.00	475.00	0.04
Amount disclosed under non-current assets [See note 14]	(1.02)	(401.00)	–	–
	–	–	1,653.83	228.78

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 17 Revenue from operations

	(₹ In Crore)	
	2012	2011
<b>Revenue from operations</b>		
<b>Sale of products</b>	19,827.03	16,830.23
Less: Excise duty on sale of products	946.76	933.41
<b>Net sales</b>	<b>18,880.27</b>	<b>15,896.82</b>
<b>Other operating revenue</b>		
Scrap sales	57.09	46.43
Export incentives	564.24	443.53
Royalty	27.08	11.45
Technical know how fees	0.30	–
	648.71	501.41
	<b>19,528.98</b>	<b>16,398.23</b>

## Details of products sold

	(₹ In Crore)	
	2012	2011
<b>Sale of products</b>		
Vehicles	18,427.16	15,683.32
Auto spare parts (manufactured)	193.00	205.24
Auto spare parts (traded)	1,206.87	941.67
	<b>19,827.03</b>	<b>16,830.23</b>

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 18 Other income

	(₹ In Crore)	
	2012	2011
<b>Investment income:</b>		
Interest income on		
Bank deposits	42.76	5.18
Long-term investments	275.56	320.88
Others	—	0.98
Less: Amortisation of premium/(discount) on acquisition of fixed income securities	18.64	15.91
	299.68	311.13
Dividend income on		
Long-term investments	0.14	0.47
Profit on sale of investments, net*	33.09	52.82
Surplus on redemption of securities, net*	—	1.39
	332.91	365.81
<b>Others:</b>		
Interest - others	24.91	22.80
Rent	3.44	0.58
Insurance claims	0.90	2.62
Miscellaneous receipts	27.56	26.13
Surplus on sale of assets	9.65	9.37
Sundry credit balances appropriated	0.57	0.74
Provision for doubtful debts and advances written back	1.86	2.22
Less: Write backs on account of amounts written off during the year, as per contra	1.60	1.71
	0.26	0.51
Provision no longer required	46.03	46.03
Net gain on foreign currency transaction	161.81	101.92
	275.13	210.70
	608.04	576.51

\* Including on current investments ₹ 45.33 crore (previous year ₹ 49.08 crore)

## 19 Cost of raw material and components consumed

	(₹ In Crore)	
	2012	2011
Ferrous metal	108.31	82.36
Non-ferrous metal	0.68	4.77
Components	12,600.95	10,653.20
Tyres and tubes	673.24	514.28
Others	62.36	57.28
	13,445.54	11,311.89

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 20 Purchase of traded goods

	(₹ In Crore)	
	2012	2011
Auto spare parts	751.15	568.41
	751.15	568.41

## 21 (Increase)/decrease in inventories

	(₹ In Crore)		
	2012	2011	(Increase)/decrease
<b>Inventories at the end of the year</b>			
Work-in-progress	26.67	26.20	(0.47)
Finished goods			
Vehicles	273.71	230.27	(43.44)
Auto spare parts (manufactured)	17.26	10.42	(6.84)
Auto spare parts (traded)	120.30	76.90	(43.40)
	437.94	343.79	(94.15)
<b>Inventories at the beginning of the year</b>			
Work-in-progress	26.20	31.03	4.83
Finished goods			
Vehicles	230.27	159.65	(70.62)
Auto spare parts (manufactured)	10.42	6.37	(4.05)
Auto spare parts (traded)	76.90	63.95	(12.95)
	343.79	261.00	(82.79)
	(94.15)	(82.79)	

## 22 Employee benefits expense

	(₹ In Crore)	
	2012	2011
Salaries, wages and bonus to employees	423.87	372.34
Remuneration to whole time directors	24.72	16.80
Contribution to provident and other funds	49.50	61.45
Staff welfare expenses	42.02	42.99
	540.11	493.58

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 23 Finance costs

	(₹ In Crore)	
	2012	2011
Interest expense	22.24	1.69
	22.24	1.69

## 24 Other expenses

	(₹ In Crore)	
	2012	2011
Stores and tools consumed	110.25	85.00
Power, fuel and water	101.85	86.61
Excise duty on increase/(decrease) in stocks of finished goods	12.33	1.30
Rent	10.74	11.35
Repairs to buildings	23.86	17.42
Repairs to machinery	73.76	59.41
Other repairs	5.07	2.84
Insurance	2.68	2.44
Rates and taxes	3.42	6.34
Payment to auditor	1.20	0.87
Directors' fees and travelling expenses	0.24	0.23
Commission to Non Executive Directors	0.93	0.75
Travelling expenses	26.12	25.04
Miscellaneous expenses	174.36	128.73
Sales tax/VAT expenses	12.55	21.47
Packing material consumed	273.30	210.09
Freight and forwarding expenses	50.44	42.05
Advertisement	160.31	81.69
Vehicle service charges and other expenses	88.77	86.12
Commission and discount	28.25	31.87
Incentives and sales promotion	18.98	16.76
Donations	10.00	10.92
Bad debts and other irrecoverable debit balances written off	1.70	1.74
Less: Provisions made in earlier years in respect of amounts written off during the year, adjusted as per contra	1.60	1.71
	0.10	0.03
Loss on assets sold, demolished, discarded and scrapped	7.49	20.12
Provision for doubtful debts and advances	9.95	0.34
Amount amortised/written off against technical know-how	2.14	2.14
Amount written off against leasehold land	0.65	0.65
Loss on redemption of securities, net *	6.03	—
	1,215.77	952.58

\* Including surplus on current investments ₹ 1.23 crore (previous year ₹ Nil)



Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 24 Other expenses (Contd.)

Payment to auditor

	(₹ In Crore)	
	2012	2011
<b>As auditor:</b>		
Audit fee	0.80	0.60
Tax audit fee	0.09	0.08
Limited review	0.10	0.06
<b>In other capacity:</b>		
Other services (certification fees)	0.15	0.07
Reimbursement of expenses	0.06	0.06
	1.20	0.87

## 25 Exceptional items

	(₹ In Crore)	
	2012	2011
Valuation losses on derivative hedging instruments [See note 26]	(134.00)	—
Surplus on pre-payment of sales tax deferral liability/loan*	—	826.82
Provision for diminution in value of investment in the company's subsidiary, PT. Bajaj Auto Indonesia @	—	(102.27)
	(134.00)	724.55

\* Sales tax deferral incentive/loan, to the extent eligible under Rule 84 of the Maharashtra Value Added Tax Rules, 2005, has been prepaid in the previous year. Considering the quantum of gain, the said sum was reflected as an exceptional item in the statement of profit and loss in the previous year and considered as a capital receipt.

@ PT. Bajaj Auto Indonesia (PT. BAI), a subsidiary of the company, in which the company holds 98.94%, has registered substantial accumulated losses. The company through PT. BAI made a foray into the Indonesian market, which is very competitive but promising. Considering the challenges in setting up an appropriate dealer and service network, creation of brand awareness, appropriate tie ups with finance agencies, understanding customer behavior and preferences, in addition to setting up an assembly plant, the gestation period is expected to be long but eventually profitable. However, considering the continuing losses and longer gestation period, the company has assessed the carrying value of investments made in PT. BAI and determined an amount of ₹ 102.27 crore as at 31 March 2011, as a diminution in the value of investment and has accordingly made a provision of the said amount.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 26 Derivative hedging instruments

The company has adopted the accounting treatment and disclosures in accordance with the principles laid down in AS 30 and AS 32 on foreign currency derivative contracts.

The company holds foreign currency derivative to hedge its foreign currency exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The company designates foreign currency derivatives as hedges of foreign currency risk associated with a highly probable forecast transaction (cash flow hedge).

The company has entered into simple forward contracts and par forward contracts to hedge highly probable forecast export transactions. These instruments meet the management's Foreign exchange risk management objectives and also qualify for hedge accounting as per the principles of hedge accounting. The market value of instruments outstanding at the close of the year indicate a loss aggregating ₹ 212.87 crore as against a gain in the previous year aggregating ₹ 20.77 crore.

The company has also entered into range forward contracts to hedge highly probable forecast transactions, where the export realisations of the company are protected below a minimum pre-determined foreign exchange rate whereas the realisation advantages are available to the company there from up to a higher pre-determined foreign exchange rate. The company does not benefit by rupee depreciating beyond the pre-determined foreign exchange rate. These instruments meet the management's Foreign exchange risk management objectives and also qualify for hedge accounting as per the principles of hedge accounting. MTM losses in respect of effective hedges is carried to the Hedge Reserve and ineffectiveness, if any, including the time value of option contracts is recognised in the results, as per the principles of AS-30. The market value of instruments outstanding at the close of the year indicate a loss aggregating ₹ 256.11 crore as against a gain in the previous year aggregating ₹ 116.46 crore, which was not recognised in the previous year as a matter of prudence.

### Risk management policy and other disclosures

The exports of the company, presently constituting substantial portion of the turn over, are at prices predetermined for each product in each region. These prices are fixed in USD based on an assumed USD/INR rate. (Budgeted rate of realisation). Exports are then effected at such price and hence it is desirable for the company to shield itself from adverse movements in forex rates at a future date.

The company also imports raw materials and components for its Motorcycles etc. However the value of such imports is not material as compared to the value of exports. Nevertheless, the company may wish to secure its procurement prices in terms of INR to be able to forecast its pricing and profitability. Consequently the company may wish to hedge such exposures, future and current, to achieve the aforesaid objective.

The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the company uses derivative financial instruments, such as foreign exchange forward and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its forecasted cash flows and trade receivables.

The details in respect of the outstanding foreign exchange forward contracts including Range Forward and Par Forward contracts are given below. The forward exchange contracts mature between one to twelve months. The table below summarises the notional amounts (amounts of contracts booked and outstanding) of foreign currency forward contracts into relevant maturity groupings based on the remaining period as at 31 March 2012:

	As at 31 March 2012		As at 31 March 2011	
	Notional In USD Mn (Sell)	MTM Gain/(Loss) (₹ In Crore)	Notional In USD Mn (Sell)	MTM Gain/(Loss) (₹ In Crore)
<b>Export Transactions</b>				
Not later than three months (April 12 to June 12)	330	(83.76)	276	55.43
Later than three months and not later than six months (July 12 to Sept 12)	365	(109.81)	276	40.12
Later than six months and not later than one year (Oct 12 to March 13)	717	(275.41)	540	41.72
<b>Total</b>	<b>1,412</b>	<b>(468.98)</b>	<b>1,092</b>	<b>137.27</b>

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 26 Derivative hedging instruments (Contd.)

	As at 31 March 2012		As at 31 March 2011	
	Notional In USD Mn (Buy)	MTM Gain/(Loss) (₹ In Crore)	Notional In USD Mn (Buy)	MTM Gain/(Loss) (₹ In Crore)
<b>Import Transactions</b>				
Not later than three months (April 12 to June 12)	—	—	2	(0.04)
Later than three months and not later than six months (July 12 to Sept 12)	—	—	—	—
Later than six months and not later than one year (Oct 12 to March 13)	—	—	—	—
<b>Total</b>	—	—	2	(0.04)

The fair values (Marked-to-market) of foreign currency derivative contracts outstanding as on 31 March 2012 and 31 March 2011 are as follows:

	As at 31 March 2012		As at 31 March 2011	
	In USD Mn (Sell)	MTM Gain/(Loss) (₹ In Crore)	In USD Mn (Sell)	MTM Gain/(Loss) (₹ In Crore)
<b>Export Transactions</b>				
Foreign currency derivative designated as hedging instruments - Simple forward and Par forward contracts	408	(212.87)	240	20.81
Foreign currency derivative designated as hedging instruments - Range forward contracts	1,004	(256.11)	852	116.46
<b>Total</b>	1,412	(468.98)	1,092	137.27

	As at 31 March 2012		As at 31 March 2011	
	In USD Mn (Buy)	MTM Gain/(Loss) (₹ In Crore)	In USD Mn (Buy)	MTM Gain/(Loss) (₹ In Crore)
<b>Import Transactions</b>				
Foreign currency derivative designated as hedging instruments - Simple forward and Par forward contracts	—	—	2	(0.04)
<b>Total</b>	—	—	2	(0.04)

The fair value of forwards and foreign currency option contracts is determined based on the appropriate valuation techniques as given by the banks.

The cash flows from the hedges are expected to occur over the financial year 2012-13 and will accordingly flow to the statement of profit and loss.

In respect of foreign currency derivative contracts designated as cash flow hedges for Par forward contracts, the company has recorded a net loss of ₹ 216.93 crore and net gain of ₹ 20.77 crore, as a component of equity (Hedge Reserve) as at 31 March 2012, and 2011, respectively and a net loss of ₹ 31.70 crore and a net gain of ₹ 32.02 crore as part of revenue during the year ended 31 March 2012, and 2011 respectively.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 26 Derivative hedging instruments (Contd.)

	(₹ In Crore)
	<u>2012</u>
	<u>2011</u>
The movement of Hedge reserve - Par Forward is as follows:	
Opening Balance	20.77
Add: Net gain recognised on cash flow hedges	–
Less: Net loss recognised on cash flow hedges	269.40
Less: Net gain reclassified to profit or loss	–
Add: Net loss reclassified to profit or loss	31.70
Closing Balance	(216.93)

In respect of foreign currency derivative contracts designated as cash flow hedges for Range Forward contracts, the company has recorded a net loss of ₹ 122.11 crore, as a component of equity (Hedge Reserve) as at 31 March 2012 and a net loss of ₹ 56.24 crore as part of revenue during the year ended 31 March 2012.

	(₹ In Crore)
	<u>2012</u>
	<u>2011</u>
The movement of Hedge reserve - Range Forward is as follows:	
Opening Balance	–
Less: Net loss recognised on cash flow hedges	178.35
Add: Net loss reclassified to profit or loss	56.24
Closing Balance	(122.11)

There is no forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur.

Amount that was removed from appropriate equity account (Hedge Reserve Account) during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction is ₹ Nil.

Amount in respect of the ineffectiveness which relates to time value of option contracts recognised in the statement of profit and loss that arises from cash flow hedges is ₹ 134 crore as on 31 March 2012.

In respect of the company's foreign currency derivative contracts outstanding as on 31 March 2012, a 10% increase in the exchange rates of the currency underlying such contracts as given by the banks would have resulted in an approximately ₹ 594.62 crore increase in the fair value of outstanding contracts.

In respect of the company's foreign currency derivative contracts outstanding as on 31 March 2012, a 10% decrease in the exchange rates of the currency underlying such contracts as given by the banks would have resulted in an approximately ₹ 539.18 crore decrease in the fair value of outstanding contracts.

### Counter-Party Risk

Counter-party risk encompasses settlement risk on foreign currency derivative contracts. Exposure to these risks is closely monitored and kept within predetermined parameters. The company does not expect any losses from non-performance by these counter-parties.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 26 Derivative hedging instruments (Contd.)

The company's policy is to transact with credit worthy banks, which are reviewed on an on-going basis. The following table depicts that the majority of the foreign currency derivatives are placed in highly rated banks:

(USD Million)

	As at 31 March 2012
Investment grade of Outstanding Foreign Exchange Forward Contracts	
Highest safety	1,412
High safety	–
Adequate safety	–
<b>Total</b>	<b>1,412</b>

Highest Safety represents a credit rating equivalent of AAA and A1+, High Safety represents a credit rating equivalent of AA+, AA and Adequate Safety represents a credit rating of A.

Open foreign exchange exposures outstanding at close of the year:

(USD Million)

	As at 31 March 2012	As at 31 March 2011
Receivables	41	–
Payables	5	49
Others	57	33

## 27 Earnings Per Share (EPS)

Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

	As at 31 March 2012	As at 31 March 2011
a) Profit for the year after tax (₹ In Crore)	3,004.05	3,339.73
Weighted average number of shares outstanding during the year	289,367,020	289,367,020
b) Earnings per share (Basic and Diluted) (₹)	103.8	115.4
Face value per share (₹)	10.0	10.0



Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 28 Contingent liabilities

	(₹ In Crore)	
	As at 31 March 2012	As at 31 March 2011
a) Claims against the Company not acknowledged as debts	418.74	422.49
b) Guarantees given by the Company to banks, on behalf of its subsidiary, PT Bajaj Auto Indonesia	25.44	23.19
c) Guarantees given by the Company to Housing Development Finance Corporation Ltd. - for loans to employees	0.12	0.22
d) Excise and Customs demand - matters under dispute and Claims for refund of Excise Duty, if any, against Excise Duty Refund received in the earlier year	181.78	122.70
e) Income tax matters - Appeal by company	9.58	—
f) Sales Tax matters under dispute	357.85	328.41
g) Claims made by temporary workmen Pending before various judicial/appellate authorities in respect of similar matters adjudicated by the Supreme Court in the past. The matter is contingent on the facts and evidence presented before the courts/adjudicating authorities and not necessarily likely to be influenced by the Supreme Courts order	Liability unascertained	Liability unascertained

## 29 Capital and other commitments

	(₹ In Crore)	
	2012	2011
a. Capital Commitments, net of capital advances	275.87	62.65
b. Commitment for purchase of shares in KTM Powersports AG	176.29	—
	452.16	62.65
c. Other commitments		
The company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports, which have been entirely fulfilled by the close of the year. However, formal discharge from obligation by discharge of license by appropriate authorities is in progress.		

## 30 Value of imports calculated on CIF basis

	(₹ In Crore)	
	2012	2011
Raw materials	115.70	109.27
Components	531.28	405.40
Machinery spares	9.20	6.83
Capital goods	21.70	37.78
Tools, stores, etc.	6.83	5.25
	684.71	564.53
Converted in equivalent USD million at closing rate of 31 March	135	127

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 31 Expenditure in foreign currency (accrual basis)

	(₹ In Crore)	
	2012	2011
Travelling expenses	5.06	3.71
Royalty, net of tax	3.40	2.36
Technical consultancy, net of tax	5.31	5.29
Interest	0.16	1.38
Research and development expenses	0.84	0.45
Consultancy charges	1.20	1.93
Advertisement and publicity	43.72	26.21
Other matters	32.58	28.56
Investment in shares of BAIH BV.	68.14	210.08
Advance paid for purchase of aircraft	178.26	—
	<b>338.67</b>	<b>279.97</b>

### 32 Imported and Indigenous raw materials, components and spare parts consumed

	2012		2011	
	(₹ In Crore)	Percentage	(₹ In Crore)	Percentage
<b>Raw Materials and components</b>				
Imported	592.10	4.40%	459.60	4.06%
Indigenous	12,853.44	95.60%	10,852.29	95.94%
	<b>13,445.54</b>	<b>100.00%</b>	<b>11,311.89</b>	<b>100.00%</b>
<b>Auto spare parts consumed</b>				
Imported	11.41	1.63%	8.17	1.48%
Indigenous	689.50	98.37%	543.24	98.52%
	<b>700.91</b>	<b>100.00%</b>	<b>551.41</b>	<b>100.00%</b>

### 33 Earnings in foreign currency (accrual basis)

	(₹ In Crore)	
	2012	2011
F.O.B. Value of exports	6,449.18	4,450.45
(USD 1,369 million; previous year: USD 974.6 million)		
F.O.B. Value of exports to Nepal	0.34	—
Exchange gain on derivative hedging instruments, debtors	154.79	101.30
Forwarding charges exports recovered	12.98	8.77
Interest	1.95	1.40
Royalty	0.80	0.59
Technical know-how fees	0.30	—
Asset disposal	0.07	0.12
Others	5.89	2.15
	<b>6,626.30</b>	<b>4,564.78</b>

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 34 Employee benefits

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as hereunder.

#### Funded scheme

	(₹ In Crore)		
	2012 Gratuity	2011 Gratuity	
<b>Amount To Be Recognised in Balance Sheet</b>			
Present Value of Funded Obligations	181.26	160.23	
Fair Value of Plan Assets	(73.95)	(61.40)	
<b>Net Liability</b>	<b>107.31</b>	<b>98.83</b>	
Amounts in Balance Sheet			
Liability	107.31	98.83	
Assets	—	—	
<b>Net Liability</b>	<b>107.31</b>	<b>98.83</b>	
<b>Expense To Be Recognised in the Statement of Profit and Loss</b>			
Current Service Cost	8.30	6.68	
Interest on Defined Benefit Obligation	13.23	10.09	
Expected Return on Plan Assets	(4.38)	(2.71)	
Net Actuarial Losses/(Gains) Recognised in Year	4.98	23.53	
<b>Total, Included in “Employee benefits expense”</b>	<b>22.13</b>	<b>37.59</b>	
Actual Return on Plan Assets	5.65	3.74	
<b>Reconciliation of Benefit Obligations and Plan Assets For the Period</b>			
<b>Change in Defined Benefit Obligation</b>			
<b>Opening Defined Benefit Obligation</b>	<b>160.23</b>	<b>122.44</b>	
Current Service Cost	8.30	6.68	
Interest Cost	13.22	10.09	
Actuarial Losses/(Gains)	6.25	24.56	
Benefits Paid	(6.74)	(3.54)	
<b>Closing Defined Benefit Obligation</b>	<b>181.26</b>	<b>160.23</b>	
<b>Change in Fair Value of Assets</b>			
<b>Opening Fair Value of Plan Assets</b>	<b>61.40</b>	<b>37.40</b>	
Expected Return on Plan Assets	4.38	2.71	
Actuarial Gains/(Losses)	1.26	1.03	
Contributions by Employer	13.65	23.80	
Benefits Paid	(6.74)	(3.54)	
<b>Closing Fair Value of Plan Assets</b>	<b>73.95</b>	<b>61.40</b>	
	2012 (₹ In Crore)	2012	2011
<b>Asset Information</b>			
Insurer Managed Funds	73.95	100.00%	100.00%

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 34 Employee benefits (Contd.)

	2008	2009	2010	2011	(₹ In Crore) 2012
<b>Experience Adjustments</b>					
Defined Benefit Obligation	100.63	95.92	122.44	160.23	181.26
Plan Assets	56.91	28.13	37.40	61.40	73.95
Surplus/(Deficit)	(43.72)	(67.79)	(85.04)	(98.83)	(107.31)
Exp. Adj. on Plan Liabilities	8.98	6.52	3.30	26.09	11.96
Exp. Adj. on Plan Assets	0.52	(2.75)	0.63	1.03	1.26
				<b>2012</b>	<b>2011</b>
<b>Principal Actuarial Assumptions (Expressed as Weighted Averages)</b>					
Discount Rate (p.a.)				8.65%	8.30%
Expected Rate of Return on Assets (p.a.)				7.50%	7.50%
Salary Escalation Rate (p.a.) – Senior Staff				8.00%	8.00%
Salary Escalation Rate (p.a.) – Junior Staff				9.00%	9.00%

#### Provident Fund:

In case of certain employees, the provident fund contribution is made to a trust administered by the company. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31 March 2012.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Remaining term of maturity – 12.05 years  
Expected guaranteed interest rate – 8.25%  
Discount rate for the remaining term to maturity of interest portfolio – 8.55%

### Unfunded schemes

	2012		2011	
Particulars	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present Value of Unfunded Obligations	40.09	4.88	37.77	4.74
Expense recognised in the Statement of Profit and Loss	8.06	0.30	10.53	0.60
Discount Rate (p.a.)	8.65%	8.65%	8.30%	8.30%
Salary Escalation Rate (p.a.) – Senior Staff	8.00%		8.00%	
Salary Escalation Rate (p.a.) – Junior Staff	9.00%		9.00%	

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 35 Segment information

Segment information is based on the consolidated financial statements.

#### Segment wise Revenue, Results and Capital employed for the year ended 31 March 2012

(₹ In Crore)

##### (a) Primary Segment: Business Segment

	Automotive	Investments	Consolidated
<b>Revenue</b>			
External Sales and Other Income	19,868.35	332.91	20,201.26
Inter segment Sales and Other Income	–	–	–
<b>Total Revenue</b>	<b>19,868.35</b>	<b>332.91</b>	<b>20,201.26</b>
<b>Segment Result</b>	<b>3,764.05</b>	<b>326.88</b>	<b>4,090.93</b>
Interest expense	22.79	–	22.79
Tax expense	–	–	1,019.66
<b>Net Profit</b>	<b>3,741.26</b>	<b>326.88</b>	<b>3,048.48</b>
Segment Assets	5,899.26	5,072.27	10,971.53
Unallocated Corporate Assets	–	–	151.85
<b>Total Assets</b>	<b>5,899.26</b>	<b>5,072.27</b>	<b>11,123.38</b>
Segment Liabilities	3,412.17	–	3,412.17
Unallocated Corporate Liabilities	–	–	1,522.43
<b>Total Liabilities</b>	<b>3,412.17</b>	<b>–</b>	<b>4,934.60</b>
<b>Capital Employed</b>	<b>2,487.09</b>	<b>5,072.27</b>	<b>6,188.78</b>
<b>Capital Expenditure</b>	167.62	–	167.62
<b>Depreciation and write downs</b>	146.73	–	146.73
<b>Non Cash Expenses other than Depreciation</b>	2.79	–	2.79

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Automotive and Investments have been identified as the business segments.

##### (b) Secondary Segment: Geographic Segment

	India	Rest of the world	Consolidated
Segment revenue			
External Sales and Other Income	13,531.30	6,669.96	20,201.26
Segment assets	10,032.71	1,090.67	11,123.38
Capital expenditure	167.07	0.55	167.62



Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 35 Segment information (Contd.)

Segment information is based on the consolidated financial statements.

#### Segment wise Revenue, Results and Capital employed for the year ended 31 March 2011

(₹ In Crore)

##### (a) Primary Segment: Business Segment

	Automotive	Investments	Consolidated
<b>Revenue</b>			
External Sales and Other Income	16,642.24	365.81	17,008.05
Inter segment Sales and Other Income	–	–	–
<b>Total Revenue</b>	<b>16,642.24</b>	<b>365.81</b>	<b>17,008.05</b>
<b>Segment Result</b>	<b>4,097.66</b>	<b>365.81</b>	<b>4,463.47</b>
Interest expense	2.39	–	2.39
Tax expense	–	–	1,006.29
<b>Net Profit</b>	<b>4,095.27</b>	<b>365.81</b>	<b>3,454.79</b>
Segment Assets	4,869.05	4,243.68	9,112.73
Unallocated Corporate Assets	–	–	29.12
<b>Total Assets</b>	<b>4,869.05</b>	<b>4,243.68</b>	<b>9,141.85</b>
Segment Liabilities	2,832.21	–	2,832.21
Unallocated Corporate Liabilities	–	–	1,375.44
<b>Total Liabilities</b>	<b>2,832.21</b>	<b>–</b>	<b>4,207.65</b>
<b>Capital Employed</b>	<b>2,036.84</b>	<b>4,243.68</b>	<b>4,934.20</b>
<b>Capital Expenditure</b>	179.79	–	179.79
<b>Depreciation and write downs</b>	123.89	–	123.89
<b>Non Cash Expenses other than Depreciation</b>	2.79	–	2.79

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Automotive and Investments have been identified as the business segments.

##### (b) Secondary Segment: Geographic Segment

	India	Rest of the world	Consolidated
Segment revenue			
External Sales and Other Income	12,422.10	4,585.95	17,008.05
Segment assets	8,267.05	874.80	9,141.85
Capital expenditure	178.71	1.08	179.79

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 36 Disclosure of transactions with related parties as required by the Accounting Standard-18

(₹ In Crore)

		2012		2011	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
<b>A. Holding company, subsidiaries and fellow subsidiary:</b>					
PT.Bajaj Auto Indonesia	Contribution to Equity (291,875 shares of USD 100 each)	–	137.82	–	137.82
(98.94% shares held by Bajaj Auto Ltd.)	Sale of Spare Parts & Vehicles SKD	79.54	–	85.95	24.82
	Interest received	1.41	–	0.89	
	Warranty paid	0.81	–	0.63	
	Advertisement expenses paid	7.40	–	8.89	–
Bajaj Auto International Holdings B V	Contribution to Equity (1,645,250 shares of Euro 100 each)	68.14	986.86	210.08	918.72
Amsterdam Netherlands	(Previous year 2,000 shares of Euro 100 each)				
(Fully owned subsidiary)					
<b>B. Associates, joint ventures and investing parties:</b>					
Bajaj Holdings and Investment Ltd.	Purchase of shares by BHIL (91,119,000 shares of ₹ 10 each)	–	(91.12)	–	(91.12)
(Investing party - holds 31.49% shares of Bajaj Auto Ltd.)	Dividend paid	364.48	–	182.24	–
	Business Support Service received	0.87	–	1.11	–
	Business Support Service rendered	0.16	–	0.33	–
	Aviation Charges received	–	–	0.07	–
	Sale of 8.01% debentures of Ultra Tech Cement Ltd.	–	–	5.03	–
	Sale of Certificate of Deposit of State Bank of Bikaner & Jaipur	–	–	23.66	–
<b>C. Individuals controlling voting power/exercising significant influence and their relatives:</b>					
Rahul Bajaj (Chairman)	Remuneration	4.33	–	3.31	–
(Also Key management personnel)	Commission	6.75	(6.75)	4.50	(4.50)
	Rent paid for premises	0.03	–	0.03	–
	Deposit paid against premises taken on lease	–	0.90	–	0.90
Madhur Bajaj (Vice Chairman)	Remuneration	3.22	–	2.39	–
(Also Key management personnel)	Commission	5.13	(5.13)	3.42	(3.42)
	Rent paid for premises	0.03	–	0.03	–
	Deposit paid against premises taken on lease	–	0.88	–	0.88
Rajiv Bajaj (Managing Director)	Remuneration	4.23	–	2.98	–
(Also Key management personnel)	Commission	5.94	(5.94)	3.96	(3.96)
	Rent paid for premises	1.23	–	1.23	–
	Deposit paid against premises taken on lease	–	2.10	–	2.10
Sanjiv Bajaj (Executive Director)	Remuneration	0.34	–	0.36	–
(Also Key management personnel)	Commission	0.72	(0.72)	0.72	(0.72)
Shekhar Bajaj	Sitting fees	0.01	–	0.01	–
	Commission	0.05	(0.05)	0.05	(0.05)
	Rent paid for premises	0.06	–	0.06	–
	Deposit paid against premises taken on lease	–	1.76	–	1.76
Niraj Bajaj	Sitting Fees	0.01	–	0.01	–
	Commission	0.06	(0.06)	0.05	(0.05)
	Services Rendered	0.12	–	0.35	–
<b>D. Key Management Personnel &amp; their relatives: Included in 'C' above</b>					
<b>E. Enterprises over which anyone in (c) &amp; (d) exercises significant influence:</b>					
Bajaj Finserv Ltd.	Purchase of windpower	24.38	–	18.22	–
	Business Support Service received	0.28	–	0.19	–
	Business Support Service rendered	0.73	–	1.51	–
	Aviation Charges received	3.01	–	1.92	–

Notes to financial statements for the year ended 31 March 2012 (Contd.)

**36 Disclosure of transactions with related parties as required by the Accounting Standard-18 (Contd.)**

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2012		2011	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Bajaj Finserv Limited (Contd.)	Purchase of 8.01% debentures of Samruddhi Cement Ltd.	–	–	9.96	–
	Purchase of 8.80% bonds of Power Grid Corporation Ltd.	–	–	21.91	–
	Purchase of 9.50% bonds of NABARD	–	–	27.74	–
	Purchase of 7.99% NCDs of LIC Housing Finance Ltd.	–	–	25.76	–
	Purchase of 8.90% bonds of Power Finance Corporation Ltd.	–	–	15.86	–
	Purchase of 8.95% bonds of Power Finance Corporation Ltd.	–	–	10.56	–
	Purchase of 11.25% bonds of Power Finance Corporation Ltd.	–	–	12.29	–
	Purchase of 8.45% bonds of Rural Electrification Corporation Ltd.	–	–	26.11	–
	Purchase of 8.50% bonds of Power Finance Corporation Ltd.	–	–	5.31	–
	Sale of Certificate of Deposit of State Bank of Bikaner & Jaipur	–	–	23.66	–
Bajaj Finance Ltd.	Subvention Charges Paid	5.99	–	5.78	–
	Service Rendered	7.88	1.19	8.43	0.26
	Service Received	0.98	–	0.25	–
	Other Debits	0.04	–	0.33	–
	Other Credits	0.47	–	0.13	–
Bajaj Allianz General Insurance Co. Ltd.	Insurance Premiums Paid	12.02	2.54	8.87	2.12
	Claims Received	0.63	–	3.33	–
	Services Rendered	0.05	–	0.20	–
	Sale of Investments	–	–	4.94	–
	Purchase of Investments	25.86	–	–	–
Bajaj Allianz Life Insurance Co. Ltd.	Insurance Premiums Paid	0.22	–	0.15	–
	Purchase of Investments	26.06	–	120.98	–
	Sale of Investments	48.58	–	9.86	–
Bajaj Financial Solutions Ltd.	Services Rendered	0.05	–	0.11	–
Bajaj Electricals Ltd.	Rent Paid	–	–	0.01	–
	Purchases	0.17	(0.14)	0.53	(0.10)
	Sale of DEPB	–	–	1.23	–
Hind Musafir Agency Ltd.	Services Received	15.67	(0.39)	9.64	(0.30)
	Advance Paid	–	–	–	0.55
Hindustan Housing Co. Ltd.	Maintenance Charges Paid	0.30	(0.10)	0.31	(0.06)
KTM Sportsmotorcycles AG	Sale of Vehicles & Material	128.68	22.43	6.34	5.17
	Purchase of Accessories	0.05	–	0.12	–
	Services Rendered & Other Debits	0.74	–	0.28	–
Mukand Ltd.	Purchases	–	–	0.01	–

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard-18 "Related Party Disclosures" have been identified based on representations made by key management personnel and information available with the Company.

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 37 Lease

Future minimum lease rental in respect of assets given on operating lease in the form of office premises after 1 April 2001  
Minimum future lease payments as on 31 March 2012:

	(₹ In Crore)	
	<b>2012</b>	<b>2011</b>
Receivable		
Within one year	6.97	2.63
After one year but not more than five years	25.72	9.90
More than five years	0.49	0.14
	<b>33.18</b>	<b>12.67</b>

Taken on operating lease in the form of office premises after April 1, 2001  
Minimum future lease payments as on March 31, 2012:

	(₹ In Crore)	
	<b>2012</b>	<b>2011</b>
Payable		
Within one year	5.61	7.25
After one year but not more than five years	13.23	17.43
More than five years	16.70	17.74
	<b>35.54</b>	<b>42.42</b>

### 38 Exchange difference gains/(losses) recognised in the Statement of Profit and Loss

	(₹ In Crore)	
	<b>2012</b>	<b>2011</b>
a. Relating to exports during the year as a part of "Sales"	(87.95)	11.44
b. Relating to exports during the year as a part of "Other income/Other expenses"	154.79	101.30
c. On settlement of export receivables carried forward from the previous accounting period as a part of "Other income"	(2.36)	(2.25)
d. On settlement of other transactions as a part of "Other income/Other expenses"	7.02	2.87
e. Marked to market gain/(loss) (net) on change in time value of derivative hedging instruments i.e. Range forward contracts, disclosed as exceptional item	(134.00)	—

Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 39 Previous year figures

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been re-classified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

### 40 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

In terms of our report of even date  
For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

J Sridhar  
Company Secretary

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

Directors



**Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies**

1. Name of the Subsidiary	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV. (Consolidated)
2. Financial year of the Subsidiary ended on	31 March 2012	31 March 2012
3. Holding Company's interest: Equity Share Capital	98.94%	100%
4. Profit or Loss for the current financial year so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the Holding Company	Loss ₹ 12.83 crore	Profit ₹ 54.36 crore
5. Net aggregate Profits or Losses for the previous financial years since becoming subsidiary so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the Holding Company	Loss ₹ 101.52 crore	Loss ₹ 121.85 crore
6. Net aggregate amounts received as dividends for previous financial years since becoming subsidiary dealt with in the accounts of the Holding Company in relevant years	—	—

J Sridhar  
Company Secretary  
Pune: 17 May 2012

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

} Directors



# **Consolidated Financial Statements**



## Report of the Auditors on the Consolidated Financial Statements

The Board of Directors  
**Bajaj Auto Limited**

1. We have audited the attached consolidated balance sheet of Bajaj Auto Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note [1] to the attached consolidated financial statements) as at 31 March 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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.
2. We 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, which constitute total assets of ₹ 79.82 crore and net assets of ₹ 15.80 crore as at 31 March 2012, total revenue of ₹ 146.22 crore, net loss of ₹ 12.97 crore and net cash flows amounting to ₹ (1.16) crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the component of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;
  - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

**Consolidated Balance Sheet** as at 31 March

Particulars	Note No.	(₹ In Crore)	
		2012	2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	289.37	289.37
Reserves and surplus	3	5,792.35	4,517.85
		<b>6,081.72</b>	<b>4,807.22</b>
<b>Minority Interest</b>		0.17	0.29
<b>Non-current liabilities</b>			
Long-term borrowings	4	97.48	133.88
Deferred tax liabilities (net)		48.44	29.71
Other long-term liabilities	5	157.07	193.71
Long-term provisions	6	113.16	125.54
		<b>416.15</b>	<b>482.84</b>
<b>Current liabilities</b>			
Short-term borrowings	7	25.44	180.14
Trade payables	8	2,013.73	1,797.66
Other current liabilities	8	562.16	479.34
Short-term provisions	6	2,063.04	1,431.26
		<b>4,664.37</b>	<b>3,888.40</b>
<b>Total</b>		<b>11,162.41</b>	<b>9,178.75</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	1,483.29	1,482.37
Intangible assets	9	2.14	4.28
Capital work-in-progress		11.77	69.86
Intangible assets under development		29.88	–
		1,527.08	1,556.51
Goodwill on investments in associate of subsidiary		434.60	368.56
Non-current investments	10	3,376.18	3,524.09
Deferred tax assets (net)		39.03	36.90
Long-term loans and advances	11	579.90	227.71
Other non-current assets	13	1.43	401.77
		<b>5,958.22</b>	<b>6,115.54</b>
<b>Current assets</b>			
Current investments	10	1,096.60	686.83
Inventories	14	703.61	576.25
Trade receivables	12	401.93	338.74
Cash and bank balances	15	1,659.84	247.54
Short-term loans and advances	11	1,046.62	997.57
Other current assets	13	295.59	216.28
		<b>5,204.19</b>	<b>3,063.21</b>
<b>Total</b>		<b>11,162.41</b>	<b>9,178.75</b>

The accompanying notes are an integral part of the financial statements  
In terms of our report of even date  
For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

J Sridhar  
Company Secretary

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

Directors



**Consolidated Statement of Profit and Loss** for the year ended 31 March

Particulars	Note No.	(₹ In Crore)	
		2012	2011
Sales		19,892.28	16,860.81
Less: excise duty		946.76	933.41
Net sales		<b>18,945.52</b>	<b>15,927.40</b>
Other operating revenue		649.13	501.69
Revenue from operations (net)	16	<b>19,594.65</b>	<b>16,429.09</b>
Other income	17	606.61	578.96
<b>Total revenue (I)</b>		<b>20,201.26</b>	<b>17,008.05</b>
<b>Expenses:</b>			
Cost of raw material and components consumed	18	13,454.66	11,327.35
Purchases of traded goods	19	757.01	574.00
(Increase)/decrease in inventories of finished goods, Work-in-progress and traded goods	20	(85.65)	(98.19)
Employee benefits expense	21	550.18	501.53
Finance costs	22	22.79	2.39
Depreciation		146.73	123.89
Other expense	23	1,257.91	982.59
Expenses, included in above items, capitalised		(49.43)	(16.66)
<b>Total expenses (II)</b>		<b>16,054.20</b>	<b>13,396.90</b>
<b>Profit before exceptional items and tax (I – II)</b>		<b>4,147.06</b>	<b>3,611.15</b>
Exceptional items	24	(134.00)	826.82
Profit before tax		<b>4,013.06</b>	<b>4,437.97</b>
Tax expense			
Current tax		1,003.39	980.00
Deferred tax		16.27	26.29
Total tax expense		1,019.66	1,006.29
<b>Profit after tax</b>		<b>2,993.40</b>	<b>3,431.68</b>
Income from associate after tax		55.08	23.11
Minority interest		(0.14)	(0.10)
<b>Profit before deferred tax adjustments</b>		<b>3,048.62</b>	<b>3,454.89</b>
Deferred tax assets write-off		3.22	–
<b>Profit for the year</b>		<b>3,045.40</b>	<b>3,454.89</b>
Basic and diluted Earnings per share (in ₹)		105.2	119.4
(Nominal value per share ₹ 10)			

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal and Shah

Firm Registration Number: 102021W

Chartered Accountants

Anish P Amin

Partner

Membership Number: 40451

Pune: 17 May 2012

J Sridhar  
Company Secretary

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

Directors

## Cash Flow Statement

(₹ In Crore)

Particulars	2012	2011
<b>I. Operating activities</b>		
Profit before tax	4,013.06	4,437.97
Add: Income from associate after tax	55.08	23.11
	4,068.14	4,461.08
Adjustments:		
Add:		
i) Depreciation	146.73	123.89
ii) Valuation losses of derivative hedging instruments	134.00	–
iii) Amount written off against technical know-how	2.14	2.14
iv) Amount written off against leasehold land	0.65	0.65
v) Loss on assets sold, demolished, discarded and scrapped	7.49	20.12
vi) Provision for doubtful debts and advances	9.95	0.34
vii) Amortisation of premium/discount on acquisition of fixed income securities	18.64	15.91
viii) Interest expense	22.79	2.39
	342.39	165.44
Less:		
i) Investment income included in above:		
Interest on long-term investments	275.56	320.88
Interest on fixed deposits and others	42.76	6.16
Profit on sale of investments, net	33.09	52.82
Surplus/(Loss) on redemption of securities, net	(6.03)	1.39
Dividend on long-term investments	0.14	0.47
Amortisation of premium/discount on acquisition of fixed income securities	(18.64)	(15.91)
	326.88	365.81
ii) Provision for doubtful debts and advances written back	1.86	2.22
iii) Surplus on sale of assets	9.65	9.37
iv) Surplus on pre-payment of sales tax deferral liability/loan	–	826.82
	(338.39)	(1,204.22)
	4,072.14	3,422.30
Change in assets and liabilities		
i) Inventories	(127.36)	(117.86)
ii) Trade receivable	(62.39)	(70.72)
iii) Loans and advances and other assets	(4.16)	(1,066.71)
iv) Liabilities and provisions	301.26	462.84
	107.35	(792.45)
Annuity payments (net) to VRS optees	(19.20)	(18.58)
<b>Net cash from operating activities before income tax</b>	4,160.29	2,611.27
Income tax paid	(1,147.28)	(971.90)
<b>Net cash from operating activities</b>	3,013.01	1,639.37
Carried forward	3,013.01	1,639.37

Cash Flow Statement (Contd.)

		₹ In Crore)	
Particulars	2012	2011	
Brought forward	3,013.01	1,639.37	
<b>II. Investment activities</b>			
i) (Increase)/decrease in other investments, net	(347.71)	(821.17)	
ii) (Increase)/decrease in other bank balances	(474.96)	0.16	
iii) Capital expenditure	(109.53)	(201.71)	
iv) Sales proceeds of assets/adjustment to gross block	22.65	39.05	
v) Capital expenditure on development of technical know-how	(29.88)	(6.42)	
	(939.43)	(990.09)	
vi) Investment income			
Interest on long-term investments	275.56	320.88	
Interest on fixed deposits and others	42.76	6.16	
Profit on sale of investments, net	33.09	52.82	
Surplus/(Loss) on redemption of securities, net	(6.03)	1.39	
Dividend on long-term investments	0.14	0.47	
Amortisation of premium/discount on acquisition of fixed income securities	(18.64)	(15.91)	
	326.88	365.81	
(Increase)/decrease in investment income receivable	(0.76)	(2.75)	
	326.12	363.06	
<b>Net cash from investment activities</b>	(613.31)	(627.03)	
Carried forward	2,399.70	1,012.34	

## Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	2012	2011
Brought forward	2,399.70	1,012.34
<b>III. Financing activities</b>		
i) Short term bank loan taken/(repaid)	(131.17)	134.16
ii) Cash credit from banks	(23.53)	10.55
iii) Interest expense	(22.79)	(2.39)
iv) Deferral/(repayment) of sales tax deferral liability/loan	(31.88)	36.68
v) Pre-payment of sales tax deferral liability/loan	(10.39)	(368.14)
vi) Dividend paid	(1,154.26)	(577.58)
vii) Corporate dividend tax paid	(187.77)	(96.12)
	(1,561.79)	(862.84)
Adjustment to net worth on consolidation:		
i) Foreign currency translation reserve	59.38	38.21
ii) Foreign exchange difference on paid-up capital of subsidiary	0.26	0.12
iii) Adjustment to minority interest	–	–
iv) On account of change in share of net assets of associate of subsidiary	39.79	(46.42)
	99.43	(8.09)
<b>Net cash from financing activities</b>	(1,462.36)	(870.93)
<b>Net change in cash and cash equivalents</b>	937.34	141.41
Cash and cash equivalents as at 1 April 2011	247.50	106.09
[Opening balance]		
Cash and cash equivalents as at 31 March 2012	1,184.84	247.50
[Closing balance]		
	–	–

In terms of our report of even date  
For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

J Sridhar  
Company Secretary

Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

} Directors

## Notes to consolidated financial statements for the year ended 31 March 2012

- 1 a) The consolidated financial statements include results of the subsidiaries of Bajaj Auto Ltd., consolidated in accordance with AS-21 "Consolidated Financial Statements", AS-23 "Accounting for Investment in Associates in Consolidated Financial Statements".

Name of the Company	Country of Incorporation	% Shareholding of Bajaj Auto Ltd.	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	98.94%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100.00%	Subsidiary

The consolidated financial statements of Bajaj Auto International Holdings BV include 40.87% interest in KTM PowerSports AG as an associate.

During the last year, KTM PowerSports AG, an associate company of Bajaj Auto International Holdings BV (BAIH BV) changed its accounting year from September–August to January–December. Accordingly, consolidated results of BAIH BV for last year, include the results of KTM PowerSports AG for the period of 1 December 2009 to 31 December 2010 (i.e. period of 13 months). From current year, consolidated results of BAIH BV include results of KTM PowerSports AG for the 12 months period January to December.

- b) These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.



Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 2 Share capital

	(₹ In Crore)
	<b>2012</b>
	<b>2011</b>
<b>Authorised:</b>	
300,000,000 equity shares of ₹ 10 each	300.00
	300.00
<b>Issued, subscribed and fully paid-up shares:</b>	
289,367,020 equity shares of ₹ 10 each	289.37
	289.37

### a. Reconciliation of the shares outstanding at the beginning and at the end of the year

	<b>2012</b>	<b>2011</b>
	<b>Nos.</b>	<b>₹ In Crore</b>
	<b>Nos.</b>	<b>₹ In Crore</b>
<b>Equity shares</b>		
At the beginning of the year	289,367,020	289.37
Issued during the year – Bonus issue*	–	–
Outstanding at the end of the year	289,367,020	289.37

\*Equity shares allotted as fully paid bonus shares by capitalisation of General Reserve.

### b. Further, of the above

101,183,510 equity shares were allotted as fully paid up pursuant to the scheme of arrangement for demerger of erstwhile Bajaj Auto Limited (now Bajaj Holdings & Investment Limited) by the Company on 3 April 2008.

1,805,071 equity shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 169,088 (220,134)

### c. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### d. Details of shareholders holding more than 5% shares in the company

	<b>2012</b>	<b>2011</b>
	<b>Nos.</b>	<b>% Holding</b>
	<b>Nos.</b>	<b>% Holding</b>
<b>Equity shares of ₹ 10 each fully paid</b>		
Bajaj Holdings & Investment Ltd.	91,119,000	31.49%
Jamnalal Sons Pvt. Ltd.	25,949,400	8.97%

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

### 3 Reserves and surplus

	(₹ In Crore)	
	2012	2011
<b>General Reserve</b>		
Balance as per the last financial statements	1,918.62	1,660.56
Less: Capitalised as fully paid up bonus shares	–	(144.68)
Add: Adjustments on account of change in share of net assets of associate/subsidiary	39.79	(46.42)
Add: Transferred from surplus in the statement of profit and loss	342.35	449.16
Closing Balance	2,300.76	1,918.62
<b>Hedge Reserve</b>	(339.04)	20.77
<b>Foreign exchange difference on paid-up capital of subsidiary</b>	3.56	3.30
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	2,515.48	854.99
Profit for the year	3,045.40	3,454.89
Less: Appropriations		
Transfer to general reserve	342.35	449.16
Proposed dividend	1,302.15	1,157.47
Tax on proposed dividend	211.24	187.77
Total appropriations	1,855.74	1,794.40
Balance in the statement of profit and loss	3,705.14	2,515.48
<b>Foreign currency translation reserve</b>	121.93	59.68
	5,792.35	4,517.85

### 4 Long-term borrowings

	(₹ In Crore)			
	Non-current portion		Current maturities	
	2012	2011	2012	2011
<b>Unsecured</b>				
Sales tax deferral Liability/Loan, an incentive under Package Scheme of Incentives 1983,1988,1993 and 1998 - Interest free, partially prepaid	97.48	133.88	27.55	33.42
	97.48	133.88	27.55	33.42
Amount disclosed under the head "other current liabilities" [See note 8]	–	–	(27.55)	(33.42)
	97.48	133.88	–	–

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 5 Other long-term liabilities

	(₹ In Crore)	
	2012	2011
Annuity payable to VRS optees	148.87	181.53
Trade payables	8.20	12.18
	157.07	193.71

## 6 Provisions

	(₹ In Crore)			
	Long-term		Short-term	
	2012	2011	2012	2011
<b>Provision for employee benefits</b>				
Provision for gratuity	108.62	99.83	—	—
Provision for compensated absences	—	—	40.09	37.77
Provision for welfare scheme	4.54	4.50	0.34	0.24
	113.16	104.33	40.43	38.01
<b>Other provisions</b>				
Provision for warranties	—	—	31.20	39.02
Provision for tax (net of tax paid in advance)	—	21.21	9.04	8.99
Proposed dividend	—	—	1,302.15	1,157.47
Tax on proposed dividend	—	—	211.24	187.77
Valuation losses on derivative hedging instruments	—	—	468.98	—
	—	21.21	2,022.61	1,393.25
	113.16	125.54	2,063.04	1,431.26

## 7 Short-term borrowings

	(₹ In Crore)	
	2012	2011
<b>Loans repayable on demand</b>		
<b>Secured</b>		
Cash credit facility secured by hypothecation of Stores, Raw materials, Finished goods, Stock in process and book debts of the Company, book overdraft	—	23.53
<b>Other Loans</b>		
<b>Unsecured</b>		
Foreign currency loan, from a bank as packing credit facility against exports	—	134.31
Short-term bank loan	25.44	22.30
	25.44	180.14

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 8 Other current liabilities

	(₹ In Crore)	
	2012	2011
<b>Trade payables</b>		
Dues to micro and small enterprises	11.10	10.44
Other than dues to micro and small enterprises	2,002.63	1,787.22
	2,013.73	1,797.66
<b>Other liabilities</b>		
Current maturities of long-term borrowings [See note 4]	27.55	33.42
Annuity payable to VRS optees	32.89	33.18
Advance against orders	279.00	246.46
Unclaimed matured fixed deposits and interest accrued thereon	0.01	0.02
Investor Education Protection Fund (₹ 2,323 - previous year ₹ 4,745 )		
Security deposits	10.80	8.37
Unclaimed dividend	6.08	2.87
Book overdraft	—	1.08
Other Payables	205.83	153.94
	562.16	479.34
	2,575.89	2,277.00

## 9 Fixed assets (tangible and intangible assets)

	(₹ In Crore)									
	Gross block				Depreciation				Net block	
	As at 31 March 11	Additions	Deductions/ adjustments	As at 31 March 12	As at 31 March 11	Deductions/ adjustments	For the Year	As at 31 March 12	As at 31 March 12	As at 31 March 11
<b>Tangible Assets</b>										
Land Freehold	28.00	—	—	28.00	—	—	—	—	28.00	28.00
Land Leasehold	57.62	—	0.65	56.97	—	—	—	—	56.97	57.62
Buildings	575.82	9.57	0.60	584.79	130.58	0.18	14.10	144.50	440.29	445.24
Waterpumps, Reservoirs and Mains	13.16	0.07	—	13.23	5.85	—	0.52	6.37	6.86	7.31
Plant & Machinery	1,612.48	38.76	120.57	1,530.67	1,240.80	107.71	51.51	1,184.60	346.07	371.68
Dies & Jigs	425.94	34.81	25.56	435.19	328.21	22.91	32.26	337.56	97.63	97.73
Electric Installations	67.51	1.29	(0.05)	68.85	31.03	(0.01)	2.79	33.83	35.02	36.48
Factory Equipments	241.00	10.20	1.31	249.89	98.97	1.19	11.01	108.79	141.10	142.03
Furniture	27.65	1.44	5.12	23.97	13.72	4.98	1.87	10.61	13.36	13.93
Office Equipments	30.37	1.70	3.58	28.49	12.40	3.16	1.43	10.67	17.82	17.97
Electric Fittings	18.66	2.92	(0.02)	21.60	7.56	(0.01)	0.85	8.42	13.18	11.10
Vehicles & Aircraft	300.21	66.86	6.14	360.93	46.93	2.21	29.22	73.94	286.99	253.28
<b>Total tangible assets</b>	<b>3,398.42</b>	<b>167.62</b>	<b>163.46</b>	<b>3,402.58</b>	<b>1,916.05</b>	<b>142.32</b>	<b>145.56</b>	<b>1,919.29</b>	<b>1,483.29</b>	1,482.37
Previous year total	3,385.50	173.37	160.45	3,398.42	1,902.16	110.00	123.89	1,916.05	1,482.37	
<b>Intangible assets</b>										
Technical know-how	4.28	—	2.14	2.14	—	—	—	—	2.14	
Previous year total	—	6.42	2.14	4.28	—	—	—	—	4.28	

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 10 Investments

	(₹ In Crore)			
	Non-current portion		Current maturities	
	2012	2011	2012	2011
In Investment Property	63.62	–	–	–
In Government and Trust Securities	5.16	108.84	–	–
In Equity Shares				
Long Term: Associate Company	608.82	439.95	–	–
Others	0.57	0.57	–	–
In Debentures and Secured Premium Notes	573.58	349.26	148.53	88.43
In Bonds	2,024.19	2,630.56	353.38	70.39
In Mutual Fund Units	105.00	–	34.00	30.00
In Certificate of Deposits	–	–	560.78	498.09
Purchase of Equity Option	3.56	3.33	–	–
	3,384.50	3,532.51	1,096.69	686.91
Less: Provision for diminution in value of Investments	8.32	8.42	0.09	0.08
	3,376.18	3,524.09	1,096.60	686.83

## 11 Loans and advances

(Unsecured, good, unless stated otherwise)

	(₹ In Crore)			
	Long-term		Short-term	
	2012	2011	2012	2011
<b>Capital advances</b>	331.38	79.48	–	–
<b>Security deposits</b>	28.69	29.03	0.79	–
<b>Loan and advances to related parties</b>	–	–	–	–
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	46.43	58.20	76.50	34.41
Doubtful	3.47	3.02	–	–
	49.90	61.22	76.50	34.41
Provision for doubtful advances	3.47	3.02	–	–
	46.43	58.20	76.50	34.41
<b>Other loans and advances</b>				
VAT refund receivable	–	–	824.24	883.66
Excise duty rebate receivable on export	–	–	106.52	56.68
Advance income tax (net of provision for tax)	150.89	27.17	0.96	1.95
Loans to former employees	3.44	14.76	11.31	13.71
Balances with Central Excise Department	19.07	19.07	26.30	7.16
	173.40	61.00	969.33	963.16
	579.90	227.71	1,046.62	997.57

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 12 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2012	2011	2012	2011
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Good	0.41	0.63	–	–
Doubtful	3.16	3.96	–	–
	3.57	4.59	–	–
Provision for doubtful receivable	3.16	3.96	–	–
	0.41	0.63	–	–
<b>Others, Good</b>	–	–	401.93	338.74
	0.41	0.63	401.93	338.74
Amount disclosed under the head “other non-current assets” [See note 13]	(0.41)	(0.63)	–	–
	–	–	401.93	338.74

## 13 Other assets

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2012	2011	2012	2011
Long term trade receivables [See note 12]	0.41	0.63	–	–
Non-current bank balances [See note 15]	1.02	401.00	–	–
	1.43	401.63	–	–
<b>Others</b>				
Interest receivable on investments (₹ 5,247 - previous year ₹ 7,050)				
Interest receivable on loans, deposits etc.	–	–	3.85	3.08
Export incentives receivable				
Unsecured considered good	–	0.14	291.74	192.43
Doubtful	9.46	1.38	–	–
	9.46	1.52	291.74	192.43
Provision for doubtful export incentives	9.46	1.38	–	–
	–	0.14	291.74	192.43
Valuation gains on derivative hedging instruments	–	–	–	20.77
	–	0.14	295.59	216.28
	1.43	401.77	295.59	216.28



Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 14 Inventories

	(₹ In Crore)	
	2012	2011
Raw materials and components (includes in transit ₹ 24.79 crore (previous year: ₹ 14.96 crore))	232.41	190.90
Work-in-progress	26.67	26.20
Finished goods		
Vehicles	287.76	252.83
Auto spare parts (manufactured)	17.26	10.42
Auto spare parts (traded)	122.03	78.62
Stores, spares and packing material	11.93	10.23
Loose tools	5.55	7.05
	703.61	576.25

### Details of inventory

	(₹ In Crore)	
	2012	2011
<b>Raw materials and components</b>		
Ferrous metal	6.05	10.62
Non-ferrous metal	1.46	1.41
Components	199.87	146.89
Tyres and tubes	22.50	26.06
Others	2.53	5.92
	232.41	190.90
<b>Work-in-progress</b>		
Vehicles	0.75	4.88
Factory made components	25.92	21.32
	26.67	26.20
<b>Finished goods</b>		
Vehicles	287.76	252.83
Auto spare parts (manufactured)	17.26	10.42
Auto spare parts (traded)	122.03	78.62
	427.05	341.87

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 15 Cash and bank balances

			(₹ In Crore)	
	Non-current		Current	
	2012	2011	2012	2011
<b>Cash and cash equivalents</b>				
<b>Balances with banks</b>				
On current accounts	–	–	445.32	171.12
On unclaimed dividend account	–	–	6.08	2.87
<b>Cash on hand</b>	–	–	0.08	0.11
<b>Cash equivalents</b>				
Cheques/drafts on hand	–	–	–	0.11
Certificate of Deposits with maturity of less than 3 months from date of acquisition	–	–	733.36	73.29
	–	–	1,184.84	247.50
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	0.02	400.00	475.00	0.02
Margin money deposit	1.00	1.00	–	0.02
	1.02	401.00	475.00	0.04
Amount disclosed under non-current assets [See note 13]	(1.02)	(401.00)	–	–
	–	–	1,659.84	247.54

## 16 Revenue from operations

	(₹ In Crore)	
	2012	2011
<b>Revenue from operations</b>		
<b>Sale of products</b>	19,892.28	16,860.81
Less: Excise duty on sale of products	946.76	933.41
<b>Net sales</b>	18,945.52	15,927.40
<b>Other operating revenue</b>		
Scrap sales	57.51	46.71
Export incentives	564.24	443.53
Royalty	27.08	11.45
Technical know-how fees	0.30	–
	649.13	501.69
	19,594.65	16,429.09

## Details of products sold

	(₹ In Crore)	
	2012	2011
<b>Sale of products</b>		
Vehicles	18,490.48	15,709.68
Auto spare parts (manufactured)	193.00	205.24
Auto spare parts (traded)	1,208.80	945.89
	19,892.28	16,860.81

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 17 Other income

	(₹ In Crore)	
	2012	2011
<b>Investment income</b>		
Interest income on		
Bank deposits	42.76	5.18
Long-term investments	275.56	320.88
Others	—	0.98
Less: Amortisation of premium/(discount) on acquisition of fixed income securities	18.64	15.91
	299.68	311.13
Dividend income on		
Long-term investments	0.14	0.47
Profit on sale of investments, net*	33.09	52.82
Surplus on redemption of securities, net*	—	1.39
	332.91	365.81
<b>Others</b>		
Interest - others	23.50	21.91
Rent	3.44	0.58
Insurance claims	0.90	2.62
Miscellaneous receipts	27.57	26.21
Surplus on sale of assets	9.65	9.37
Sundry credit balances appropriated	0.57	0.74
Provision for doubtful debts and advances written back	1.86	2.22
Less: Write backs on account of amounts written off during the year, as per contra	1.60	1.71
	0.26	0.51
Provision no longer required	47.76	47.11
Net gain on foreign currency transaction	160.05	104.10
	273.70	213.15
	606.61	578.96

\* Including on current investments ₹ 36.85 crore (previous year ₹ 49.08 crore)

## 18 Cost of raw material and components consumed

	(₹ In Crore)	
	2012	2011
Ferrous metal	108.31	82.36
Non-ferrous metal	0.68	4.77
Components	12,610.07	10,668.66
Tyres and tubes	673.24	514.28
Others	62.36	57.28
	13,454.66	11,327.35

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 19 Purchase of traded goods

	(₹ In Crore)	
	2012	2011
Auto spare parts	757.01	574.00
	757.01	574.00

## 20 (Increase)/decrease in inventories

	(₹ In Crore)		
	2012	2011	(Increase)/decrease
<b>Inventories at the end of the year</b>			
Work-in-progress	26.67	26.20	(0.47)
Finished goods			
Vehicles	287.76	252.83	(34.93)
Auto spare parts (manufactured)	17.26	10.42	(6.84)
Auto spare parts (traded)	122.03	78.62	(43.41)
	453.72	368.07	(85.65)
<b>Inventories at the beginning of the year</b>			
Work-in-progress	26.20	31.03	4.83
Finished goods			
Vehicles	252.83	167.37	(85.46)
Auto spare parts (manufactured)	10.42	6.37	(4.05)
Auto spare parts (traded)	78.62	65.11	(13.51)
	368.07	269.88	(98.19)
	(85.65)	(98.19)	

## 21 Employee benefits expense

	(₹ In Crore)	
	2012	2011
Salaries, wages and bonus to employees	431.95	378.51
Remuneration to whole time directors	24.72	16.80
Contribution to provident and other funds	49.63	61.57
Staff welfare expenses	43.88	44.65
	550.18	501.53

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 22 Finance costs

	(₹ In Crore)	
	2012	2011
Interest	22.79	2.39
	22.79	2.39

## 23 Other expenses

	(₹ In Crore)	
	2012	2011
Stores and tools consumed	110.84	85.24
Power, fuel and water	102.09	86.79
Excise duty on increase/(decrease) in stocks of finished goods	12.33	1.30
Rent	13.46	14.19
Repairs to buildings	23.99	18.30
Repairs to machinery	73.77	59.56
Other repairs	5.11	2.87
Insurance	2.80	2.50
Rates and taxes	3.42	6.34
Payment to auditor	1.20	0.87
Directors' fees and travelling expenses	0.24	0.25
Commission to Non Executive Directors	0.93	0.75
Travelling expenses	26.12	25.04
Miscellaneous expenses	181.73	132.61
Sales tax/VAT expenses	12.55	21.47
Packing material consumed	274.25	210.49
Freight and forwarding expenses	50.44	42.91
Advertisement	160.68	83.06
Vehicle service charges and other expenses	91.32	88.48
Commission and discount	37.56	40.06
Incentives and sales promotion	36.72	25.31
Donations	10.00	10.92
Bad debts and other irrecoverable debit balances written off	1.70	1.74
Less: Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	1.60	1.71
	0.10	0.03
Loss on assets sold,demolished,discarded and scrapped	7.49	20.12
Provision for doubtful debts and advances	9.95	0.34
Amount amortised/written off against technical know-how	2.14	2.14
Amount written off against leasehold land	0.65	0.65
Loss on redemption of securities, net	6.03	—
	1,257.91	982.59

Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

## 24 Exceptional items

	(₹ In Crore)	
	2012	2011
Valuation losses on derivative hedging instruments	(134.00)	–
Surplus on pre-payment of sales tax deferral liability/loan	–	826.82
	(134.00)	826.82

**25** Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

**26** The accounting policies of the parent are best viewed in its independent financial statements, note 1. Differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

**27** Consolidated contingent liability is same as contingent liability of stand alone Bajaj Auto Limited.

**28** Consolidated capital commitments are same as capital commitments of stand alone Bajaj Auto Limited.

**29** Consolidated related party transactions are same as related party transactions of stand alone Bajaj Auto Limited.

## 30 Deferred taxes

	(₹ In Crore)	
	2012	2011
Liabilities	206.34	197.70
Assets	196.93	204.89
<b>Net</b>	<b>9.41</b>	<b>(7.19)</b>



Notes to consolidated financial statements for the year ended 31 March 2012 (Contd.)

### 31 Additional financial information

Statement of additional financial information, directed to be disclosed as a condition put forth by the Ministry of Corporate Affairs for grant of exemption from the applicability of section 212(1) of the Companies Act, 1956, is given below:

Financial information of subsidiaries for the year ended 31 March 2012

	<b>P.T Bajaj Auto Indonesia</b>	<b>Bajaj Auto International Holdings BV. (Consolidated)</b>
a. Paid up share capital	152.94	1,116.59
b. Share premium	–	–
Other reserves	(137.14)	(67.95)
c. Total assets	81.03	1,048.67
d. Total liabilities	81.03	1,048.67
e. Investments*	–	612.38
f. Turnover	146.22	–
g. Profit before tax	(12.21)	54.36
h. Provision for tax	0.76	–
i. Profit after tax	(12.97)	54.36
j. Proposed Dividend	–	–

Closing exchange rates:

1 Euro = ₹ 67.8675

1 USD = Indonesian Rupiah 9180

1 USD = ₹ 50.875

\*For details of investments refer note 10.

### 32 Previous year figures

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

### 33 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

In terms of our report of even date  
For Dalal and Shah  
Firm Registration Number: 102021W  
Chartered Accountants

Anish P Amin  
Partner  
Membership Number: 40451  
Pune: 17 May 2012

J Sridhar  
Company Secretary

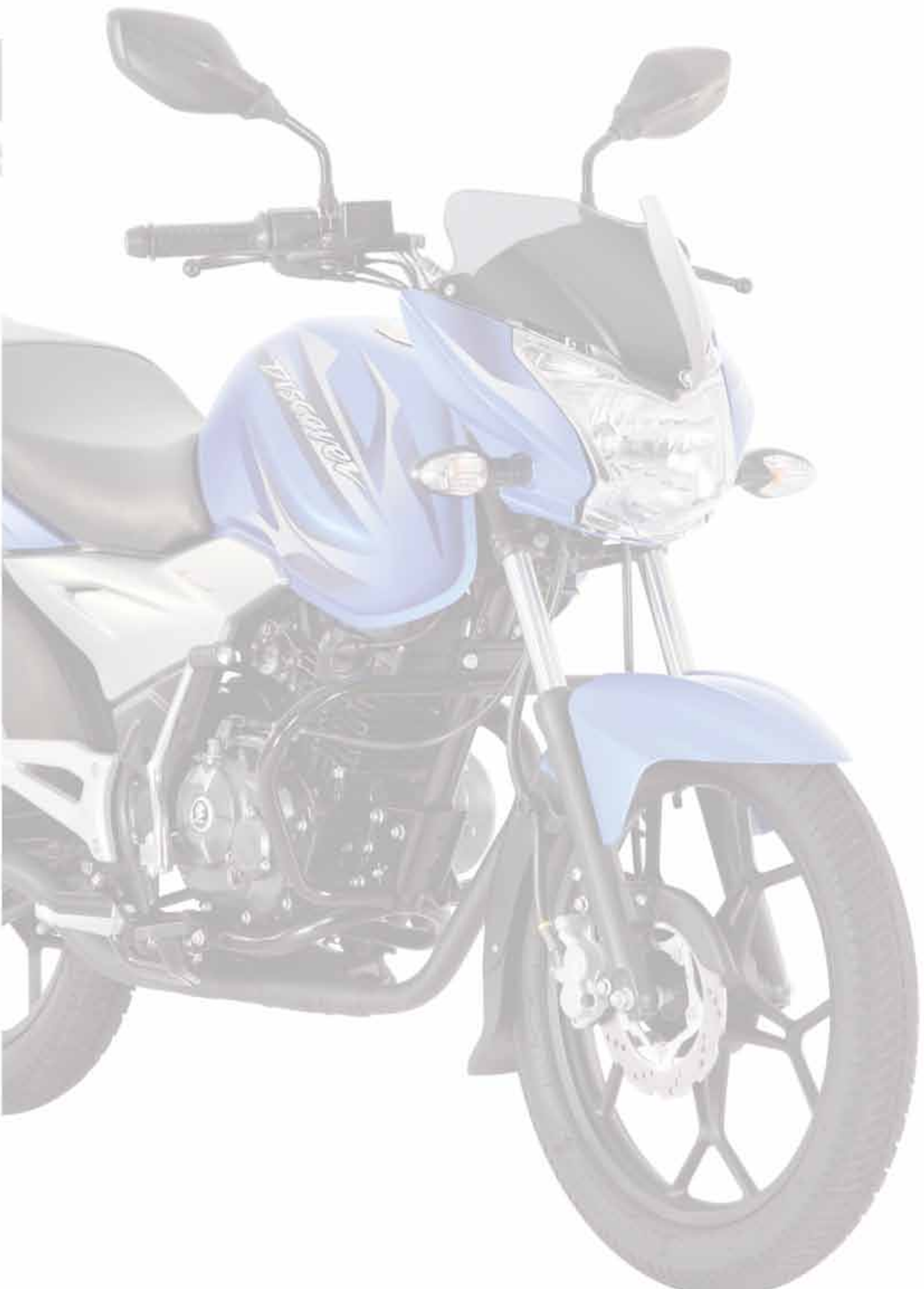
Rahul Bajaj  
Madhur Bajaj  
Rajiv Bajaj

Sanjiv Bajaj  
D S Mehta  
Kantikumar R Podar  
D J Balaji Rao  
S H Khan  
Suman Kirloskar

Chairman  
Vice Chairman  
Managing Director

Naresh Chandra  
Nanoo Pamnani  
Manish Kejriwal  
P Murari  
Niraj Bajaj

} Directors





**Bajaj Auto Limited**  
Akurdi Pune 411 035 India  
[www.bajajauto.com](http://www.bajajauto.com)



**BAJAJ**

**Bajaj Auto Limited**

Regd. Office:  
Bajaj Auto Limited Complex,  
Mumbai-Pune Road,  
Akurdi, Pune 411 035

## NOTICE

Notice is hereby given that the fifth annual general meeting of the shareholders of Bajaj Auto Limited will be held on Wednesday, 18 July 2012 at 11.30 a.m. at the registered office of the company at Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 to transact the following business:

- 1 To consider and adopt the audited balance sheet as at 31 March 2012 and the profit and loss account for the year ended 31 March 2012 and the directors' and auditors' reports thereon.
- 2 To declare a dividend.
- 3 To appoint a director in place of D S Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint a director in place of Kantikumar R Podar, who retires by rotation and being eligible, offers himself for re-appointment.
- 5 To appoint a director in place of Shekhar Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
- 6 To appoint a director in place of D J Balaji Rao, who retires by rotation and being eligible, offers himself for re-appointment.
- 7 To appoint auditors of the company for the period commencing from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

By order of the board of directors  
for Bajaj Auto Limited

**J Sridhar**  
Company Secretary  
Date: 17 May 2012

## NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- 2 Brief details of the directors, who are being re-appointed are annexed hereto as per requirements of clause 49 of the listing agreement.
- 3 The register of members and share transfer books of the company will remain closed from Saturday, 7 July 2012 to Wednesday, 18 July 2012, both days inclusive.
- 4 Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched between 23 July 2012 to 25 July 2012:
  - a) to all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the end-of-the-day on Friday, 6 July 2012, and
  - b) to all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the company before the closing hours on Friday, 6 July 2012.
- 5 Members holding shares in physical form are advised to furnish, on or before 7 July 2012, particulars of their bank account, if changed, to the share transfer agent (i.e. Karvy Computershare Pvt. Ltd.) of the company to incorporate the same in the dividend warrants/payment instruments. In cases where the payments to the shareholders holding shares in dematerialised form are made by dividend warrants/payment instruments, particulars of bank account registered with their depository participants will be considered by the company for printing the same on the dividend warrants/payment instruments.
- 6 Shareholders, holding shares in physical form, are requested to notify change of address, if any, to the share transfer agent (i.e. Karvy Computershare Pvt. Ltd.) of the company, preferably along with their bank/National Electronic Clearing Service (NECS) details on or before 7 July 2012. Beneficial owners holding shares in electronic form are requested to notify any change in address, bank particulars, NECS particulars etc. to their respective depository participants and make sure that such changes are recorded by them correctly on or before 7 July 2012.

Dividend will be preferably paid through NECS, wherever the facility is available. Where dividend payments are made through NECS, intimations regarding such remittances would be sent separately to the shareholders. In cases where the dividends cannot be paid through NECS, the same will be paid by account payee/not negotiable instruments.
- 7 The company has been maintaining, inter alia, the following statutory registers at its registered office at Akurdi, Pune, which are open for inspection of members and others as prescribed in the respective sections of the Companies Act, 1956 as specified below:
  - i) Register of contracts with companies and firms in which directors are interested under section 301 of the Companies Act, 1956 on all working days during business hours.
  - ii) Register of directors' shareholdings under section 307 of the Companies Act, 1956 on all working days during business hours during the period beginning fourteen days before the date of annual general meeting and ending three days after the date of its conclusion.
8. Corporate members are requested to send in advance duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend and vote at the annual general meeting.
9. Members/Proxies are requested to bring their attendance slips along with the copies of annual reports to the meeting.
10. For security reasons, no article/baggage will be allowed at the venue of the meeting.
11. To receive faster communication of all shareholder communications, including annual reports, the shareholders are requested to kindly register/update their e-mail address with their respective depository participant, where shares are held in electronic form. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with M/s Karvy Computershare Private Limited, Hyderabad.

## **ANNEXURE TO THE NOTICE**

### **BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

#### **Item No. 3 of the Notice**

##### **D S Mehta**

As regards reappointment of D S Mehta referred to in item no. 3 of the notice, following necessary disclosures are made for the information of the shareholders:

Brief profile of D S Mehta is given below:

Dhirajlal Shantilal Mehta (b. April 27, 1936) is B Com (Hons) from Bombay University, Fellow Member of Institute of Chartered Accountants of India and Fellow Member of Institute of Company Secretaries of India.

He has around 5 decades' experience in corporate law, taxation, finance and investment.

He is the President of Kasturba Health Society, which runs Mahatma Gandhi Institute of Medical Sciences and Kasturba Hospital at Sevagram Wardha, a 780-bed hospital and a full-fledged medical college with excellent research facility and also with a 20-bed hospital in tribal area of Melghat.

He is the Chairman of Kasturba Gandhi National Memorial Trust, Indore, for the welfare and upliftment of rural women and children with more than 450 centres spread over 23 States all over the country established by Gandhiji himself.

He is the President of Shivananda Mission, which runs a well-equipped hospital at Virnagar, Rajkot, conducts eye-camps and has so far carried out more than 600,000 operations.

He is Trustee of Saurashtra Trust, which owns and publishes leading Gujarati newspapers, Janmabhoomi, Vypar etc.

He is a Trustee of Gujarat Vidyapith, Ahmedabad.

He is a Member of the Governing Council of Gandhi Peace Foundation.

He has served on several Committees of SEBI, CII, FICCI and Government of India.

He has actively participated in the J.P. Movement during Emergency.

##### **Major Directorships**

Bajaj Auto Ltd.

Bajaj Finance Ltd.

Bajaj Hindusthan Ltd.

Mukand Ltd.

Niche Financial Services Pvt. Ltd.

##### **Committee positions**

Bajaj Finance Ltd.

Bajaj Hindusthan Ltd.

Mukand Ltd.

##### **Shareholding in the company**

D S Mehta holds 15,980 equity shares of ₹ 10 each in the company.

The board commends the resolution for your approval.

None of the directors, except D S Mehta is concerned or interested in the said resolution.



## Item No. 4 of the Notice

### Kantikumar R Podar

As regards reappointment of Kantikumar R Podar referred to in item No 4 of the notice, following necessary disclosures are made for the information of the shareholders:

Brief profile of Kantikumar R Podar is given below:

Kantikumar R Podar, (b. April 12, 1935) graduated from Sydenham College of Commerce and Economics, Mumbai. He has been in the forefront of Indian Business and Industry.

He was president of the SAARC Chamber of Commerce and Industry with headquarters in Pakistan.

#### He has been chairman/president of:

- The Federation of Indian Chambers of Commerce and Industry (FICCI).
- The Indian Cotton Mills' Federation (ICMF).
- Indian Merchants Chamber (IMC).
- All India Organisation of Employers (AIOE)

He was also a Member of the Senate of the University of Bombay for six years. He has been Chairman of many Joint Business Councils and Members of many Trade and Industry bodies. A young achiever, in 1974, he was appointed Sheriff of Mumbai, the youngest occupant of this prestigious office.

#### Major directorships

Ceat Ltd.

Pittie Laminations Ltd.

Podar Infotech & Entertainment Ltd.

Premier Consultants and Traders Ltd.

#### Committee positions

Nil

#### Shareholding in the company

Nil

The board commends the resolution for your approval.

None of the directors, except Kantikumar R Podar is concerned or interested in the said resolution.

## Item No. 5 of the Notice

### Shekhar Bajaj

As regards reappointment of Shekhar Bajaj referred to in item No 5 of the notice, following necessary disclosures are made for the information of the shareholders:

Shekhar Bajaj (b. June 8, 1948) is an honours graduate in science from Pune University with an MBA from New York University. He started his career as a resident director of Bajaj Sevashram Ltd. in Udaipur in 1968.

He has been running Bajaj Electricals Ltd. right from 1980, when he became its chief executive and four years later, its managing director. Since 1990, he has been its chairman and managing director. This company is a leading manufacturing and marketing enterprise in the electrical and brown goods appliances segment.

He has been the past President of Associated Chamber of Commerce and Industry of India (ASSOCHAM), Indian Merchants Chamber (IMC), Electric Lamp & Components Manufacturers Association (ELCOMA), Indian Fans Manufacturers Association (IFMA) and other associations.

**Major directorships:**

**Chairmanships**

Bajaj Electricals Limited - Chairman & Managing Director  
Bajaj Ventures Limited  
Hercules Hoists Limited  
Hind Lamps Limited  
Hind Musafir Agency Ltd.  
Starlite Lighting Ltd.

**Committee positions**

Nil

**Shareholding in the company**

Shekhar Bajaj holds 503,880 equity shares of ₹ 10 each in the company.

The board commends the resolution for your approval.

None of the directors, except Madhur Bajaj and Niraj Bajaj, being relatives of Shekhar Bajaj and Shekhar Bajaj himself is concerned or interested in the said resolution.

**Item No. 6 of the Notice**

**D J Balaji Rao**

As regards reappointment of D J Balaji Rao referred to in item No 6 of the notice, following necessary disclosures are made for the information of the shareholders:

D. J. Balaji Rao (b. December 15, 1939), is a Mechanical Engineer and holds a post-graduate Diploma in Industrial Engineering. He attended the advanced management programme at the European Institute of Business Administration (INSEAD) at Fountainebleau, France in 1990.

He was the Deputy Managing Director of erstwhile The Industrial Credit and Investment Corporation of India Ltd. (ICICI) and in April 1996, he was made Vice Chairman and Managing Director of SCICI Ltd. In June 1997, he was appointed as the first Managing Director of Infrastructure Development Finance Company Limited., which he served till his superannuation in January, 2000. He has served with distinction on the boards of many leading companies, including MICO Ltd., Wipro Ltd. and Bharat Forge.

**Major Directorships**

3M India Limited - Chairman  
Ashok Leyland Limited  
Bajaj Finance Ltd.  
Bajaj Finserv Limited  
Bajaj Holdings & Investment Limited  
CMI FPE Ltd.  
Graphite India Limited  
Hinduja Foundries Limited  
JSW Energy Limited

**Committee positions**

3M India Limited  
Ashok Leyland Limited  
Bajaj Finserv Limited  
CMI FPE Ltd.  
Hinduja Foundries Limited  
JSW Energy Limited

**Shareholding in the company**

Nil

The board commends the resolution for your approval.

None of the directors, except D J Balaji Rao is concerned or interested in the said resolution.

By order of the board of directors  
for Bajaj Auto Limited

A handwritten signature in black ink, appearing to read 'J Sridhar', with a stylized, flowing script.

**J Sridhar**  
Company Secretary  
Date: 17 May 2012





**BAJAJ**

**Bajaj Auto Limited**

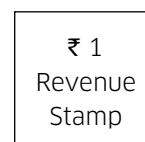
Regd. Office:  
Bajaj Auto Limited Complex,  
Mumbai-Pune Road,  
Akurdi, Pune 411 035

## PROXY

I/We ..... of .....  
..... in the district of ..... being member/s of  
BAJAJ AUTO LIMITED hereby appoint .....  
of ..... in the district of ..... or failing him  
..... of ..... in the district of .....  
as my/our proxy to vote for me/us on my/our behalf at the fifth annual general meeting of the company to be held  
on Wednesday, 18 July 2012 at 11.30 a.m. and any adjournment thereof.

Signed this ..... day of ..... 2012.

Folio No.
DP ID No.
Client ID No.



Signature.....

### NOTE:

The proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.

Members who have multiple folios/demat accounts with different joint-holders may use copies of this proxy form.

----- ✂ ----- ✂ -----



**BAJAJ**

**Bajaj Auto Limited**

Regd. Office:  
Bajaj Auto Limited Complex,  
Mumbai-Pune Road,  
Akurdi, Pune 411 035

## ATTENDANCE SLIP

**(To be filled in and handed over at the entrance of the meeting hall)**

I hereby record my presence at the FIFTH ANNUAL GENERAL MEETING of the Company on Wednesday, 18 July 2012 at 11.30 a.m. at the registered office of the Company at Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune- 411035.

Folio No or Client ID & DP ID No. ....

Full Name of the \* Shareholder/proxy  
(in block letters)

\*Strike out whichever is not applicable

Signature of \*Shareholder/proxy

E-mail ID: .....

**NOTE:** Members who have multiple folios/demat accounts with different joint-holders may use copies of this attendance slip.