



Consumer Durable
Financing

Personal &
Small Business
Loans

Mortgages



Construction
Equipment
Financing



Loan Against
Securities



Two - Wheeler
Financing



Infrastructure
Financing



CONTENTS

Corporate Information	2
Directors' Report	3
Management Discussion and Analysis	8
Corporate Governance	12
General Shareholder Information	17
Report on Corporate Social Responsibility	20
M RTP Disclosure	24
Auditors' Report	26
Balance Sheet and Profit & Loss Account	30

Corporate Information

Board of Directors

Rahul Bajaj
Chairman

Nanoo Pamnani
Vice Chairman

Madhur Bajaj

Rajiv Bajaj

Sanjiv Bajaj

D S Mehta

D J Balaji Rao

Dipak Poddar

Ranjan Sanghi

Rajendra Lakhotia

Chief Executive Officer

Rajeev Jain

Company Secretary

Anant Damle

Auditors

Dalal & Shah
Chartered Accountants

Bankers

Central Bank of India
State Bank of India
IDBI Bank Limited
Syndicate Bank
Bank of India

Debenture Trustee

GDA Trustee & Consultancy Ltd.

Registrar & Transfer Agent

Karvy Computershare Private Limited
Plot No.17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad – 500 081

Registered Office

Mumbai-Pune Road,
Akurdi, Pune 411 035

Corporate Office

4th Floor, Bajaj Finserv Corporate Office
Off Pune-Ahmednagar Road,
Viman Nagar, Pune – 411 014

24th Annual General Meeting
on Wednesday, 13 July 2011 at 12 noon
at the Registered Office of the Company

Directors' Report

The Directors present their Twenty Fourth Annual Report and the Audited Statement of Accounts for the year ended 31 March 2011.

Business Performance

The gross deployment of the Company for the year 2010-11 were ₹ 9,435 Crores as against ₹ 4,585 Crores for the year 2009-10.

Deployment	₹ in Crores		
	2010-11	2009-10	% change
Two & Three Wheelers	2,034	1,364	49%
Consumer Durables	2,262	1,037	118%
Mortgages	1,672	1,067	57%
Vendor Financing	1,346	149	803%
Other assets	389	165	136%
Construction Equipment	694	-	-
Small Business Loans and Personal Loan Cross sell	1,038	803	29%
Total	9,435	4,585	106%

Financial Results

Particulars	₹ in Crores	
	2010-11	2009-10
Income from Operations	1,392.33	910.06
Other Income	13.80	6.10
Total	1,406.13	916.16
Expenses	441.79	311.97
Loan losses and Provisions	204.61	260.58
Interest and Finance Charges	377.95	201.67
Depreciation	11.86	7.64
Total Expenditure	1,036.21	781.86
Profit before Taxation	369.92	134.30
Provision for Taxation	123.29	44.90
Profit for the year after Taxation	246.63	89.40
Prior period adjustments relating to earlier years	0.33	0.01
Profit for the year after Taxation and prior period adjustments	246.96	89.41
Balance brought forward from previous year	85.25	0.40
Transfer from Debenture Redemption Reserve	-	48.05
Profit available for appropriations	332.21	137.86
Appropriations:		
Transfer to Reserve Fund	(49.50)	(18.00)
Transfer to General Reserve	(25.00)	(9.00)
Provision for Proposed Dividend	(36.63)	(21.96)
Provision for Dividend Tax	(5.94)	(3.65)
Balance carried to Balance Sheet	215.14	85.25

Dividend

The Directors recommend for the consideration of the shareholders at the ensuing Annual General Meeting, payment of dividend of ₹ 10 per share (100 percent) for the year ended 31 March 2011. The amount of dividend and tax thereon aggregates to ₹ 42.57 Crores.

Dividend paid for the year ended 31 March 2010 was ₹ 6 per share (60 percent). The amount of dividend and tax thereon aggregated to ₹ 25.61 Crores.

Change in the name and status of the Company

Name of the Company has changed from 'Bajaj Auto Finance Limited' to 'Bajaj Finance Limited' consequent to the fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Pune w.e.f. 6 September 2010.

The Company has become a subsidiary of Bajaj Finserv Limited w.e.f. 5 July 2010.

Working Results

The Company, during the year 2010-11, deployed a total amount of ₹ 9,435 Crores under various products. As against this, during the previous year 2009-10, the total amount deployed was ₹ 4,585 Crores.

The receivables under financing as on 31 March 2011 were ₹ 7,270 Crores as compared to ₹ 4,032 Crores as on 31 March 2010.

Total income during 2010-11 increased to ₹ 1,406 Crores from ₹ 916 Crores during 2009-10.

The profit before tax for the year was at ₹ 370 Crores, as against ₹ 134 Crores in the previous year. The profit after tax for the year was ₹ 247 Crores as compared to ₹ 89 Crores in the previous year. This has been due to improvement in net interest margins across businesses, contribution from new lines of businesses, third party fee products distribution and various re-engineering initiatives.

The Company's current provisioning standards are more stringent than RBI prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the Reserve Bank of India regulation by accelerating the provisioning to an early stage of delinquencies based on the past experience and emerging trends. Consequently, the additional estimated provision aggregates ₹ 39 Crores for the year.

The Company had an excellent year aided by strong volume growth in Consumer and Small & Medium Enterprise business lines. During the year, the Company launched three new product lines viz. Construction equipment finance, Retail loans against securities and Home loans. Its investments over the last three years in people, processes and technology have begun to yield

operating leverage benefits resulting in improvement in margins. Portfolio quality, aided by a good macro-economic environment is robust. Recent acquisitions across products are performing significantly better than earlier.

Operations

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

Conservation of Energy and Technology Absorption

The Company, being a Non-Banking Financial Company, does not have any manufacturing activity. The Directors, therefore, have nothing to report on "Conservation of Energy and Technology Absorption".

Foreign Currency

Foreign currency expenditure amounting to ₹ 1.27 Crores (previous year ₹ 0.45 Crore) was incurred during the year under review. The Company did not have any foreign exchange earnings.

Employee Stock Option Scheme

Details required to be provided under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this report.

Fixed Deposits

During the year under review, the Company renewed fixed deposits of ₹ 0.30 Crore. Public Deposits outstanding at the year end were ₹ 1.75 Crores and the number of depositors were 616. At the end of the financial year under review, there were 71 deposits aggregating ₹ 0.13 Crores which matured but remained unclaimed as on that date. The Company had written to these depositors and as on date, a deposit of ₹ 5,000/- has been repaid.

Credit Rating

Despite a tough economic environment, the Company managed to retain all its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset-liability management.

CRISIL has re-affirmed the highest rating of "FAAA/Stable" for the Fixed Deposit programme of the Company. This rating indicates very strong degree of safety with regard to timely payment of interest and principal. The Company is one of the very few Non-Banking Financial Companies (NBFCs) which enjoy the highest rating.

The Company also enjoys the highest rating of "P1+" from CRISIL and "A1+" from ICRA for Short Term Debt programme. The Long Term Non-Convertible Debentures have been assigned "AA+/Stable" rating by CRISIL indicating high degree of safety

with regard to timely payment of interest and principal and high credit quality rating of "LAA+" with stable outlook by ICRA. The Company has also been assigned "AA+/Stable" rating by CRISIL and "LAA+" with stable outlook by ICRA for ₹ 400 Crores Lower Tier II Bond programme.

As regards the latest Bank Loan Ratings for the bank facilities stipulated by RBI, as a part of BASEL II guidelines, CRISIL has assigned "AA+/Stable" rating for the Company's Cash Credit/ Working Capital Demand Loan amounting to ₹ 1,035 Crores and Long Term Bank facilities amounting to ₹ 2,515 Crores and "P1+" rating for the Short Term Bank facilities amounting to ₹ 950 Crores.

RBI Guidelines

The Company continues to fulfill all the norms and standards laid down by the Reserve Bank of India (RBI) pertaining to non-performing assets, capital adequacy, statutory liquidity ratio etc. As against the RBI norm of 12%, the capital adequacy ratio of the Company is 20%.

In line with the RBI guidelines for Asset-Liability Management (ALM) system for NBFCs, the Company has an Asset-Liability Committee which meets periodically to review its ALM risks and opportunities.

Upon change of name of the Company, Reserve Bank of India (RBI) has issued a fresh Certificate of Registration in the name of Bajaj Finance Limited w.e.f. 5 October 2010. The RBI has also changed classification of the Company from 'Asset Finance Company' to a 'Loan Company'.

Corporate Social Responsibility

During the year 2010-11, Bajaj Group continued its Corporate Social Responsibility initiative in various fields. Activities in this area are set out in greater detail in the Corporate Social Responsibility Report.

Directors

Rahul Bajaj, Madhur Bajaj and Sanjiv Bajaj, Directors, retire from the Board by rotation this year and being eligible, offer themselves for re-appointment.

The information on the particulars of Directors seeking re-appointment as required under Clause 49 of the Listing Agreement with the Stock Exchanges has been given in the notice of Annual General Meeting.

Appointment of Manager under the Companies Act, 1956

Subject to the approval of the shareholders, the Board of Directors have re-appointed Rajeev Jain, as Manager under the Companies Act, 1956 with the designation Chief Executive Officer (CEO), for a further period of five years with effect from 1 April 2011, on the terms of remuneration set out in the resolution in the notice of the ensuing Annual General Meeting. The resolution is commended for approval of the shareholders at the Annual General Meeting.

Directors' Responsibility Statement

In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

Statutory Disclosures

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

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

Certificate from auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to this report.

Disclosures as prescribed by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other NBFC regulations have been made in this Annual Report.

A Cash Flow Statement for the year 2010-11 is attached to the Balance Sheet.

Corporate Governance

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

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2010-11. 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.

Group

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

Auditors' Report

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

Auditors

The Directors recommend the appointment of Dalal & 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.

The Company has obtained a certificate from Dalal & Shah, Chartered Accountants, Mumbai to the effect that their re-appointment as auditors of the Company if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Acknowledgement

The Board of Directors takes this opportunity to express their sincere appreciation for the support and the co-operation from the banks, financial Institutions and the debenture trustees.

The Board of Directors also put on record their sincere appreciation of the hard work and commitment put in by the management and employees of the Company and thank them for another good year for the Company.

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune: 17 May 2011

Annexure to the Directors' Report

Disclosure pursuant to the provisions of SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999, as on 31 March 2011

1. Options granted	458750		
2. Pricing formula	Closing market price one day prior to the date of Grant on the stock exchange with the highest trading volume subject to the condition that exercise price will not be less than the face value of the shares		
3. Options vested	33000		
4. Options exercised (as on 31 March 2011)	1250		
5. Total number of shares arising as a result of exercise of options	1250		
6. Options lapsed (as on 31 March 2011)	8750		
7. Variation of terms of options	N.A		
8. Money realized by exercise of options	₹ 4,48,375		
9. Total number of options in force (as on 31 March 2011)	448750		
10. Employee wise details of options granted			
(i) Senior Managerial Personnel			
Sr. No.	Name	No. of options granted in Grant I	No. of options granted in Grant II
1.	Rajeev Jain	39000	39000
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year		-	-
11. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil		
12. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard 20 'Earnings Per Share':	₹ 67.47		
13. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits & on EPS of the Company shall also be disclosed:	Had compensation cost for the stock option plan outstanding been determined based on fair value approach, the net profit and earnings per share would have been as per the proforma amounts indicated below:		

Annexure to the Directors' Report (Contd.)

Particulars	31 March 2011	
Net profit (as reported) (₹ in Crores)		246.96
Add: Stock based employee compensation expense included in net income		Nil
Less: Stock based compensation expense determined under fair value based method (proforma) (₹ in Crores)		2.61
Net Profit (proforma) (₹ in Crores)		244.35
Basic Earnings per share (as reported) (₹)		67.47
Basic Earnings per share (proforma) (₹)		66.76
Diluted Earnings per share (as reported) (₹)		67.47
Diluted Earnings per share (proforma) (₹)		66.76
14. Weighted average exercise price of options whose		
(i) Exercise price equals market price (₹)		542.00
(ii) Exercise price is greater than market price		Nil
(iii) Exercise price is less than market price		Nil
Weighted average fair value of options whose		
(i) Exercise price equals market price (₹)		274.76
(ii) Exercise price is greater than market price		Nil
(iii) Exercise price is less than market price		Nil
15. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information	The fair value has been calculated using the Black Scholes Option Pricing model. The assumptions used in the model are as follows:	
Date of Grant	21 July 2010	12 January 2010
(i) Risk-free interest rate	7.42%	6.70%
(ii) Expected life	3.5-6.5 years	1-5 years
(iii) Expected volatility	55.38%	54.01%
(iv) Expected dividend yield	1.28%	0.62%
(v) The price of the underlying share in market at the time of option grant (₹)	542.00	358.70

Management Discussion and Analysis

The Indian economy performed very well in 2010-11 (FY2011). GDP grew by an estimated 8.6%. All three major sectors grew substantially. After years of lacklustre performance, agriculture did well, as did manufacturing and this played a major role in increasing disposable income throughout most parts of rural and up-country India. It is worth mentioning that among the major economies, India's growth in FY2011 is the second highest in the world, second only to China.

Despite such growth, there have been signs of disquiet. During the year, India also faced severe inflationary pressures coming across the entire spectrum of goods – foodstuff, hydrocarbons, commodities and manufacture. To combat this, the Reserve Bank of India (RBI) has raised interest rates. FY2011 saw seven such hikes of 25 basis points (bps) each. In May 2011, the rate hike was 50 bps, with the RBI clearly indicating that its hitherto 'soft' approach to inflation is coming to an end. If both supply-side inflation and interest rate hikes were to continue throughout FY2012, India may see a slowing down of GDP growth as well as the rate of growth of consumer demand. It is however, too early to hazard a forecast.

Having said this, there is little doubt that FY2011 was a good year for the retail finance industry. After three years of competing in a milieu of single-digit nominal growth that was not much higher than inflation, business for the industry is estimated to have grown by over 29% in FY2011. Moreover, with several retail finance players having to make major provisions in 2007-2009 on account of non-performing loan assets, the competitive environment was benign. Those who had been careful in the past and had relatively strong balance sheets could leverage up to lend more in FY2011. Going forward, while retail finance should grow at a healthy pace, so too would the forces of competition.

Non-Banking Financial Companies (NBFCs) are increasingly playing a critical role in making financial services accessible to wider set of India's population and, thus, emerging as significant players in the retail finance space. Going forward, one can expect NBFCs to strengthen their presence in retail finance and grow at a healthy pace.

With assets under management of over ₹ 7,571 Crores, Bajaj Finance Limited ('BFL' or 'the Company'), earlier Bajaj Auto Finance Limited, is a leading, diversified NBFC in the country. A listed entity, the Company delivered superior results in FY2011. Given below are the highlights of BFL's performance for the year under review.

BFL's Performance, FY2011

- Total income for FY2011 was up by 53% to ₹ 1,406 Crores
- Profit after tax rose by 178% to ₹ 247 Crores
- Loan deployment increased by 106% to ₹ 9,435 Crores
- Assets under management stood at ₹ 7,571 Crores as on 31 March 2011
- Receivables under financing activity rose by 80% to ₹ 7,270 Crores
- Loan losses and provisions for the year reduced by 21% to ₹ 205 Crores
- Capital adequacy as on 31 March 2011 stood at 20%, which was well above RBI norms

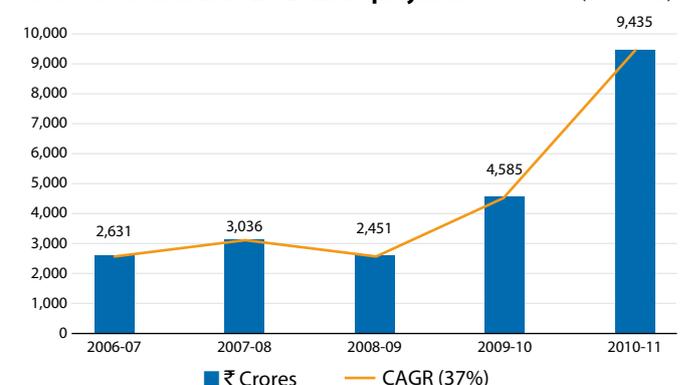
A Snapshot of BFL's Loan Deployment

Table 1 gives the mix of loan deployment for FY2011 (compared to FY2010), while Chart A plots BFL's loan deployment over the last five years.

Table 1: BFL's Mix of Loan Deployment

Loan Deployment	2010-11	2009-10	Change
Two and Three Wheelers	2,034	1,364	49%
Consumer Durables	2,262	1,037	118%
Mortgages	1,672	1,067	57%
Vendor Financing	1,346	149	803%
Other assets	389	165	136%
Construction Equipment	694	-	-
Small Business Loans and Personal Loan Cross sell (PLCS)	1,038	803	29%
Total	9,435	4,585	106%

Chart A: Growth in BFL's Loan Deployment



Receivables Under Finance

Table 2 gives the data of BFL's receivables under finance.

Table 2: BFL's Receivables under Finance (₹ in Crores)

Receivables under Finance	2010-11	2009-10	Change
Two and Three Wheelers	1,953	1,393	40%
Consumer Durables	893	427	109%
Mortgages	1,996	1,061	88%
Vendor Financing	324	139	133%
Other assets	321	170	89%
Construction Equipment	591	-	-
Small Business Loans and PLCS	1,192	842	42%
Total	7,270	4,032	80%

The quality of BFL's loan book continued to improve in the current fiscal. It further strengthened its provisioning standards, and now ranks among the most prudent in the NBFC space. Its net non-performing assets stood at 0.8% in FY2011, demonstrating strong credit quality.

Business Segment Update

Two and Three Wheeler Financing

Riding on the back of robust Two Wheeler sales growth, loan deployment in this segment grew by 49% to ₹ 2,034 Crores. The Company acquired over 5,22,000 customers during the year representing 38% growth over the previous year. BFL's Two Wheeler financing was made available across 351 Bajaj Auto dealer locations and 1,170 sub-dealers across the country.

BFL had launched a Direct Cash Collection model in FY2010 to attract financially responsible customers with no banking habits and history in the semi-urban and rural markets. In FY2011, the Company acquired over 1,57,000 such customers.

The competitive environment had remained benign for most part of the year. However, it began seeing the entry of competitors in the last quarter of FY2011.

Consumer Durables Financing

This business is present in 71 cities across India. Loans disbursed under this segment grew by 118% to ₹ 2,262 Crores in FY2011, which was higher than an estimated industry growth of 31%. Competition was benign due to the high up-front investments required in distribution, technology and processes to compete in this relatively low ticket size, high volume business. The Company acquired around 9,69,000 new customers, and is present at over 2,000 points of sale across the country.

BFL's strategy of focusing on relatively affluent customers and major dealerships has yielded significant benefits through lower operating costs and improved risk performance. At present, the Company is financing one out of every five LCD and plasma TVs in the country, and finances products of all leading consumer durable manufacturers. It continues to invest in technology to

improve its operating leverage, risk performance and offer better customer experience.

Personal Loan Cross-Sell

Present across 81 cities of India, this business targets customers with good repayment history of their Two Wheeler and/or consumer durable loans to cross-sell a personal loan. BFL continued to grow this business in a cautious manner in FY2011, with an eye to optimising the risk-reward equation and hence profitability. During the year, loan deployment in this segment grew by 66% to ₹ 375 Crores. BFL financed around 67,000 new customers in the year under review.

Personal and Small Business Loans

This business operates in top 23 cities across India. Small Business Loan deployments grew by 51% to ₹ 663 Crores in FY2011. The Company's strategy of focusing on affluent small businessmen coupled with its cautious approach has helped it to grow this business in a steady manner. BFL's relationship model of lending, where knowing the client is paramount for relatively big ticket items, has significantly helped in improved risk performance.

Vendor Financing

The Company started to grow this new line of business in the year under review. It focuses on short and medium term lending needs of vendors of large auto manufacturers. BFL deployed short term loans of ₹ 1,255 Crores and medium term loans of ₹ 91 Crores during FY2011.

Mortgages

This business is present across 23 cities of India. It targets affluent and high net worth small business customers, and offers loans against the mortgage of retail, residential and commercial premises. Aided by a strong revival in the mortgage business in the second half of FY2011, the portfolio increased in line with the industry's growth. Loan against property deployments grew by 35% to ₹ 1,440 Crores. The Company also launched home loans for affluent and high net worth self-employed customers, and deployments stood at ₹ 232 Crores in its first half year of launch of this line of business. It hopes to grow this business in the coming years.

Construction Equipment Finance

The Company launched its construction equipment finance business in FY2011. It focuses on financing small, mid and strategic contractors for their construction equipment financing needs. This is asset backed lending, collateralised by construction equipment assets. During the first year of operation, BFL deployed ₹ 694 Crores and added some 2,900 customers.

Infrastructure Finance

The Company has started its foray in infrastructure finance business towards the end of the fiscal year. The results will be there to report in FY2012.

New Initiatives

During the year, the Company and Central Bank of India have entered into a Tie-up arrangement for financing. This partnership model is amongst the first of its kind in the industry. Under this arrangement, the Company partially assigns loan receivables of some of its portfolios in a predetermined sharing ratio to Central Bank of India. This initiative is mutually beneficial since it enhances returns for Central Bank of India at a relationship level and for the Company it provided another avenue for funding and improvement in Return on Equity.

Financial Performance

Table 3 gives BFL's financial performance for FY2011 compared with FY2010. Charts B and C plot the Company's profit after tax and net owned funds over the last five years respectively.

Table 3: BFL's Financial Performance

Particulars	2010-11	2009-10	Change
Total Income	1,406	916	53%
Interest and Finance Charges	378	202	87%
Net Interest Income	1,028	714	44%
Salary Cost	145	99	46%
Marketing and Other Commissions	103	54	91%
Recovery Commission	49	56	-13%
Loan losses and Provisions	205	261	-21%
Depreciation	12	7	71%
Other Expenses	144	103	40%
Profit Before Tax (PBT)	370	134	176%
Profit After Tax (PAT)	247	89	178%
Earnings Per Share (EPS) Basic (₹)	67.47	24.43	176%
Earnings Per Share (EPS) Diluted (₹)	67.47	24.43	176%
Book Value Per Share (₹)	370.76	314.93	18%

Chart B shows that FY2011 has been a landmark year for BFL – one in which the Company has earned its highest ever PAT.

Chart B: Profit after Tax

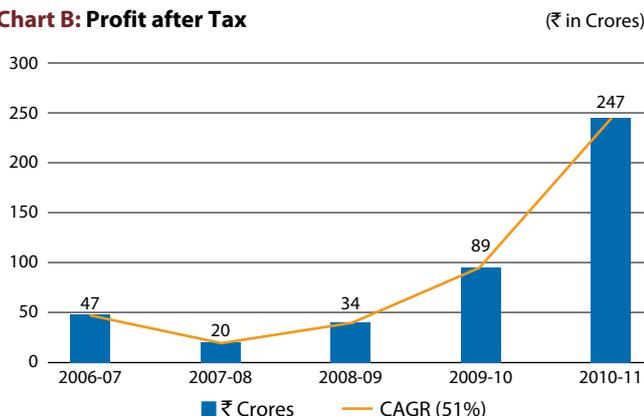
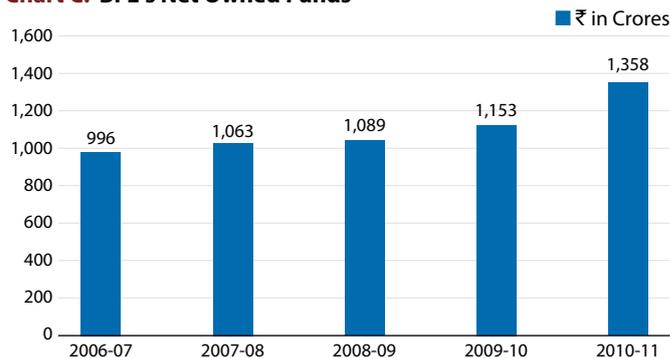


Chart C: BFL's Net Owned Funds



Risk Management and Portfolio Quality

As an NBFC, the Company is exposed to credit risk, liquidity risk and interest rate risk. BFL has invested in people, processes and technology to mitigate risks posed by external environment and by its borrowers. It has in place a strong risk management team, as well as an effective credit operations structure. The Company further strengthened its risk management by separating and segregating the functions of Chief Risk Officer and Chief Credit Officer.

Sustained efforts to strengthen the risk framework and portfolio quality have started bearing results. The overall portfolio quality has improved significantly over the last financial year. BFL's Assets-Liability Committee (ALCO), set-up in line with the guidelines issued by the RBI, monitors asset-liability mismatches, and ensures that there are no material imbalances or excessive concentration on either side of the balance sheet.

Internal Control Systems and Their Adequacy

BFL has an independent internal management assurance function commensurate with the size of the Company. It evaluates the adequacy of all internal controls and processes. The assurance function helps in ensuring adherence to clearly laid down internal processes and procedures as well as to the prescribed regulatory and legal framework.

The Audit Committee of the Company's Board of Directors reviews the internal audit reports and the adequacy and effectiveness of internal controls.

Fulfilment of The RBI's Norms and Standards

BFL continues to fulfil or exceed all the norms and standards laid down by the RBI relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio and the like. The Company's capital adequacy ratio is 20%, which is well above the RBI norm of 12%.

Human Resources

BFL continues to lay emphasis on its most valuable resource, its people. In an increasingly competitive market for human resources, the Company puts great emphasis on attracting and retaining the right talent. It thrives on well-rewarded, performance driven culture and encourages its people to excel in the areas that they operate. BFL provides equal opportunity to all employees to deliver results.

During the year, the Company added 603 permanent employees taking the total employee strength to 1657.

Business Outlook

As mentioned in the beginning of the chapter, the two macroeconomic concerns are inflation and interest rate increases both of which affect disposable income and consumer borrowing sentiments. These could dampen growth prospects for consumer-

driven NBFCs. As of now, BFL nevertheless expects to maintain its current year's performance in FY2012 due to a strong momentum in its lines of businesses and robust portfolio quality.

In FY2012, the Company's approach would be to maintain growth while maintaining a strong focus on the risk-return matrix. It will launch new product lines such as infrastructure finance and salaried loans business. It will continue to invest in strengthening risk management practices; and maintain investments in technology and human resources to consolidate its position as a significant NBFC in India.

Cautionary Statement

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

Corporate Governance

Brief statement on the Company's philosophy on code of governance

The Company strongly believes in fair, efficient and transparent business operations, fairness to all stakeholders in the Company, proper disclosure of relevant financial and non-financial information and enhancing shareholder value on a continuing basis.

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

The Company has a non-executive Chairman. According to clause 49, if the non-executive Chairman is a promoter, at least one half of the Board of the Company should consist of independent Directors.

As on 31 March 2011, the Board of the Company consisted of ten Directors, of whom five were non-executive independent and five were non-executive & non-independent. The Board has no institutional nominee Directors. As Table 1 shows, the Company is in compliance with the guidelines.

Non-Executive Directors' Compensation

As fixed by the Board of Directors at its meeting held on 15 January 2009, a sitting fee of ₹ 20,000 per meeting is paid to non-executive Directors, including independent Directors, for every meeting of the Board or Committees of the Board attended from 20 May 2009.

The shareholders of the Company vide a special resolution passed at the Annual General Meeting held on 9 July 2008 have by way of an enabling provision approved the payment of a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of sections 198, 349 and 350 of the Companies Act, 1956, to one or more or all non-executive Directors as may be decided by the Board of Directors at its discretion from time to time for a period of five years commencing from 1 April 2007. In terms of the said approvals given by the Board of Directors and shareholders, one non-executive independent Director viz., Nanoo Pamnani is proposed to be paid ₹ 50,00,000 as commission for the year 2010-11 in consideration of the services rendered by him during the year 2010-11.

In view of the increased demands on non-executive Directors' participation in Board and Committee meetings and the higher

responsibilities they are expected to bear in the interest of higher level of excellence in corporate governance, the Board of Directors at its meeting held on 18 January 2011 has also approved commission to non-executive Directors (independent and non-independent) at the rate of ₹ 25,000 per meeting of Board and/or Committee attended by them with effect from 1 April 2011, subject to the aggregate being within the overall ceiling of one percent of the net profits.

The Company currently does not have a stock option programme for any of its Directors.

Board Procedures

During 2010-11, the Board of Directors met four times: on 11 May 2010, 21 July 2010, 18 October 2010 and 18 January 2011. The gap between any two meetings has been less than four months.

Attendance Record of Directors

Table 1: Composition of the Board and attendance record of Directors for 2010-11

Name of Director	Category	Meetings Attended	Whether Attended AGM
Rahul Bajaj	Chairman, Non-executive	4	Yes
Nanoo Pamnani	Vice-Chairman, Non-executive, Independent	4	Yes
Madhur Bajaj	Non-executive	3	Yes
Rajiv Bajaj	Non-executive	3	Yes
Sanjiv Bajaj	Non-executive	4	Yes
D S Mehta	Non-executive, Independent	3	Yes
D J Balaji Rao	Non-executive, Independent	4	Yes
Dipak Poddar	Non-executive	3	Yes
Ranjan Sanghi	Non-executive, Independent	4	Yes
Rajendra Lakhota	Non-executive, Independent	4	Yes

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 the different functional heads on various issues concerning the Company from time to time. Directors have separate and independent access to senior management at all times.

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.

Directorships and memberships of Board Committees

Table 2 gives the number of Directorships and Committee positions held by the Directors of the Company.

Table 2: Directorships/Committee positions as on 31 March 2011

Name of Director	In listed companies	In unlisted public limited companies	Committee Positions As Chairman	As Member
Rahul Bajaj	4	2	–	–
Nanoo Pamnani	4	–	5	2
Madhur Bajaj	6	1	–	–
Rajiv Bajaj	4	1	–	1
Sanjiv Bajaj	6	4	1	5
D S Mehta	5	–	–	7
D J Balaji Rao	10	–	4	6
Dipak Poddar	4	5	–	4
Ranjan Sanghi	4	2	1	3
Rajendra Lakhotia	1	3	–	–

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' & Investors' Grievance Committee are considered for the purpose of Committee positions as per listing agreement. None of the Director was a member in more than ten Committees, nor a Chairman in more than five Committees across all Companies in which he was a Director.

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company, which has been posted on the website of the Company. All the Board members and senior management personnel have affirmed compliance with the Code for the year ended 31 March 2011. A declaration to this effect signed by the CEO is given elsewhere in this Annual Report.

Audit Committee

Constitution and Composition

The terms of reference of the Audit Committee apart from those specified in the Listing Agreement with the Stock Exchanges broadly pertain to review of business practices, review of investment policies, review of compliances and review of systems and controls etc.

The present Audit Committee consists of the following Directors:

1. Nanoo Pamnani, Chairman
2. Sanjiv Bajaj
3. D S Mehta
4. Ranjan Sanghi

In compliance with clause 49 of the listing agreement, three members of the Audit Committee including Chairman are independent Directors. All the members are 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 2010-11, the Audit Committee met four times:

11 May 2010, 21 July 2010, 18 October 2010 and 18 January 2011.

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 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.

Table 3: Composition of the Audit Committee and attendance record of members for 2010-11

Name of Director	Category	Meetings Attended
Nanoo Pamnani	Chairman (Non-executive & Independent)	4
Sanjiv Bajaj	Non-executive	4
D S Mehta	Non-executive & Independent	3
Ranjan Sanghi	Non-executive & Independent	4

The terms of reference of the Audit Committee are extensive and go beyond what is mandated in clause 49 of the listing agreement, section 292A of the Companies Act, 1956 and under NBFC regulations.

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.

At its meeting of 21 May 2008, the Board 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.

Upon change of name of the Company, Reserve Bank of India (RBI) has issued a fresh Certificate of Registration in the name of Bajaj Finance Limited w.e.f. 5 October 2010. The RBI has also changed classification of the Company from 'Asset Finance Company' to a 'Loan Company'.

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

Remuneration and Nomination Committee

The terms of reference of the Remuneration and Nomination Committee in brief pertain to, *inter alia*, determining the Company's policy on and approve specific remuneration package for Non-Executive Directors after taking into account financial

position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, interest of the Company and shareholders.

The Remuneration and Nomination Committee also acts as Compensation Committee for implementation of Employee Stock Option Scheme 2009.

The Committee consists of the following members as on 31 March 2011:

1. Nanoo Pamnani, Chairman
2. Rahul Bajaj
3. Sanjiv Bajaj
4. Ranjan Sanghi
5. Rajendra Lakhotia

During the year, the Committee met on 11 May 2010 to recommend to the Board the re-constitution of Shareholders'/ Investors' Grievance Committee (SIGC) and nominees for election at the Annual General Meeting. The Committee also met on 21 July 2010 to approve grant of options to eligible employees under Employee Stock Option Scheme, 2009. All the members of this Committee attended both the meetings.

Remuneration of Directors

Pecuniary relationship or transactions of Non-Executive Directors

During the year under review, there were no pecuniary relationships and transactions of any non-executive Director with the Company.

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 has been put on the Company's website www.bajajfinservlending.in

Non-Executive Directors

All Non-executive Directors are paid sitting fees and one independent Director is paid commission as separately stated in this report. Also, the Board of Directors at its meeting held on 18 January 2011 approved the payment of commission to non-executive Directors' (independent and non-independent) at the rate of ₹ 25,000 per meeting of Board and/or Committee attended by them with effect from 1 April 2011.

The Company currently has no stock option plan for any of its Directors. During the year under review, none of the Directors was paid any performance-linked incentive. In 2010-11, the Company did not advance any loans to any of the non-executive Directors.

Table 4 gives details of the remuneration paid or payable to Directors during 2010-11.

Table 4: Remuneration paid/payable to Directors during 2010-11

Amount in ₹					
Name of Director	Relationship with other Directors	Sitting fees	Salary & perquisites	Commission	Total
Rahul Bajaj	Father of Rajiv Bajaj & Sanjiv Bajaj	1,20,000	–	–	1,20,000
Nanoo Pamnani	–	2,40,000	–	50,00,000	52,40,000
Madhur Bajaj	–	60,000	–	–	60,000
Rajiv Bajaj	Son of Rahul Bajaj , brother of Sanjiv Bajaj	60,000	–	–	60,000
Sanjiv Bajaj	Son of Rahul Bajaj , brother of Rajiv Bajaj	2,40,000	–	–	2,40,000
D.S. Mehta	–	1,60,000	–	–	1,60,000
D J Balaji Rao	–	80,000	–	–	80,000
Dipak Poddar	–	60,000	–	–	60,000
Ranjan Sanghi	–	2,40,000	–	–	2,40,000
Rajendra Lakhotia	–	1,20,000	–	–	1,20,000

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

Shares held by Non-Executive Directors

The non-executive Directors who held shares in the Company as on 31 March 2011 are:

Name of director	Number of shares held as on 31 March 2011
Rahul Bajaj	16000
Madhur Bajaj	16000
Rajendra Lakhotia	92234

Management

Management Discussion and Analysis

This is given as a separate chapter in this 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. Provision regarding the above has been adhered to.

Compliances regarding Insider Trading

Comprehensive guidelines in accordance with the SEBI regulations are in place. The Code of Conduct and Corporate Disclosure Practices framed by the Company have helped in ensuring compliance with the requirements.

Shareholders

Appointment and/or reappointment of Directors

According to the statutes, at least two-third of the Board should consist of retiring Directors. Of these, one third are required to retire every year and, if eligible, may seek reappointment by the shareholders. Accordingly Rahul Bajaj, Madhur Bajaj and Sanjiv Bajaj retire from Board by rotation this year and being eligible offers themselves for reappointment.

Brief profiles of the retiring Directors are given in the notice convening the ensuing Annual General Meeting of the Company.

Communication to shareholders

Quarterly, half yearly and annual financial results are published in various leading dailies, such as The Economic Times (all editions), Financial Express (all editions), Indian Express (Pune edition), and Loksatta (Pune edition) along with the official press release. The Company also sends the half-yearly financial results, along with a detailed write-up, to each household of shareholders.

The Company has its own website, www.bajajfinservlending.in which contains all important public domain information including presentations made to the media, analysts and institutional investors. The website also contains information on matters concerning the shareholders 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.

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, Profit & Loss Account, Directors' Report and Auditors' Report, Cash Flow Statements, half-yearly financial statements 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 at Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time:

21st AGM	9 July 2008	at 11.30 a.m.
22nd AGM	15 July 2009	at 11.30 a.m.
23rd AGM	21 July 2010	at 12 noon

- I. Special resolutions passed in the previous three Annual General Meetings:

At the 23rd AGM held on 21 July 2010, one special resolution was passed, pertaining to the change in the name of the Company.

At the 22nd AGM held on 15 July 2009, one special resolution was passed for incorporating new articles in the articles of association of the Company.

At the 21st AGM held on 9 July 2008, two special resolutions were passed, pertaining to :

- a) Appointment and remuneration payable to Rajeev Jain as Manager with the designation of Chief Executive Officer for a term of three years with effect from 1 April 2008 and
 - b) Payment of commission to Non-Executive Directors.
- II. No special resolution was passed through postal ballot.
- III. No resolution is proposed to be passed through postal ballot at this Annual General Meeting.

Material disclosure of related party transactions

There were no material transactions entered into with related parties, during the period under review, which had any potential conflict with the interests of the Company.

Details of capital market non-compliance, if any

There was 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 Shareholders' and Investors' Grievance 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 etc. In addition, the Committee also looks into matters that can facilitate better investor services and relations.

During the year, Nanoo Pamnani resigned as Chairman of the Committee and Sanjiv Bajaj, was appointed as a member and the Chairman of the Committee with effect from 11 May 2010.

The Committee consisted of the following Directors as on 31 March 2011:

1. Sanjiv Bajaj, Chairman
2. Nanoo Pamnani
3. D S Mehta
4. Ranjan Sanghi

During the year under review, the Committee met twice on 11 May 2010 and 18 January 2011 to, inter alia, review the status of investors' services rendered. The secretarial auditors as well as

the Company Secretary (who is also the Compliance Officer) were also present. All the members of this Committee attended both the meetings.

More details on this subject have been furnished in the chapter on General Shareholder Information.

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 2010-11.

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 along with the Annual Report 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:

The Board

The non-executive Chairman has an office at the Company's premises. All independent Directors of the Company, except Ranjan Sanghi and Rajendra Lakhota have tenures not exceeding a period of nine years on the Board. The Board believes that their contribution on the Board is in the Company's interest.

Remuneration Committee

The Company has a Remuneration Committee. A detailed note on this Committee is provided in the Annual Report.

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 shareholders.

Audit qualifications

There are no qualifications in the financial statements of the Company for the year 2010-11.

Whistle Blower Policy

The Company has Whistle Blower Policy. This policy is to enable employees to report to the management their concerns about unethical behaviour, 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. The same has been put on the Company's website www.bajajfinservlending.in

Declaration on Code of Conduct

The Board of Directors
Bajaj Finance Limited,

I, Rajeev Jain, Chief Executive Officer of Bajaj Finance Limited hereby declare that all the Board Members and senior managerial personnel have affirmed for the year ended 31 March 2011 compliance with the Code of Conduct of the Company laid down for them.

Place: Pune
Date: 17 May 2011

Rajeev Jain
Chief Executive Officer

General Shareholder Information

24th Annual General Meeting

Date : 13 July 2011
Time : 12 noon
Venue : Regd. Office of the Company at
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 the Company has proposed a dividend of ₹ 10 per equity share (100 percent) for the financial year 2010-11, subject to approval by the shareholders at the Annual General Meeting. Dividend paid in the previous year was ₹ 6 per equity share (60 percent).

Dates of Book Closure

1 July 2011 to 13 July 2011 (both days inclusive)

Date of Dividend Payment

The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on 18 July 2011

- 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 Thursday, 30 June 2011; 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 Thursday, 30 June 2011.

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 continue to 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

Unclaimed dividends upto 1994-95 have been transferred to the general revenue account of the central government. Those who have not encashed their dividend warrants for the period prior to and including 1994-95 are requested to claim the amount from Registrar of Companies, Maharashtra, Pune, PMT Building, Deccan Gymkhana, Pune 411 004.

As per Section 205C 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 set up by the central government. Accordingly, the unpaid/unclaimed dividends for the years 1995-96 to 2002-03 were transferred by the Company to the said fund in the years 2003 to 2010. No claim shall lie against the fund or the Company in respect of amounts so transferred.

Unpaid/unclaimed dividend for 2003-04 shall become transferable to the fund in September 2011. Shareholders are requested to verify their records and send claim, if any, for 2003-04, before the amount becomes due for transfer to the fund.

Registrar and Share Transfer Agent

The Company has appointed Karvy Computershare Pvt Ltd. Hyderabad as its share transfer agent. 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 Private Limited. The work related to dematerialisation/rematerialisation is handled by Karvy Computershare Private Limited through its connectivity with National Securities Depository Limited and Central Depository Services (India) Limited.

Share transfer system

Share transfers received by the Company and the share transfer agents are 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 was 13885 shares during 2010-11.

Dematerialisation of Shares

During 2010-11, 92585 shares were dematerialised. Distribution of shares as on 31 March 2011 is given in Table 1.

Table 1: Shares held in physical and electronic mode

	Position as on 31 March 2011		Position as on 31 March 2010		Net change during 2010-11	
	No. of shares	% to total shares	No. of shares	% to total shares	No. of shares	% to total shares
Physical	469071	1.28	561656	1.53	(92585)	(0.25)
Demat:						
NSDL	35298468	96.37	35476060	96.94	(177592)	(0.57)
CDSL	861537	2.35	558360	1.53	303177	0.82
Sub Total	36160005	98.72	36034420	98.47	125585	0.25
Total	36629076	100.00	36596076	100.00	33000 *	-

* 33000 ESOS shares added in the Demat Share capital

Stock code

1.	BSE, Mumbai	500034
2.	National Stock Exchange	BAJFINANCE -EQ
3.	ISIN for depositories (NSDL & CDSL)	INE296A01016

Listing on Stock Exchanges

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

Annual Listing Fees as prescribed have been paid to the above Stock Exchanges upto 31 March 2012.

Market Price Data (on BSE) during each month in last financial year :

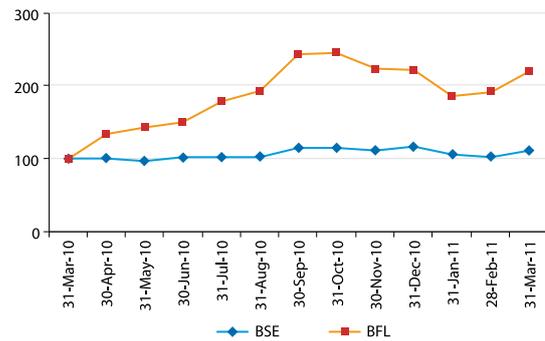
Table 2 gives the monthly highs and lows of Company's shares on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

Table 2: Monthly highs and lows of Bajaj Finance Limited shares during 2010-11

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 2010	427.85	324.50	428.80	325.70	17558.71
May 2010	494.05	423.75	493.90	423.60	16944.63
Jun 2010	475.00	459.70	475.35	457.60	17700.90
Jul 2010	569.40	462.75	569.00	462.90	17868.29
Aug 2010	644.05	569.70	644.10	569.50	17971.12
Sep 2010	798.20	626.35	798.85	627.90	20069.12
Oct 2010	807.15	755.40	805.40	751.20	20032.34
Nov 2010	817.95	710.30	815.80	707.35	19521.25
Dec 2010	739.45	660.00	741.85	661.00	20509.09
Jan 2011	704.90	590.70	704.75	587.45	18327.76
Feb 2011	644.15	546.25	648.75	544.40	17823.40
Mar 2011	703.15	619.90	708.50	617.35	19445.22

Chart: Performance in comparison to BSE Sensex

Bajaj Finance Limited's Stock Performance vs BSE Sensex



Distribution of Shareholding

Table 3 gives details about the pattern of shareholding among various categories as on 31 March 2011 and 31 March 2010, while Table 4 gives the data according to size classes as on 31 March 2011.

Table 3: Distribution of shareholding across categories

Categories	31 March 2011		31 March 2010	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoter & Promoter Group	20538169	56.07	18486979	50.52
Resident Individuals	4843857	13.22	4391213	12.00
Domestic Companies	2566969	7.01	2366531	6.47
Financial Institutions/ Banks/ Mutual Funds	4603368	12.57	2848725	7.78
Foreign Institutional Investors	2021423	5.52	6555262	17.91
Foreign Corporate Bodies	1656000	4.52	1656000	4.53
Non Resident Individuals/ Overseas Corporate Bodies	318106	0.87	253205	0.69
Others	81184	0.22	38161	0.10
Total	36629076	100.00	36596076	100.00

Table 4: Distribution of shareholding according to size class as on 31 March 2011

Range of Holding	No. of Shareholders	% to total Shareholders	No. of shares held	% to total shares
1 - 100	11796	71.51	732525	2.00
101 - 500	3472	21.05	808898	2.21
501 - 1000	538	3.26	412432	1.13
1001 - 10000	577	3.50	1733437	4.73
10001 - 50000	82	0.50	1762519	4.81
50001 - 100000	9	0.05	601515	1.64
100001 and above	22	0.13	30577750	83.48
Total	16496	100.00	36629076	100.00

Shareholders' and Investors' Grievances

The Board of Directors of the Company currently has a Shareholders'/Investors' Grievance Committee consisting of four 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 was no pending issue to be addressed or resolved.

During the year, there were 14 complaints received from SEBI/ RoC/shareholders on various matters, which were duly addressed and no action remained to be taken at the Company's end.

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 share transfer agent of 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.

Address for Correspondence

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

Share Transfer Agent

Karvy Computershare Private Limited

Unit: Bajaj Finance Limited
Plot No.17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081

Contact persons

Mr M S Madhusudhan
Mr Mohd.Mohsinuddin
Tel No. (040) 44655000, Extn. 5152
Fax No. (040) 44655024
E-mail: mohsin@karvy.com
Website: www.karvy.com

Company

Registered Office Address

Mumbai – Pune Road, Akurdi,
Pune – 411 035.

Corporate Office Address

Secretarial Department

4th Floor, Bajaj Finserv Corporate Office,
Off Pune – Ahmednagar Road,
Viman Nagar, Pune 411 014
Phone No. (020) 30405060
Fax No. (020) 30405020/30
E-mail id: investor.service@bajajfinserv.in
Website: www.bajajfinservlending.in

Additional Information

1. The company, during the year under review, has not sanctioned any loan to any of the Directors and there is no outstanding towards loans to Directors as on date.
2. None of the employees of the Company is related to any of the Directors of the company.
3. From the date of the Balance Sheet till the date of this report, there is no significant event which will have an impact on the performance of the Company during the year 2011-12.
4. Profile of Fixed Deposits as on 31 March 2011 was as under:

Period of Deposit (months)	No. of Depositors	Amount (₹)	% to Total Deposits
36	616	1.75 Crores	100

Report on Corporate Social Responsibility (CSR)

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

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

Bajaj Group generally implements 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, Social & Philanthropic Organisations of repute and Civil Society, wherever deemed necessary.

Some of the major initiatives taken up /continued during the year under review are summarized below:-

A. Through Group Trusts

1. Jamnalal Bajaj Foundation (JBF)

Awards

The Foundation gives 4 Awards annually - each of the value of ₹ 5 lacs. 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 uplift and welfare of women and children. The fourth one 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.

Financial Assistance

During the year, financial assistance was provided to wives and families of farmers, who have committed suicide in Wardha District for their subsistence and also for educational assistance to their children.

Rural Development

The Foundation has been undertaking rural development work in select villages of Wardha District, Maharashtra (since 1987) and in Shikohabad, Dist. Firozabad, U.P. (since 1992). The activities are undertaken on the basis of the need of the local people. Special emphasis is given on health, family welfare, immunisation, supply of potable drinking water, sanitation and alternative source of renewable energy.

Employment Generation Programmes

Programmes of employment generation in the rural area have helped the women-folk and scheduled castes and the poorer sections to develop self-confidence in themselves.

Schools under National Child Labour Project

Schools running with the financial support of National Child Labour Project (GOI), are monitored and controlled by JBF. 200 students and 20 staff members are part of these 4 schools.

Balwadi (Child Training Centre)

Balwadi is a pre-school, where under-privileged children are taught by trained teachers. The Foundation continued running 24 Balwadis i.e. Bal Sanskar Kendra in rural areas for poor children below six years of age.

Community Awareness Campaign & Health Camp

The Foundation carried out people-to-people base awareness programmes about population control, usage of toilet, health hygiene etc. and organised health camps for women and handicapped persons.

2. Jankidevi Bajaj Gram Vikas Sanstha (JBGVS)

Rural and Community Development Activities and Empowerment of Women

The Company continued with its rural development activities in Pune, Aurangabad & Wardha districts of Maharashtra & Sikar District of Rajasthan through JBGVS. JBGVS aims at helping integrated development of 61 selected villages, to be carried out by the villagers under their own leadership and catalyzing the unified efforts of Government, local organizations and other NGOs.

During the year, JBGVS undertook a number of development initiatives for improving education, specially primary education, primary healthcare, economic condition by promoting self-employment, environment and social development with special emphasis on women empowerment.

Education

This year, the focus was on improving infrastructure of the primary schools like building school rooms, providing furniture, providing clean drinking water, sanitary units and learning equipments. In addition to this, informal education was imparted to primary school students as also young girls and boys identified with

leadership potential. Computer education was started for youth. The activities of Rural Education and Information Network (REIN) project supported by the World Bank are being continued to generate interest in education in a non-formal way amongst tribal children and youth.

Primary Health Care (PHC)

Reproductive Child Health (RCH) programmes, tackling malnourishment amongst children, specialized check-up camps (gynaec, eye, pediatric, etc.), providing health services through mobile clinics, promoting low cost latrines, educating adults and children in hygiene and sanitation practices were taken up in the project villages to improve the health condition of the villagers in general and women and children in particular. The programmes were implemented through socially trained village health workers and local PHCs.

Economic development

The focus of this programme was to generate self-employment through a set of activities like vocational training, i.e, tailoring, dairy, goatery, backyard poultry, agro and food processing and two wheeler repairing and maintenance. Small enterprises were promoted by providing seed capital. Assistance was provided to farmers in preparing bank proposals and getting bank loans in association with Govt. and other local agencies. Three training programmes were organized on dairy, poultry and two wheeler maintenance for the SC/ST youth. Assistance was provided to women self-help groups to get loans for income generation activities from the banks and marketing their produce in various places including exhibitions.

Environmental development

In all JBGVS programmes, environmental upgradation is given special importance. The farmers as well as school children were encouraged to plant fruit trees. The Aamrai Project, which was started at the hands of Chairman, Bajaj Auto in August, 2009 has covered 340 acres of fruits and forestry tree plantation (more than 50,000 plants). 340 tribal families have got livelihood from this programme. This programme will cover more than 1000 tribal families.

Social development

Under social development, women self-help groups, traditional social and cultural activities, sports amongst school children and youth are promoted. Village level leadership trainings are organized for youth to create the future leaders in the villages.

Samaj Seva Kendra (SSK) (as part of JBGVS) provides facilities for social development of the residents of Akurdi, Nigdi and adjoining townships, with the aim of improving their quality of life, through skill development training, hobby centre, nursery education, health care, sports, music, dance and cultural programmes. Programmes are also organized for senior citizens. Events like making of Christmas craft, earthen pots, summer camps and trekking were conducted during the year.

JBGVS started activities in Sikar, Rajasthan, during the year by providing assistance for fodder to 5 gaushalas to see through

the drought period. Science Branch has been started in Jamnalal Bajaj Government School in village Kashi ka bas. Self Help Groups (SHGs) have been formed in all select villages. Goats were distributed to 48 Below Poverty Line (BPL) families. Other activities like tailoring classes, beautician training, drawing competitions, adolescent girls training, medical camps, eye check up camps were organized regularly.

JBGVS has started the planning process to initiate activities in a big way in Wardha district. Administrative machinery has been put in place at Wardha to start work in 10 villages starting with formation of SHGs, veterinary services, agricultural programmes, dairy development and sustainable agricultural practices to generate livelihood. Two projects through Magan Sangrahalay as NGO have been shortlisted for funding.

3. Group Trusts for Colleges

Shiksha Mandal, Wardha founded in 1914 by Late Shri Jamnalal Bajaj runs seven colleges with around 10,000 students on its rolls. These include colleges for commerce, science, agriculture, engineering polytechnic and rural services. Its mission is to provide high quality education at an affordable cost & to inculcate socially desirable values in its students.

All its Colleges are undergoing major upgradation in terms of infrastructure and work culture. During the year, a new girl's hostel and 30,000 sq. ft. of classrooms were built. Over 300 computers have been installed in it in the last 2 years and students have unlimited internet access.

Jankidevi Bajaj College of Science received a ₹ 1.4 Crores grant from UGC for upgrading its laboratories. 3 of Shiksha Mandal teachers received UGC funding for Major Research projects. Over 20 proposals for research have been submitted by its teachers during 2010-11. M.Sc.(Biotech) was started in its Science College and an MBA program was started in its Commerce College at Wardha. Guidance for CA exam was started in its Commerce College at Nagpur which achieved 50% passing rate compared to the 20% rate nationally.

Its students continue to do well. Besides 15 students in University/ Board exam merit lists, 3 of the top 20 positions in Maharashtra Engineering Entrance exams were taken by its students. One of its students was adjudged as the best National Social Service (NSS) volunteer in Maharashtra. Another student captained the University Ball Badminton team and 4 of its students represented Maharashtra at the national games.

A booklet "Vichardhan" containing inspiring ideas in Hindi, Marathi and English was produced for distribution to all students. The students built water harvesting structures in 2 villages near Wardha, under its NSS program.

Bajaj Trusts have donated ₹ 8 Crores in the last 3 years to Shiksha Mandal.

Bajaj Science Centre has been functioning in Wardha for the last four years. The culture of learning science by doing experiments is developing roots in Schools of Wardha and towns around it. Its students are consistently getting recognition in national

competitions. It is also reflected in the increasing number of students appearing for its entrance examination. This year, 830 students appeared for 250 vacancies. Students are coming to it from as far as Hinganghat, which is 50 kms away. Bajaj Science Centre is adding a scholar batch of 5th standard students from this academic year. This year, it functioned from its new campus, which has become a landmark in Wardha.

Gandhi Vichar Parishad, Wardha, organised a number of programmes during the year 2010-11. Important among them were its 8 month Post Graduate Diploma Course in Gandhian Thought, which had 7 students from different parts of India, 2 from Sudan and 1 from Brazil; orientation Camp Classes on Gandhian Thought for Medical Students, University Students' Camps at the regional and national level, Seminar on Gandhi's Concept of Swadeshi, Inter Religious Study Course on Ecological insights in Religions and a workshop on Peace and Conflict Resolution.

4. Marathwada Medical & Research Institute (MMRI)

Bajaj group is giving substantial financial support to this Trust, which runs Kamalnayan Bajaj Hospital and Kamalnayan Bajaj Nursing College for B.Sc. Nursing degree course.

Kamalnayan Bajaj Hospital

MMRI has established Kamalnayan Bajaj Hospital, located at Aurangabad in 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 and major part of the expansion has been for general category patients. It has cancer treatment facilities, including Linac Accelerator & Brachy therapy, facility for CT Scan and MRI of 1.5 Tesla, new generation Siemens Cath Lab for heart patients, latest ophthalmology equipment and other advanced facilities including for open heart surgeries and organ transplantation (Kidney). The hospital has been providing relief annually for close to 55,000 patients on OPD basis and close to 7,000 patients, who are admitted to hospital for various treatments. It also provides intensive care unit and cardiac care unit, with a capacity of 22 beds and generally with an occupancy rate of more than 95%.

The hospital also runs a programme of providing relief to Below Poverty Line (BPL) and Economically Weaker Section (EWS) of the society with free / subsidized treatment. Hospital with the help of NGO (JBGVS) has conducted 50 camps in the villages of the district of Aurangabad, where more than 2282 patients have been checked and given treatment and medicines free and out of these, 851 patients needing hospital treatment at the hospital were treated totally free, as in-patients at the hospital, at a cost of ₹ 59.45 lacs.

Kamalnayan Bajaj Nursing College

First batch of students joined in 2010 and second batch will join in July-August 2011. College has intake capacity of 50 students. A best in class college with all laboratories, library and class rooms and hostel for girls and boys with all facilities with investment of over ₹ 10 crore is coming up and would be ready for occupation by the end of 2011.

5. Fuji Guruji Memorial Trust

Fuji Guruji Memorial Trust has established Buddha Mandir, Vishwa Shanti Stupa at Wardha for promotion of thoughts and teachings of Lord Buddha, Mahatma Gandhi and other preachers preaching same or similar ideology and 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 and upliftment of poor children below the age of six years from small villages of 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 where students from all over India with literature and books on Mahatma Gandhi, Vinoba Bhave, Pujya Jamnalal Bajaj, Smt Jankidevi Bajaj and other freedom fighters.

7. Jamnalal Bajaj Seva Trust

It conducted free computer training classes, tailoring classes and stitching classes for poor and needy people. It also carried out activities for promoting Indian art and culture.

B. Through Group Companies

1. Bajaj Auto Limited (BAL)

Code of conduct and affirmative action

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

During the year under review, BAL recruited 1410 new employees, of which 179 numbers (12.70%) belong to weaker sections, in line with the affirmative action. At the end of the previous year, this percentage was 7.14%.

Support to weaker sections for IIT JEE entrance

Economically weaker, underprivileged children belonging to SC/ST category are encouraged to avail financial assistance to undertake coaching for Joint Entrance Examination to enable them to qualify for admission to India's premier engineering education centre i.e. Indian Institute of Technology.

Education

Under Public Private Partnership, BAL has undertaken to upgrade 3 Industrial Training Institutes (ITI) - two in Pune and one in Pantnagar. During the year, one more ITI - at Aurangabad was added.

BAL took actions to ensure better quality of output from the Institutes and also followed up with concerned agencies for approval of Institute Development Plan. For ITI Mulshi, BAL transferred used machinery (current selling price) of ₹ 34.05 lacs for better training and job orientation. This ITI has relocated

to a new premise. BAL also took actions to ensure better quality of output from the Institutes and also followed up with the concerned agencies for approval of Institute Development Plan for ITI Haveli. At Ramgarh in Pantnagar, the new structure is ready and will be available for use in the current year.

Health

Government of India – Ministry of Health and Family Welfare – National AIDS Control Organisation (NACO) and CII have initiated Public Private Partnership (PPP) in order to provide better healthcare to AIDS patients. From Aug 2008, the Bajaj YCMH ART Centre at YCM hospital has registered 5096 patients with 2707 cases for Anti Retroviral Therapy. This centre is a benchmark for new centers and is the largest one run by industries. In view of the increased patient flow, with the YCM hospital giving additional space, BAL expanded the facility further during the year by providing the required infrastructure to handle increased ART patients.

Others

Chakan plant employees of BAL organized a blood donation camp, in which 425 employees donated blood through Pimpri Serological Institute blood bank.

2. Bajaj Allianz Insurance Companies

Bajaj Allianz Life Insurance Co Ltd (BALIC) launched a unique initiative through its Child Plan campaign to support education requirements for Class 8 students through a known child welfare NGO, namely ASEEMA Foundation.

With a combined effort, BALIC and Bajaj Allianz General Insurance Co Limited (BAGIC) introduced 'Ability Insurance Plan', a customized solution kit comprising of a Life, Health and Motor plan; along with the regular product literature, the kit adds ease of understanding with an audio-visual presentation (created for those with hearing/speech disability) & a Braille document (for the visually challenged) that explain the product offering/ benefits.

BAGIC has recently brought forth a unique idea for a greener environment, wherein any Bajaj Allianz motor insurance claimant would be rewarded for getting his damaged vehicular plastic part repaired rather than replaced thus reducing the carbon footprint. Further for every claimant who practices this philosophy, the tie-up partner World Vision will have a tree-planted in return.

General

The Group has some other Trusts, which are also engaged in topical and socially relevant activities. Thus what is listed above is not exhaustive, but only illustrative to give a glimpse of the importance being given by the Company and the Group towards CSR.

The Company has been participating actively in the 'Ministry of Corporate Affairs' Green Initiative in Corporate Governance for paper less compliances.

A publication of the Group "Beyond Profits – Philanthropic Activities of the Bajaj Group", setting out in greater detail the CSR activities of the Group can be made available to any shareholder on request.

M RTP Disclosure

Constituents of 'Group' as defined in MR TP Act, 1969 for the purposes of SEBI (SAST) Regulations, 1997

Persons constituting group within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e) of the 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	Shishir Holdings Pvt Ltd
21	Siddhant Bajaj	59	The Hindustan Housing Co 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.

Certificate by the Auditors on Corporate Governance

To the Members of
Bajaj Finance Limited

We have examined the compliance of conditions of Corporate Governance by Bajaj Finance Limited, for the year ended 31 March 2011, 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.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 affairs of the Company.

For **DALAL & SHAH**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number : 40451
Pune : 17 May 2011

Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of Bajaj Finance Limited (the "Company") as at 31 March 2011 and the related Profit and Loss Account 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.
 - (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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report 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 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2011 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 2011;
 - (ii) in the case of the Profit and Loss Account, 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.
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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report 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 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2011 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 2011;
 - (ii) in the case of the Profit and Loss Account, 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 & SHAH**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune: 17 May 2011

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bajaj Finance Limited on the financial statements for the year ended 31 March 2011.

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 3 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 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.
 - (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.
3. 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 fixed assets and for the sale of 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 weakness have been noticed or reported.
4. (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 Rupees Five Lacs 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.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and 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.

6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. As informed to us, the maintenance of cost records has not been prescribed under clause (d) of sub-section (1) of Section 209 of the Act.
8. (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, cess 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, wealth-tax, service-tax and cess as at 31 March 2011 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Value Added Tax Liability	218	Year 2005-06, 2006-07, 2007-08, 2008-09	Commissioner Appeals
ESIC	Employee State Insurance Corporation	446	Year 1999-2000 to 2006-07	Employee State Insurance Court
	Employee State Insurance Corporation	68	Year 1991-92 to 2002-03	Deputy Director, Employee State Insurance Corporation

9. The Company has no accumulated losses as at 31 March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
10. 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.
11. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein.

Annexure to the Auditors' Report (Contd.)

13. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
14. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
15. 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.
16. 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.
17. The Company has created security or charge in respect of debentures issued and outstanding at the year-end. The details of security are disclosed in Note No. 9 in Schedule 13 to the financial statements;
18. The Company has not raised any money by public issues during the year.
19. 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 material fraud on or by the Company, noticed or reported during the year.
20. Considering the nature of the business conducted by the Company, the other clauses, viz., (ii), (iii) (b) (c) (d) (f) and (g) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, and hence in our opinion there is no matter which arises to be reported in the aforesaid clauses of the order.

For **DALAL & SHAH**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune: 17 May 2011

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,

The Board of Directors,
Bajaj Finance Limited

We, Rajeev Jain, CEO and Pankaj Thadani, CFO of Bajaj Finance Limited, certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2011 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.

Rajeev Jain
Chief Executive Officer

Pankaj Thadani
Chief Financial Officer

Pune : 17 May 2011

Balance Sheet as at 31 March

(₹ in Lacs)

	Schedule	2011	2010
I. Sources of Funds:			
1. Shareholders' Funds:			
(a) Share Capital	1	3,663	3,660
(b) Reserves and Surplus	2	132,148	111,594
		135,811	115,254
2. Loan Funds:			
(a) Secured Loans	3	464,691	207,935
(b) Unsecured Loans	4	206,169	114,741
		670,860	322,676
	Total	806,671	437,930
II. Application of Funds:			
1. Fixed Assets :	5		
(a) Gross Block		15,530	9,183
(b) Less: Depreciation		5,270	4,138
(c) Net Block		10,260	5,045
2. Investments	6	44,530	30,183
3. Deferred Tax Asset, net (See Note No.10)		6,494	6,923
4. Current Assets, Loans and Advances:	7		
(a) Receivables under financing activity		727,010	403,178
(b) Cash and bank balances		43,198	2,237
(c) Other current assets		3,351	2,441
(d) Other loans and advances		16,969	9,268
		790,528	417,124
Less: Current Liabilities and Provisions:	8		
(a) Liabilities		38,622	18,085
(b) Provisions		6,519	3,260
		45,141	21,345
Net Current Assets		745,387	395,779
	Total	806,671	437,930
Notes forming part of the Financial Statements	13		

As per our attached report of even date

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 17 May 2011

Anant Damle
Company Secretary

Rahul Bajaj
Nanoo Pamnani

Chairman
Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

Directors

Pune: 17 May 2011

Profit and Loss Account for the year ended 31 March

(₹ in Lacs)

	Schedule	2011	2010
Income from:			
Assets under Finance and Secured Loans:			
Financing Charges		91,511	52,888
Leasing Business:			
Lease Rentals		–	8
Interest on loans		31,016	23,493
		<u>122,527</u>	<u>76,389</u>
Service and administration charges		5,857	4,577
		<u>128,384</u>	<u>80,966</u>
Other operating income	9A	10,849	10,040
Other income	9B	1,380	610
		<u>140,613</u>	<u>91,616</u>
Expenditure:			
Expenses	10	44,179	31,197
Loan losses and provisions	11	20,461	26,058
Interest and Finance Charges	12	37,795	20,167
Depreciation (See Note No. 1(B))		1,186	764
		<u>103,621</u>	<u>78,186</u>
Profit before Taxation		36,992	13,430
Taxation			
Current tax (including ₹ 5 Lacs for Wealth tax, Previous year ₹ 3 Lacs)		11,900	6,570
Less: Deferred tax credit/(expenses)		(429)	2,080
		<u>12,329</u>	<u>4,490</u>
Profit for the year after Taxation		24,663	8,940
Prior Period Adjustments relating to earlier years: (expense)/income			
Taxation		33	1
Profit for the year after Taxation and Prior Period Adjustments		24,696	8,941
Balance brought forward from previous year		8,525	40
Amount transferred from Debenture Redemption Reserve (See Note No.8)		–	4,805
Profit available for appropriations		<u>33,221</u>	<u>13,786</u>
Appropriations:			
Transferred to Reserve Fund in terms of Section 45IC(1) of the Reserve Bank of India Act, 1934		4,950	1,800
Transferred to General Reserve		2,500	900
Proposed Dividend		3,663	2,196
Provision for Dividend Tax on Dividend		594	365
Balance carried to Balance Sheet		<u>21,514</u>	<u>8,525</u>
Notes forming part of the Financial Statements	13		
Earnings per share			
(Face value ₹ 10/-)			
Net Profit after tax and prior period adjustments		24,696	8,941
Basic EPS (₹)		67.47	24.43
Diluted EPS (₹)		67.47	24.43

As per our attached report of even date

 For DALAL & SHAH
 Firm Registration Number: 102021W
 Chartered Accountants

 Anish Amin
 Partner
 Membership Number: 40451

Pune: 17 May 2011

 Anant Damle
 Company Secretary

 Rahul Bajaj
 Nanoo Pamnani

 Chairman
 Vice Chairman

 Madhur Bajaj
 Rajiv Bajaj
 Sanjiv Bajaj
 D S Mehta
 D J Balaji Rao
 Dipak Poddar
 Ranjan Sanghi
 Rajendra Lakhotia

Directors

Pune: 17 May 2011

Cash Flow Statement for the Financial Year 2010-2011

	2011	2010
		(₹ in Lacs)
I) Cash from operations:		
A) Profit before taxation	36,992	13,430
B) Adjustments:		
Add:		
i) Depreciation	1,186	764
ii) Provision for doubtful overdue installments receivable under financing activity, net	–	6,617
iii) Provision for diminution in investment written off, net	–	46
iv) Loss on sale of assets, net	–	3
v) Assets written off	–	80
vi) Amortization of premium	84	–
vii) Interest and finance charges	37,795	20,167
	<u>39,065</u>	<u>27,677</u>
	76,057	41,107
Less:		
i) Investment income included in above		
Dividend †	–	–
Interest on bonds	–	5
Interest on government and trust securities	76	96
	<u>76</u>	<u>101</u>
ii) Surplus on sale of assets, net †	–	–
iii) Provision for doubtful overdue installments receivable under financing activity, net	2,095	–
iv) Provision for diminution in value of investments written back, net	125	–
	<u>2,296</u>	<u>101</u>
Cash from operations	73,761	41,006
C) (Increase)/ Decrease in Other Current Assets:		
i) Other Current Assets and loans and advances	(6,562)	(2,529)
	<u>(6,562)</u>	<u>(2,529)</u>
Increase/ (Decrease) in Current Liabilities:		
i) Liabilities	13,289	(467)
ii) Gain on debenture repurchase	–	(397)
	<u>13,289</u>	<u>(864)</u>
	6,727	(3,393)
	80,488	37,613
Less: Interest and finance charges paid	30,489	14,453
Less: Direct taxes paid	13,340	6,951
Add: Tax adjustments relating to earlier years	33	1
	<u>36,692</u>	<u>16,210</u>
D) (Increase)/ Decrease in Receivables under financing activity	(320,876)	(172,199)
Net Cash from operations	<u>(284,184)</u>	<u>(155,989)</u>
Carried over	(284,184)	(155,989)

Cash Flow Statement for the Financial Year 2010-2011 (Contd.)

	2011	2010
	(284,184)	(155,989)
II) Investment Activities:		
Brought over		
i) (Increase)/ Decrease in investment in securitized assets, net	–	16,844
ii) (Increase)/ Decrease in other investments, net	(14,306)	(19,682)
iii) Capital expenditure (including leased assets)	(6,408)	(3,923)
iv) Sale proceeds of assets/adjustments to gross block	7	51
	<u>(20,707)</u>	<u>(6,710)</u>
v) Investment Income:		
Dividends †	–	–
Interest on Debentures & Bonds	–	5
Interest on Government Securities	76	96
	<u>76</u>	<u>101</u>
Net cash from investing activities	<u>(20,631)</u>	<u>(6,609)</u>
III) Financing activities:		
i) Increase/ (Decrease) in secured loans (excluding interest accrued and due)	256,375	128,808
ii) Increase / (Decrease) in share capital and share premium	118	–
iii) Increase/ (Decrease) in unsecured loans (excluding interest accrued and due)	91,847	32,708
iv) Dividend paid	(2,199)	(736)
v) Tax on dividend paid	(365)	(124)
	<u>345,776</u>	<u>160,656</u>
Net cash from financing activities	<u>345,776</u>	<u>160,656</u>
Net change in cash and cash equivalents	<u>40,961</u>	<u>(1,942)</u>
Cash and cash equivalents as at 01.04.2010 (Opening Balance)	2,237	4,179
Cash and cash equivalents as at 31.03.2011 (Closing Balance)	<u>43,198</u>	<u>2,237</u>

† Amount less than ₹ 1 Lac

As per our attached report of even date

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 17 May 2011

Anant Damle
Company Secretary

Rahul Bajaj
Nanoo Pamnani

Chairman
Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

Directors

Pune: 17 May 2011

Schedules 1 to 13

Annexed to and forming part of the Financial Statements
for the year ended 31 March

Schedule 1 Share Capital

		2011	2010
		(₹ in Lacs)	
Authorised:			
50,000,000	Equity shares of ₹ 10 each	5,000	5,000
Issued:			
* 36,630,076	(36,597,076) Equity shares of ₹ 10 each	3,663	3,660
Subscribed & Paid up:			
*36,629,076	(36,596,076) Equity shares of ₹ 10 each fully called up and paid up	3,663	3,660
1,000	Add: Forfeited Equity Shares † (amount paid up)	-	-
Total		3,663	3,660

* Note:

- The Company has w.e.f. 5 July 2010 become a subsidiary of Bajaj Finserv Limited. 20,505,089 shares are held by Bajaj Finserv Limited, the Holding Company as at 31 March 2011.
 - 33,000 equity shares of ₹ 10 each were issued and allotted on 29 December 2010 to the "BFL Employee Welfare Trust" in terms of the Employees Stock Option Plan. Refer Note No. 14 in Schedule 13.
- † Amount less than ₹ 1 Lac

Schedule 2 Reserves and Surplus

		2011	2010
		(₹ in Lacs)	
Securities Premium Account:			
Share Premium			
As per last Account		75,434	75,434
Add: Received during the year		115	-
		75,549	75,434
Reserve Fund in terms of Section 45IC(1) of the Reserve Bank of India Act, 1934			
As per last Account		9,075	7,275
Set aside this year		4,950	1,800
		14,025	9,075
General Reserve:			
As per last account		18,560	17,660
Set aside this year		2,500	900
		21,060	18,560
Surplus as per annexed Account		21,514	8,525
Total		132,148	111,594

Schedule 3 Secured Loans

	2011	2010
From Banks , against hypothecation of assets under finance, book debts and other receivables :		
Cash Credit	72,595	27,319
Other loans	190,500	55,500
Secured privately placed Redeemable Non Convertible Debentures (Refer Note No. 9A)	201,100	125,000
Interest accrued and due on bank loans	496	116
Total	464,691	207,935

Schedule 4 Unsecured Loans

	2011	2010
Fixed Deposits	187	245
Add: Interest accrued and due	13	12
	200	257
Short term loan from banks	16,298	10,064
Term loans from banks*	77,500	45,000
Short term borrowing by issue of Commercial Papers	52,500	54,000
Unsecured privately placed Redeemable Non Convertible Debentures (Refer Note No. 9B)	36,800	5,000
Unsecured privately placed Subordinated (Tier II) Redeemable Non Convertible Debentures of ₹ 10 Lacs each (Refer Note No.9 C)	22,870	-
Interest accrued and due	1	420
Total	206,169	114,741

* Due within 1 year - ₹ 45,000 Lacs; Due after 1 year - ₹ 32,500 Lacs

Note:

Negotiable Commercial Papers aggregating ₹ 188,500 Lacs were issued by way of Promissory Notes during the year (Maximum balance outstanding at any point of time during the period ₹ 101,000 Lacs.Previous year ₹ 66,500 Lacs)

Schedule 5 Fixed Assets

Particulars	Gross Block at cost			Depreciation				Net Block		
	As at 31 March 2010	Additions	Deductions and Adjustments	As at 31 March 2011	Up to 31 March 2010	Deductions and Adjustments	For the Year (b)	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Assets relating to leasing business:										
Plant and Machinery	1,764	-	-	1,764	1,764	-	-	1,764	-	-
Other Assets:										
Land freehold (d)	149	77	-	226	-	-	-	-	226	149
Building (a)	2,892	5,008	-	7,900	49	-	337	386	7,514	2,843
Computers	2,013	337	33	2,317	1,396	31	344	1,709	608	617
Furniture & Fixtures and Equipments	1,322	589	28	1,883	608	23	233	818	1,065	714
Vehicles	220	124	-	344	89	-	49	138	206	131
Intangible Assets:										
Specialised software (c)	823	273	-	1,096	232	-	223	455	641	591
As at 31 March 2011 Total	9,183	6,408	61	15,530	4,138	54	1,186	5,270	10,260	5,045
As at 31 March 2010 Total	5,787	3,923	527	9,183	3,766	392	764	4,138	5,045	

(a) Includes cost of shares in co-operative society ₹ 250/-

(b) See Note No. 1 B

(c) See Note No. 1 B II

(d) Represents share in undivided portion of land, on purchase of office premises

Schedule 6 Investments, at Cost (Unless otherwise stated)

		2011	(₹ in Lacs) 2010
(A) Long Term:			
In Government and Trust Securities:			
Quoted:			
12.32%	Government of India Stock, 2011 of the face value of ₹ 100 Lacs	–	112
12.25%	Government of India Stock, 2010 of the face value of ₹ 200 Lacs	–	275
11.83%	Government of India Stock, 2014 of the face value of ₹ 500 Lacs	637	637
		<u>637</u>	<u>1,024</u>
	Less: Amortization of premium (Refer Note 1C(iii))	84	–
		553	<u>1,024</u>
In fully paid equity shares:			
Other than trade:			
Quoted:			
90	Shares of TCFC Finance Limited †	–	–
@ 38,700	Shares of ₹ 10 each in Akai Impex Limited	23	23
75	Shares of ₹ 10 each in Bajaj Holdings and Investments Limited †	–	–
@ 16,880	Shares of ₹ 10 each in Dai Ichi Karkaria Limited	17	17
50	Shares of ₹ 10 each in Religare Technova Limited †	–	–
25	Shares of ₹ 10 each in ICICI Bank Ltd †	–	–
@ 52	Shares of ₹ 10 each in Midwest Leasing Limited †	–	–
@ 50	Shares of ₹ 10 each in Mazda Industries and Leasing Limited †	–	–
@ 50	Shares of ₹ 10 each in MCC Finance Limited †	–	–
@ 50	Shares of ₹ 10 each in Nagarjuna Finance Limited †	–	–
@ 100	Shares of ₹ 10 each in P L Finance and Investment Limited †	–	–
150	(75) Shares of ₹ 10 each in Bajaj Auto Limited † (incl. 75 nos. bonus shares received during the year)	–	–
75	Shares of ₹ 5 each in Bajaj Finserv Limited †	–	–
@ 310	Shares of ₹ 10 each in Southern Fuels Limited	1	1
		<u>41</u>	<u>41</u>
		594	1,065
	Less: Provision for diminution in value of Investments	33 [@]	158
	Total (A)	561	907
	Carried over	561	907

Schedule 6 Investments, at Cost (Unless otherwise stated) (Contd.)

		2011	(₹ in Lacs) 2010
Brought over		561	907
(B) Current:			
In Certificates of Deposits with banks:			
Unquoted			
– (20000)	Certificate of Deposit of ₹ 1 Lac each of UCO Bank - 02-09-2010	–	19,509
– (10000)	Certificate of Deposit of ₹ 1 Lac each of State Bank of Patiala CD 03-09-2010	–	9,767
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of Central Bank of India CD 28-06-2011	9,745	–
5000 (-)	Certificate of Deposit of ₹ 1 Lac each of Allahabad Bank CD 22-06-2011	4,878	–
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of UCO Bank CD 27-06-2011	9,762	–
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of Bank of Baroda CD 27-06-2011	9,769	–
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of Central Bank of India CD 27-06-2011	9,771	–
		43,925	29,276
Add: Amortization (Premium) / Discount on acquisition		44	–
Total (B)		43,969	29,276
Total		44,530	30,183

	Book Value as at		Market Value as at	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Quoted	561*	906†	574*	908*
Unquoted	43,969	29,277	–	–
Total	44,530	30,183	574	908

* Included in Market Value at Cost as the quotation is not available

@ Diminution in value provided for

† Amount less than ₹ 1 Lac

Schedule 6 Investments, at Cost (Unless otherwise stated) (Contd.)

The following investments have been purchased and sold during the year:

Name of the fund	Number of units	Purchase cost (₹ in Lacs)	Sale proceeds (₹ in Lacs)
IDFC Cash Fund Super Inst. Plan C - Growth	3,838,075,461	433,075	433,160
IDFC Money Manager Fund - Treasury Plan C - Growth	66,081,042	7,500	7,503
Birla Sun Life Cash Plus - Instl. Premium - Growth	2,079,891,745	314,300	314,367
Birla Sun Life Ultra Short Term Fund - Instl. - Growth	182,073,289	20,003	20,146
Birla Sun Life Saving Fund - Growth	109,103,308	20,000	20,059
ICICI Prudential Institutional Liquid Plan Super Inst. - Growth	226,314,654	312,600	312,663
ICICI Prudential Institutional Ultra Short Term Plan	434,010,132	45,006	45,233
ICICI Prudential Floating Rate Plan D	10,503,086	15,002	15,063
HDFC Liquid Plan Super Inst. - Growth	1,498,562,529	282,550	282,608
HDFC Liquid Plan Savings Fund - Growth	72,712,246	14,800	14,806
HDFC Cash Management Fund - Treasury Adv. Plan - Growth	16,200,042	3,400	3,404
Reliance Liquidity Fund - Growth	2,729,115,542	385,262	385,341
Reliance Liquid Fund - Treasury Plan - Institutional Growth	1,188,062,668	269,300	269,351
Reliance Medium Term Fund - Retail Plan - Institutional Growth	18,260,810	3,500	3,512
Reliance Money Manager Plan	109,130	1,400	1,401
Reliance Liquid Fund - Cash Plan	638,430,347	100,100	100,130
Fortis Mutual Fund - Liquid Fund	223,759,092	22,500	22,503
Fortis Mutual Fund - Short Term Plan	48,499,549	5,000	5,023
Fortis Mutual Fund - Money Manager Plan	148,959,393	20,802	20,870
HDFC Mutual Fund - Cash Management Plan - Growth	356,252,777	68,800	68,811
Axis Mutual Fund	1,281,386,338	10,000	10,004
Kotak Mutual Fund - Liquid Plan	1,191,540,748	229,075	229,129
Kotak Mutual Fund - Short Term Floater Liquid Plan	1,170,923,622	183,850	183,907
Kotak Mutual Fund - Flexi Fund	87,863,869	10,001	10,032
Deutsche Mutual Fund - Liquid Fund	32,859,337	24,000	24,005
Deutsche Mutual Fund - Cash Opportunities	42,183,345	5,001	5,034
Bank of Baroda CD 27-12-2010	100,000	9,827	9,844
Canara Bank CD 04-11-2010	75,000	7,212	7,222
Andhra Bank CD 28-12-2010	25,000	2,456	2,460

Schedule 7 Current Assets, Loans and Advances (Good unless otherwise stated)

(₹ in Lacs)

	2011	2010
(a) Receivables under financing activity:		
(I) Secured:		
(i) (a) Against hypothecation of automobiles, equipments, durables etc. [Includes overdue installments ₹ 20,900 Lacs (Previous year ₹ 26,200 Lacs)]	343,885	182,561
(b) Stock of repossessed vehicles under Finance Agreements at estimated realisable / balance value	724	874
	<u>344,609</u>	<u>183,435</u>
(c) Overdue installments under finance agreements considered doubtful Less: Provision	8,750	11,679
	<u>8,750*</u>	<u>11,679*</u>
	<u>-</u>	<u>-</u>
	344,609	183,435
(ii) Against equitable mortgage of immovable property under finance agreements [Includes overdue installments ₹ 19 Lacs (Previous year Nil)]		
Good	199,604	106,130
Doubtful	127	124
Less: Provision	<u>127*</u>	<u>124*</u>
	<u>-</u>	<u>-</u>
	199,604	106,130
(iii) Loan against shares (secured by pledge of shares)	30,777	10,000
(iv) Net investment in lease (secured by assets at agreement values less installments received)		
Good	-	1
Doubtful †	-	-
Less: Provision †	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	-	1
Total (I)	<u>574,990</u>	<u>299,566</u>
(II) Unsecured:		
(i) Loans at agreement values less installments received [Includes overdue installments ₹ 9,870 Lacs (Previous year ₹ 4,462 Lacs)]		
Good	152,020	98,011
Doubtful	6,533	6,557
Less: Provision	<u>6,533*</u>	<u>6,557*</u>
	<u>-</u>	<u>-</u>
	152,020	98,011
(ii) Receivables under loan assignments	-	5,601
Total (II)	<u>152,020</u>	<u>103,612</u>
Total (I+II)	727,010	403,178
(b) Cash and Bank Balances:		
Cash on hand (including the cash with collecting agents)	673	397
Balance with Scheduled Banks:		
In current and cash credit accounts	27,525	1,840
In fixed deposit accounts	<u>15,000</u>	<u>-</u>
	43,198	2,237
Carried over	<u>770,208</u>	<u>405,415</u>

Schedule 7 Current Assets, Loans and Advances (Good unless otherwise stated) (Contd.)

(₹ in Lacs)

	2011	2010
Brought over	770,208	405,415
(c) Other Current Assets:		
Interest receivable on Investments	23	31
Interest receivable on loans †	–	64
Finance charges receivable	2,571	1,418
Interest receivable on fixed deposits	27	–
Other receivables	730	928
	3,351	2,441
(d) Loans and Advances,unsecured:		
Advances recoverable in cash or in kind or for value to be received		
Good	12,717	6,437
Doubtful	581	1,189
Less: Provision	581*	1,189*
	–	–
	12,717	6,437
Sundry deposits	486	506
Tax paid in advance	37,729	25,905
Less: Provisions for taxation	33,963	23,580
	3,766	2,325
	16,969	9,268
Total	790,528	417,124

Schedule 8 Current Liabilities and Provisions

(₹ in Lacs)

	2011	2010
(a) Liabilities:		
Sundry creditors	17,899	7,677
Security deposits	1,746	2,152
Investor Education and Protection Fund, since deposited †	–	–
Unclaimed Dividend	42	45
Interest accrued but not due on loans	5	6
Interest accrued but not due on debentures	13,751	6,404
Temporary overdraft as per books of accounts only	5,179	1,801
	38,622	18,085
(b) Provisions:		
For Taxation	33,963	23,580
Less: Adjustment of tax provision in advance tax	33,963	23,580
	–	–
For Loss Estimations (See Note No.11)	1,890	421
For Compensated Absences (See Note No.13)	372	278
For Tax on Dividend	594	365
Proposed Dividend	3,663	2,196
	6,519	3,260
Total	45,141	21,345

* See Note No. 1 (E) and 11

† Amount less than ₹ 1 Lac

Schedule 9A Other Operating Income

	2011	2010
Interest [Gross-Tax deducted ₹ 41 Lacs (Previous Year ₹162 Lacs)]		
On Fixed Deposits	433	–
On Certificate of Deposits with banks (Refer Note No. 1 D (iii))	44	–
On Investment in securitized assets	–	1,044
Others	3,609	3,501
	4,086	4,545
Gain on debenture repurchase	–	398
Miscellaneous Income	2,870	1,322
Bad debt recoveries	2,531	1,762
Profit on sale of current investments, net *	1,362	2,013
Total	10,849	10,040

* Consequent to deployment of temporary idle funds to defray cost of borrowings, hence classified under "Other Operating Income".

Schedule 9B Other Income

	2011	2010
Interest [Gross-Tax deducted ₹ Nil (Previous Year ₹ Nil)]	76	96
On Government and Trust Securities:		
Amortisation of Premium / Discount (Refer Note No. 1C(iii))	84	–
Partially provided for as diminution in earlier years written back	48	–
	(36)	–
	40	96
On Bonds	–	5
	40	101
Dividend †	–	–
Miscellaneous Income	22	13
Surplus on sale of Assets, net †	–	–
Provisions no longer required	573	116
Sundry credit balances appropriated	668	380
Provision for Diminution in Value of Investments written back, net	77	–
Total	1,380	610

† Amount less than ₹ 1 Lac

Schedule 10 Expenses

	2011	2010
Employees' Emoluments:		
(Includes Manager's remuneration)		
Salaries, Bonus, Allowances etc.	13,553	9,282
Contribution to Provident and Other Funds	601	461
Welfare expenses	318	199
	14,472	9,942
Insurance	10	7
Rent	590	713
Commission to Non Executive Director	50	46
Miscellaneous expenses	13,329	9,062
Donations	3	1
Assets written off	-	80
Printing and stationery	384	247
Marketing commission	5,599	2,817
Recovery commission	4,952	5,606
Directors' Fees and Travelling expenses	19	15
Auditors' Remuneration	27	18
Loss on sale of Assets, net	-	3
Deficit on redemption of securities on maturity	87	-
Dealer Incentive	4,657	2,594
Provision for Diminution in Value of Investments	-	46
Total	44,179	31,197

Schedule 11 Loan losses and provisions

	2011	2010
Bad debts written off	22,556	19,441
Provision release on account of bad debts written off	(6,217)	(4,702)
Provision for standard assets	1,469	421
Provision for Non Performing Assets	2,653	10,898
Total	20,461	26,058

Schedule 12 Interest and Finance Charges

	2011	2010
Interest:		
On Fixed Loans	5,387	795
Other	6,606	3,760
	11,993	4,555
Interest on Non Convertible Debentures	20,044	9,784
Discount in respect of "Commercial Papers"	4,483	4,501
Bank charges	1,275	1,327
Total	37,795	20,167

Schedule 13 Notes forming part of the Financial Statements

1) Statement of Significant Accounting Policies

A) System of Accounting:

- i) The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.
- iii) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

B) Fixed Assets, Depreciation and Amortization:

- I) (i) Fixed Assets are carried at cost of acquisition.

(ii) Depreciation

(a) On assets relating to Leasing Business:

- (i) Depreciation on Assets relating to Leasing Business is being provided at the rates worked on Straight Line Method over the primary period of Lease as stated in the lease agreement or at the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher.

Assets	Rates on Straight Line Method	
	Over the Primary Period of lease %	As specified in Schedule XIV %
Plant and Machinery:		
Electrostatic precipitation system	10.00	5.28
Boiler	14.29	5.28
Furnace	16.67	5.28
Computers		
Primary Period 3 Years	33.33	16.21
Primary Period 5 Years	20.00	16.21
Primary Period 6 Years	16.67	16.21
Primary Period 7 Years	14.29	16.21
Others	20.00	4.75

- (ii) Depreciation on additions to Assets relating to Leasing Business is being provided for as above, on pro-rata basis with reference to the month of commencement of the Lease Period.

- (iii) Depreciation on Assets relating to Leasing Business, sold during the year, is being provided for at their respective rates up to the month in which such asset is sold.

(b) On other Assets:

- (i) Depreciation on other assets is being provided on "Written Down Value Method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the year is being provided for on a pro-rata basis with reference to the month of addition.

- (ii) Depreciation on assets sold during the year is being provided for, at their respective rates up to the month in which such asset is sold.

Schedule 13 Notes forming part of the Financial Statements (Contd.)

II) On Intangible Assets and Amortization thereof:

Intangible assets, representing Specialized Software, are recognised consistent with the criteria specified in Accounting Standard - 26 "Intangible Assets" as prescribed by Companies (Accounting Standards) Rules, 2006. The same is amortized over a period of 60 months, being the estimated useful life of the software.

C) Investments:

- (i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short term / current investments and are carried at their cost or market value / realizable value, whichever is lower.
- (ii) Investments other than short term / current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.
- (iii) Fixed income securities with effect from this year are stated at cost less amortization of premium/discount as the case may be. (Refer D (iii) below)

D) Income from:

(i) Assets under Finance:

The Company has accrued finance charges and service charges in terms of contractual commitments with borrowers detailed in the finance agreements entered into with hirers except in the case of Non- Performing Assets.

(ii) Leasing Business:

- (a) Lease rental income is recognized on accrual basis.
- (b) For leases effected prior to 1 April 2001, the Company follows the recommendations of the Institute of Chartered Accountants of India contained in the Guidance Note on Accounting for Leases. Accordingly, a matching annual charge is made to the Profit and Loss Account representing recovery of net investment of leased assets. The said charge is calculated by deducting Finance Income for the year (arrived at by applying the rate of interest implicit in the lease to the net investment in the lease during the year) from the lease rental in respect of all its leased assets. This annual charge comprises of book depreciation (as per the policy stated in Para 1(B) (ii)) and a lease equalization charge where the annual lease charge is more than book depreciation. Where the annual lease charge is less than book depreciation a lease equalization charge credit is taken. The balance standing in the Lease Adjustment Account has been adjusted in the net value of leased assets.

For leases effected on or after 1 April 2001, the Company has followed the provisions of Accounting Standard – 19 "Leases" as prescribed by Companies (Accounting Standards) Rules, 2006.

(iii) Investment

- (a) Dividend is accrued when the right to receive is established i. e. when declared by the investee entity.
- (b) Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.
- (c) With effect from current year, in order to reflect the contracted yield as interest income, the premium/discount on fixed income securities is amortized with reference to the "yield to maturity" prevailing on acquisition. The impact of this change in the accounting policy on the profit for the year is not material considering the consequential release of the provision for diminution in the value of investment made in earlier years.

(iv) Other Income:

Other income is mainly accounted on accrual basis, except in case of significant uncertainties.

E) Receivables under finance:

- (i) Receivables under finance represent principal and matured finance charges outstanding at the close of the year but net of amount written off.

Schedule 13 Notes forming part of the Financial Statements (Contd.)

- (ii) The Company assesses all receivables for their recoverability and accordingly, makes provisions for non performing assets as considered necessary. Further, with effect from the previous year, the Company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Guidelines.
- (iii) A general provision is also made by the Company @ 0.25% on the standard assets outstanding and disclosed under "Provisions" in the schedule 8 in the financial statements as required by the Reserve Bank of India.

F) Employee Benefits:

(i) Gratuity:

Payment for present liability of future payment of gratuity is being made to the Approved Gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India (LIC). However, any deficits in Plan Assets managed by LIC as compared to actuarial liability are recognized as a liability.

(ii) Superannuation:

Defined Contribution to superannuation fund is being made as per the scheme of the Company.

- (iii) Provident fund contributions are made to Bajaj Auto Limited Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the Company and recognized as an expense.

(iv) Privilege Leave:

Privilege leave entitlements are recognized 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 recognized at the actuarially determined value by an Appointed Actuary.

- (v) Contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:

Provision for Taxation is made on the basis of the Taxable Profits computed for the current accounting period in accordance with the Income Tax Act 1961. Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for at the current rate of tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with reasonable certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized. However, Deferred Tax Asset arising on account of unabsorbed depreciation and business losses are recognized only if there is virtual certainty supported by convincing evidence that there would be adequate future taxable income against which the same can be realized/set off.

H) Provisions:

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect the best estimates based on available information.

I) Employee Stock Option Scheme – See Note No. 14

2) Contingent Liability not provided for:

(₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
Disputed claims against the Company not acknowledged as debts	381	453
VAT matters under Appeal	349	349
Income Tax matters under Appeal	2,047	970
ESI matter under appeal	514	NIL

Schedule 13 Notes forming part of the Financial Statements (Contd.)

3) a) Estimated amount of Contracts remaining to be executed on Capital Account not provided for

(₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
Estimated amount of Contracts remaining to be executed on Capital Account not provided for (Net of Advances)	126	84

b) The Company has issued a letter of comfort of ₹ 15,000 Lacs to Axis Bank Limited against its share in the credit facilities offered to Essar Power Hazira Limited (EPHL).

4) Payments to Auditors: *

(₹ in Lacs)

Particulars	2010-11	2009-10
(i) As Auditors	20	13
(ii) In other capacity:		
For Tax Audit	1	1
For Certificates etc.	6	4
Sub total	7	5
(iii) For Expenses	-	-
Total	27	18

*net of service tax credit availed

5) Expenditure in foreign currency:

(₹ in Lacs)

Particulars	2010-11	2009-10
Travelling expenses	12	3
Software expenses	115	42

6) Managerial Remuneration:

(a) Computation of Manager / Non Executive Director's commission under Section 198 and 349 of the Companies Act, 1956:

(₹ in Lacs)

Particulars	2010-11	2009-10
Profit as per Profit & Loss Account	24,663	8,940
Add:		
Manager's Remuneration (including perquisites)	300	164
Commission to Non Executive Director	50	46
Provision for Taxation, net of deferred tax income	12,329	4,490
Deficit on redemption of securities on maturity	87	-
	12,766	4,700
Less:		
Profit on sale of current investments, net	1,362	2,013
Gain on debenture repurchase	-	398
	1,362	2,411
Profit on which commission is payable	36,067	11,229
Commission payable to Non Executive Director @ 1% restricted to	50	46
Remuneration payable to Manager @ 5 %	1,717	535
Remuneration paid to Manager restricted to	300	164

Schedule 13 Notes forming part of the Financial Statements (Contd.)

(b) Profit and Loss Account includes payments and provisions on account of Manager's remuneration as under:

(₹ in Lacs)

Particulars	2010-11	2009-10
Salary	269	134
House Rent Allowance	21	19
Contribution to Gratuity fund	4	3
Contribution to Provident and other funds	5	4
Perquisites	1	4
Total	300	164

- 7) Warrants issued with debentures to the shareholders in 2006-07 have lapsed on 8 January 2010 with no options of conversion being exercised.
- 8) Debenture Redemption Reserve, if required, will be created in accordance with the Circular No.9/2002 dated 18 April 2002, issued by Department of Company Affairs, Ministry of Law, Justice & Company Affairs, Government of India & Section 117 C of Companies Act.
- 9) Details of privately placed secured / unsecured Redeemable Non Convertible Debentures:

A) Details of privately placed secured Redeemable Non Convertible Debentures of the face value of ₹ 100 Lacs.

(₹ in Lacs)

No. of Debentures 31 March 2011	No. of Debentures 31 March 2010	Terms of Redemption (Redeemable at par in)	As at 31 March 2011	As at 31 March 2010
60	(60)	April 2011	6,000	6,000
85	(85)	Jun 2011	8,500	8,500
85	(85)	Jun 2011	8,500	8,500
-	(75)	Mar 2011	-	7,500
10	(10)	Jul 2012	1,000	1,000
150	(150)	Jul 2011	15,000	15,000
100	(100)	Sep 2011	10,000	10,000
40	(40)	Apr 2012	4,000	4,000
10	(10)	Sep 2012	1,000	1,000
50	(50)	Apr 2011	5,000	5,000
50	(50)	May 2011	5,000	5,000
150	(150)	Aug 2011	15,000	15,000
50	(50)	Oct 2011	5,000	5,000
210	(210)	Nov 2012	21,000	21,000
25	(25)	Jan 2013	2,500	2,500
100	(100)	Oct 2013	10,000	10,000 *
100	-	Apr 2012	10,000	-
25	-	Jun 2013	2,500	-
25	-	May 2013	2,500	-
25	-	Jul 2013	2,500	-
135	-	Jul 2013	13,500	-
50	-	Jul 2015	5,000	-
136	-	Jul 2013	13,600	-
30	-	Sep 2013	3,000	-
25	-	Oct 2015	2,500	-
250	-	Nov 2015	25,000	-
35	-	May 2012	3,500	-
Total			201,100	125,000

* Put call option available on completion of 3 year i.e. on 24 October 2011.

Security:

Secured by pari-passu charge by mortgage of Company's Flat No.103, Nayan Co-op Housing Society, CTS 2718, Plot No.11, ICS Colony, Shivajinagar, Pune - 411016 and book debts and receivables under financing activity as stated in the respective information memorandum.

Schedule 13 Notes forming part of the Financial Statements (Contd.)

B) Details of privately placed unsecured Redeemable Non Convertible Debentures of the face value of ₹ 100 Lacs.

(₹ in Lacs)

No. of Debentures 31 March 2011	No. of Debentures 31 March 2010	Terms of Redemption (Redeemable at par in)	As at 31 March 2011	As at 31 March 2010
50	(50)	Aug 2011	5,000	5,000
150	-	May 2013	15,000	-
25	-	June 2012	2,500	-
125	-	July 2012	12,500	-
18	-	May 2012	1,800	-
		Total	36,800	5,000

C) Details of privately placed unsecured Redeemable Non Convertible Debentures of the face value of ₹ 10 Lacs - Subordinated Debt.

(₹ in Lacs)

No. of Debentures 31 March 2011	No. of Debentures 31 March 2010	Terms of Redemption (Redeemable at par in)	As at 31 March 2011	As at 31 March 2010
650	-	April 2020	6,500	-
500	-	June 2020	5,000	-
500	-	July 2020	5,000	-
275	-	Sep 2020	2,750	-
362	-	Oct 2020	3,620	-
		Total	22,870	-

10) Deferred Tax Adjustment:

As required by the Accounting Standard 22 "Accounting for Taxes on Income" as prescribed by Companies (Accounting Standards) Rules, 2006, the Company has recognized Deferred Taxes, which result from the timing differences between the Book Profits and Tax Profits, for the year ended 31 March 2011 of ₹ 429 Lacs as deferred tax expense in the Profit and Loss Account, the details of which are as under:

(₹ in Lacs)

Particulars	Balance as at 31 March 2010	Arising during the year	Balance as at 31 March 2011
Deferred Tax Assets / (Liabilities)			
On account of timing differences in			
a) Depreciation	(29)	(72)	(101)
b) Financial leasing transactions	33	(18)	15
c) Disallowance under Section 43B of Income Tax Act, 1961	108	60	168
d) Provision for doubtful debts	6,788	(680)	6,108
e) Other asset	23	281	304
Net Asset:	6,923	(429)	6,494

- 11) (a) The Company assesses all receivables for their recoverability and accordingly, makes provisions for non performing assets as considered necessary. Further, with effect from the previous year, the Company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Guidelines. The impact of such provisions in excess of Reserve Bank of India norms during the year amounted to ₹ 3,877 Lacs.
- (b) General provision, amounting to ₹ 1,890 Lacs, is also made by the Company @ 0.25% on the standard assets outstanding and disclosed under "Provisions" in the schedule-8 in the financial statements as required by the Reserve Bank of India.
- 12) The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.

Schedule 13 Notes forming part of the Financial Statements (Contd.)

- 13) 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) as prescribed by Companies (Accounting Standards) Rules, 2006, the details of which are as hereunder.

(₹ in Lacs)

Amount to be recognized in Balance Sheet:	As at 31 March 2011	As at 31 March 2010
Present Value of Funded Obligations	447	292
Fair Value of Plan Assets	(789)	(530)
Amount not Recognized as an Asset (limit in Para 59 (b))	124	85
Net Liability	(218)	(153)
Amounts in Balance Sheet		
Liability	22	13
Assets	(240)	(166)
Net Liability/(Asset)	(218)	(153)
Expense to be recognized in the Statement of Profit & Loss		
Current Service Cost	73	70
Interest on Defined Benefit Obligation	29	22
Expected Return on Plan Assets	(39)	(26)
Net Actuarial Losses / (Gains) Recognized in Year	53	(36)
Effect of the limit in Para 59 (b)	38	78
Premium allocation difference and other charges transferred	-	-
Total, Included in "Employee Emoluments"	154	108
Actual Return on Plan Assets	54	34
Reconciliation of Benefit Obligations & Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	292	249
Current Service Cost	73	70
Interest Cost	29	22
Actuarial Losses / (Gain)	67	(29)
Benefits Paid	(14)	(20)
Closing Defined Benefit Obligation	447	292
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	530	348
Expected Return on Plan Assets	39	26
Actuarial Gain / (Losses)	15	7
Contributions by Employer	219	169
Benefits Paid	(14)	(20)
Closing Fair Value of Plan Assets	789	530
Summary of the Actuarial Assumptions		
Discount Rate	8.30%	8.20%
Expected Rate of Return on Assets	7.50%	7.50%
Salary Escalation Rate		
– Senior Staff	8.00%	8.00%
– Junior Staff	8.00%	6.00%

Schedule 13 Notes forming part of the Financial Statements (Contd.)

Experience adjustments:

Particulars	(₹ in Lacs)				
	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11
Defined Benefit Obligation	235	198	249	292	447
Plan Assets	140	112	348	530	789
Surplus/ (Deficit)	(96)	(86)	99	238	342
Experience adjustments on Plan Liabilities	36	(23)	13	8	30
Experience adjustments on Plan Assets	13	21	140	7	15

Particulars	As at 31 March 2011	
	Compensated Absences	Compensated Absences
Present Value of Unfunded Obligations	305	225
Expense recognized in the Statement of P&L	151	113
Discount Rate (p.a.)	8.30%	8.20%
Salary Escalation Rate (p.a.) - Senior Staff	8.00%	8.00%
Salary Escalation Rate (p.a.) - Junior Staff	8.00%	6.00%

Casual leave and earned leave which is considered as a short term benefit, is valued at its encashment value amounting to ₹ 67 Lacs.

14) Employee Stock Option Plan:

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options up to a maximum of 5% of the issued equity capital of the Company aggregating to 18,29,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of Equity Shares of the Company under one or more Employee Stock Option Scheme(s).

The Remuneration & Nomination Committee has approved the following grants to a list of senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme two grants have been made, details of which are given as under:

Grant Date	Exercise Price (₹)	Options Granted	Options Vested & Exercisable	Options Unvested	Options Exercised	Options Cancelled	Options outstanding
12 January 2010	358.70	132,000	31,750	95,250	1,250	3,750	127,000
21 July 2010	542.00	326,750	-	321,750	-	5,000	321,750
Total		458,750	31,750	417,000	1,250	8,750	448,750

Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

The fair value of options used to compute proforma net profit and earnings per share have been estimated on the date of grant using the Black – Scholes Model.

Schedule 13 Notes forming part of the Financial Statements (Contd.)

The key assumptions used in Black – Scholes Model for calculating fair value as on the date of grant are:

Variables	21 July 2010	12 January 2010
1. Risk free interest rate	7.42%	6.70%
2. Expected life	3.5-6.5 years	1-5 years
3. Expected volatility	55.38%	54.01%
4. Dividend yield	1.28%	0.62%
5. Price of the underlying share in the market at the time of the option grant (₹)	542.00	358.70

Impact on fair value method on net profit and earnings per share

Had compensation cost for the stock option plans outstanding been determined based on fair value approach, the net profit and Earnings per share would have been as per the proforma amounts indicated below:

Particulars	31 March 2011	31 March 2010
Net profit (as reported)	24,696	8,941
Add: Stock – based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro forma)	261	134
Net Profit (pro forma)	24,435	8,807
Basic Earnings per share (as reported)	67.47	24.43
Basic Earnings per share (pro forma)	66.76	24.07
Diluted earnings per share (as reported)	67.47	24.43
Diluted earnings per share (pro forma)	66.76	24.07

Schedule 13 Notes forming part of the Financial Statements (Contd.)

15) Related party:

Disclosure of transactions with Related Parties as required by the Accounting Standard - 18 as prescribed by Companies (Accounting Standards) Rules, 2006:

(₹ in Lacs)

Name of the related party and nature of relationship	Nature of transactions	2010-11		2009-10	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
A. Holding company:					
1. Bajaj Finserv Limited	Dividend paid	1,107	-	307	-
	Infrastructure payments	704	7	517	587
	Business support charges	249	-	-	-
	Other revenue expenses	2	-	-	-
	Other debits	-	-	-	-
B. Fellow Subsidiaries:					
1. Bajaj Allianz General Insurance Company Limited	Asset insurance	10	-	7	-
	Vehicle / travel insurance	6	-	4	-
	Extended warranty premium	5	-	113	-
	Insurance premium adjusted	362	-	18	-
	Advance premium	363	17	26	16
	Others	21	10	-	5
	Unsecured non convertible debentures	1,000	1,000	-	-
2. Bajaj Allianz Life Insurance Company Limited	Insurance premium paid	3,410	-	2,300	-
	Premium advance	3,598	215	2,185	27
	Service charges	-	-	1,002	55
	Infrastructure fees	705	-	-	-
	Advertisement fees	510	-	-	-
	Commission income	72	47	-	-
	Other reimbursements	617	394	-	-
	Advance logo charges received	63	63	-	-
	Unsecured non convertible debentures	1,500	1,500	-	-
C. Where Directors have significant influence:					
1. Bajaj Auto Holdings Limited	Dividend paid	-	-	42	-
2. Bajaj Auto Limited	Interest subsidy received	577	-	531	-
	Bad debts sharing received	-	-	1,837	-
	Business support cost paid	807	-	691	81
	Business support cost received	38	-	-	-
	Other debits	-	-	12	-
	Inter corporate loans repaid	-	-	1,460	-
	Interest on Inter corporate loans	-	-	24	-
D. Key Managerial Personnel:					
1. Mr. Nanoo Pamnani Vice Chairman	Commission	50	50	46	46
	Sitting fees and expenses	3	-	2	-
2. Mr. Rajeev Jain Chief Executive Officer	Remuneration	300	78	164	-
	Housing deposit	4	-	4	4

16) The disclosures required in terms of Paragraph 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in the Annexure forming part of these Financial Statements.

17) Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

Signatures to Schedule '1' to '13'

As per our attached report of even date

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 17 May 2011

Anant Damle
Company Secretary

Rahul Bajaj
Nanoo Pamnani

Chairman
Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

Directors

Pune: 17 May 2011

ANNEXURE (Forming part of the financial statements)**Schedule to the Balance Sheet**

[As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

Particulars	(₹ in Lacs)	
	Amount Outstanding	Amount Overdue
Liabilities Side		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures:		
Secured (excluding interest accrued but not due ₹ 9,828 Lacs)	201,100	Nil
Unsecured (excluding interest accrued but not due ₹ 3,923 Lacs) (Other than falling within the meaning of public deposit*)	59,670	Nil
(b) Deferred Credits	Nil	Nil
(c) Term Loans (including interest accrued and due thereon ₹ 1 Lac)	162,501	Nil
(d) Inter-corporate Loans and Borrowings	Nil	Nil
(e) Commercial Paper	52,500	Nil
(f) Public Deposits * (excluding interest accrued but not due ₹ 5 Lacs)	200	Nil
(g) Other Loans (specify nature) (Short term loan, Term loan, Cash Credit and Working Capital Demand Loan including interest accrued thereon)	194,889	Nil
* Please see Note 1 below		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security.	Nil	Nil
(c) Other public deposits	200	Nil
* Please see Note 1 below		
Particulars		Amount Outstanding
Assets Side		
(3) Break - up of Loans and Advances including bills receivables (other than those included in (4) below) :		
(a) Secured		Nil
(b) Unsecured		Nil
(4) Break up of Leased Assets and Assets under Finance and hypothecation loans counting Assets Finance activities		
(i) Lease assets including lease rentals under sundry debtors:		Nil
(a) Financial lease		
(b) Operating lease		
(ii) Stock under finance including financing charges under sundry debtors:		
(a) Assets under finance, net of unmatured finance charges and advance EMI		343,885
(b) Repossessed Assets		724
(iii) Hypothecation loans counting towards asset financing activities:		
(a) Loans where assets have been repossessed		Nil
(b) Loans other than (a) above		Nil

ANNEXURE (Forming part of the financial statements) (Contd.)**(5) Break-up of Investments**

Current Investments :		
1. Quoted :		
(i) Shares :		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities (including trust securities)		Nil
(v) Others (Please specify)		Nil
2. Unquoted :		
(i) Shares :		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil
(v) Others (Please specify) Certificates of Deposits with Banks		43,969
Long Term Investments:		
1. Quoted :		
(i) Shares :		
(a) Equity		8
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government and Trust Securities		553
(v) Others (Please specify)		-
2. Unquoted :		
(i) Shares :		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil
(v) Others		Nil

(6) Borrower group-wise classification of all leased assets, stock under financing and loans and advances

Please see Note 2 below

Category	Amount net of Provisions		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	989	Nil	989
(c) Other Related Parties	Nil	684	684
2. Other than Related parties	574,001	171,656	745,657
Total	574,990	172,340	747,330

ANNEXURE (Forming part of the financial statements) (Contd.)**(7) Investor group-wise classification of all investments [current and long term in shares and securities (both quoted and unquoted)] :**

Please see Note 3 below

Category	Market Value/ Break up or fair value or NAV	Book Value (net of provision)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group:	3	Nil
(c) Other Related Parties	Nil	Nil
2. Other than Related parties	44,540	44,530
Total	44,543	44,530

** As per Accounting Standard of ICAI (Please see Note 3)

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	21,979
(ii) Net Non Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	5,988
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

1. As defined in paragraph 2 (1) (xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All accounting standards and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

Statement showing particulars as prescribed in the amendment to Schedule VI to the Companies Act, 1956 vide Notification No.G.S.R.388 (E) dated May 15,1995.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (PART IV)

I REGISTRATION DETAILS

Registration No.	42961
State Code	11
Balance Sheet date	31 March 2011

₹ in Thousands

II CAPITAL RAISED DURING THE YEAR ENDED 31 MARCH 2011

Public Issue,Calls in arrears received	-
Right Issue	-
Bonus Issue	-
Private Placement	-
Others (ESOP)	330
	<u>330</u>

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31 MARCH 2011

Total Liabilities	80,667,056
Total Assets	80,667,056

SOURCES OF FUNDS

Paid -up Capital	366,296
Reserves and Surplus	13,214,838
Secured Loans	46,469,068
Unsecured Loans	20,616,854
	<u>80,667,056</u>

APPLICATION OF FUNDS

Net Fixed Assets	1,026,043
Investments	4,452,963
Deferred Tax Asset, net	649,382
Net Current Assets	74,538,668
	<u>80,667,056</u>

IV PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2011

i) Turnover (Sale of products and other income)	14,061,326
ii) Total Expenditure	10,362,117
iii) Profit before tax	3,699,209
iv) Profit after tax	2,466,338
v) Adjustments for earlier years	3,266
vi) Net Profit	2,469,604
vii) Earning per share ₹ (See Note 2) (Face Value ₹ 10/-)	67.47
viii) Dividend Rate (%)	100

V GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Being a Finance Company - Not Applicable.

Notes :

- The above particulars should be read along with the balance sheet as at 31 March 2011, the profit and loss account for the year ended on that date and the schedules forming part thereof.
- Earning per share is arrived at by dividing the Net Profit {Item IV(vi)} by total weighted average number of shares issued and subscribed as at the end of the year.

	Rahul Bajaj Nanoo Pamnani	Chairman Vice Chairman
	Madhur Bajaj Rajiv Bajaj Sanjiv Bajaj D S Mehta D J Balaji Rao Dipak Poddar Ranjan Sanghi Rajendra Lakhotia	} Directors
Anant Damle Company Secretary		
Pune: 17 May 2011		

Select Five Year Financial Data

	(₹ in Lacs)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Income					
Income from Lending Business	128,384	80,958	50,907	40,903	34,896
Leasing Business	-	8	45	63	381
Other Income	12,229	10,650	8,987	9,309	4,903
Total	<u>140,613</u>	<u>91,616</u>	<u>59,939</u>	<u>50,275</u>	<u>40,180</u>
Expenses					
Expenses	44,179	31,197	21,485	18,836	12,853
Loan losses and provisions	20,461	26,058	16,358	10,918	8,088
Interest and Other Finance Charges	37,795	20,167	16,435	17,038	11,810
Depreciation	1,186	764	557	485	304
Profit Before Taxation	36,992	13,430	5,104	2,998	7,125
Provision for Taxation (net of deferred tax credit)	12,329	4,490	1,712	986	2,403
Profit for the year	24,663	8,940	3,392	2,012	4,722
Profit before Appropriations	24,696	8,941	3,392	2,058	4,764
Earning Per Share (EPS)					
Basic (₹)	67.47	24.43	9.27	5.68	19.76
Diluted (₹)	67.47	24.43	9.27	5.68	18.79
Dividend %	100	60	20	10	30
Assets employed					
Net Fixed Assets	10,260	5,045	2,020	1,376	503
Investments	44,530	30,183	27,391	32,688	3,267
Net Working Capital	745,387	395,779	235,545	235,885	256,532
Deferred Tax Asset	6,494	6,923	5,058	2,740	1,631
Total	<u>806,671</u>	<u>437,930</u>	<u>270,014</u>	<u>272,689</u>	<u>261,933</u>
Financed by					
Shareholders' Funds					
Share Capital	3,663	3,660	3,660	3,660	3,535
Reserves	132,148	111,594	105,214	102,679	96,057
	135,811	115,254	108,874	106,339	99,592
Preferential Warrant Application Money	-	-	-	-	512
Loan Funds	670,860	322,676	161,140	166,350	161,829
Total	<u>806,671</u>	<u>437,930</u>	<u>270,014</u>	<u>272,689</u>	<u>261,933</u>

