



Distinctly Ahead

Since 1945

Bajaj Auto Limited

4th Annual Report 2010-11

4th Annual Report
2010-11

Bajaj Auto Limited

A close-up photograph of a red Bajaj motorcycle's handlebars and controls. The image shows the black handlebars, a digital display screen, and various control levers and buttons. The background is a blurred green, suggesting an outdoor setting. The Bajaj logo is visible on the red fuel tank in the lower-left corner.

CONTENTS

Board of Directors	2
Management Team	3
Chairman's Letter	5
Management Discussion and Analysis	7
Corporate Governance	13
General Shareholder Information	19
Directors' Report	23
Report on Corporate Social Responsibility	29
Auditor's Report	35
Balance Sheet and Profit & Loss Account	38
Bajaj Auto Limited and its Subsidiaries and Associate Consolidated Balance Sheet and Profit & Loss Account	90

Board of Directors

Rahul Bajaj
Chairman

Madhur Bajaj
Vice Chairman

Rajiv Bajaj
Managing Director

Sanjiv Bajaj
Executive Director

Kantikumar R Podar

Shekhar Bajaj

D J Balaji Rao

D S Mehta

J N Godrej

S H Khan

Ms Suman Kirloskar

Naresh Chandra

Nanoo Pamnani

Manish Kejriwal

P Murari

Niraj Bajaj

Management

Rahul Bajaj
Chairman

Madhur Bajaj
Vice Chairman

Rajiv Bajaj
Managing Director

Sanjiv Bajaj
Executive Director

Pradeep Shrivastava
Chief Operating Officer

Abraham Joseph
Chief Technology Officer

S Sridhar
President (Motorcycle Business)

R C Maheshwari
President (Commercial Vehicle Business)

Rakesh Sharma
President (International Business)

Eric Vas
President (New Projects)

K Srinivas
President (Retail Finance)

Kevin D'sa
President (Finance)

S Ravikumar
Senior Vice President
(Business Development & Assurance)

Amrut Rath
Vice President (Human Resources)

C P Tripathi
Vice President (CSR)

Company Secretary

J Sridhar

Auditors

Dalal & Shah
Chartered Accountants

Cost Auditor

A P Raman
Cost Accountant

Bankers

Central Bank of India
State Bank of India
Citibank NA
Standard Chartered Bank
Bank of America
ICICI Bank
HDFC Bank

**Registered under the
Companies Act, 1956**

Registered Office

Mumbai-Pune Road
Akurdi, Pune 411 035

Works

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

Management Team



Rahul Bajaj



Madhur Bajaj



(From left to right) Rakesh Sharma, Amrut Rath, Sanjiv Bajaj, Abraham Joseph, R C Maheshwari, K Srinivas, Rajiv Bajaj, Eric Vas, Pradeep Shrivastava, S Sridhar, Kevin D'sa, C P Tripathi, S Ravikumar



Chairman's Letter

Dear Shareholder,

Let me start with joy. 2010-11, or FY2011, has been the best year of your Company – much better than even the previous year, which was till then the best in the history of Bajaj Auto. Here are some facts.

- In a record year, net sales and other operating income grew by over 39% to ₹ 16,609 crore.
- Your Company sold a record 3.82 million units – consisting of 3,387,043 motorcycles and 436,884 three-wheelers.
- Exports were at an all-time high – and comfortably crossed the 1 million mark, and rose by 35% to 1,203,718 units.
- The Company's operating EBITDA for FY2011 grew by 30.6% over the previous year to ₹ 3,385 crore. The operating EBITDA margin was 20.4% of net sales and other operating income.
- Operating profit before tax (PBT) and exceptional items increased by 33% to ₹ 3,260 crore.
- Profit after tax and exceptional items increased from ₹ 1,704 crore to ₹ 3,340 crore.

No doubt, some of this excellent performance was on account of a smart rebound of the Indian economy, which has grown by 8.6% in FY2011 — second only to China. After all, the year saw total motorcycle sales by the industry increasing by 24% to 10.5 million units.

However, your Company's sales grew significantly faster than the market. For instance, Bajaj Auto's total motorcycle sales increased to almost 3.39 million units. Similarly, while domestic motorcycle sales in the aggregate grew by 23% to a bit over 9 million units, your Company's domestic sales rose by more than 35% to over 2.4 million.

In other words, there was more to Bajaj Auto's performance than riding with the tide. It was about combining a highly focused brand-centred strategy with production efficiency, quality, costs and logistics. The task had started last year, and had played a significant role in delivering superior results. It has now come to fruition — where, like in a symphony, each player has a role, and all of these are brought together to create great music.

Your Company's export performance bears special mention. Bajaj Auto has sold over 1.2 million two- and three-wheelers in FY2011, and clocked revenues close to a billion US dollars.

I am absolutely delighted with the performance. Along with the rest of the Board, I congratulate your managing director, Rajiv Bajaj, and his team for delivering such an outstanding performance in FY2011, riding on the back of excellent results in the previous year.

Your managing director often coins pithy phrases. One of them is "Less is more". By that he means it is better to offer consumer a

few high class, choice brands at strategic and tactical price points, instead of carpet bombing the market with all manner of products. Bajaj Auto is now focused on continuously leveraging its two dominant brands, Discover and Pulsar, creating attractive offerings within these two categories, and driving home its competitive advantages. Discover and Pulsar do not 'buy' market share through eventually debilitating price competition. They gain share by their brand, quality and performance – so that customers are pleased to pay more for obviously better value.

I am also glad that your Company is reaching, and occasionally surpassing, the targets that I had set earlier.

You may remember my exhorting Bajaj Auto to 'mobilise India' by selling 4 million motorcycles by FY2011. At almost 3.39 million units, it has not yet hit the mark. But it is close. I am confident that your Company will cross the 4 million mark in FY2012.

The other target has been surpassed. I had asked your Company to 'globalise India' by exporting over 1 million two- and three-wheelers. As mentioned earlier, Bajaj Auto has exported more than 1.2 million units. I look forward to breaching the 2 million mark in the next three to four years.

On a different matter, in support of an initiative taken by the World Economic Forum (WEF), your Company has become a signatory to WEF's 'Commitment Against Corruption', and is supporting an initiative called 'Partnering Against Corruption – Principles for Countering Bribery', derived from Transparency International's Business Principles. Bajaj Auto is the third such company in India.

Let me end this upbeat letter with some words of caution. Interest rates are moving up quite rapidly as the Reserve Bank of India attempts to combat serious inflationary pressures. Commodity prices, too, are firming up throughout the world. FY2012 may be a difficult year, and automotive companies may get caught in a pincer of slackening demand and higher input costs. The management of Bajaj Auto will need to battle these forces with the same, if not more, determination as it has demonstrated in the last two years. I am sure that it will.

My thanks to all employees of Bajaj Auto for their support. To the managing director and his team for demonstrating excellence. And thank you for being by our side in good times and in bad.

With warm regards,



Rahul Bajaj
Chairman



Management Discussion and Analysis

2010-11 (or FY2011) has been an excellent year for the company, witnessing new highs in sales (numbers), exports, operating income and profits - surpassing all earlier set records.

Chart A: Sales (In units)

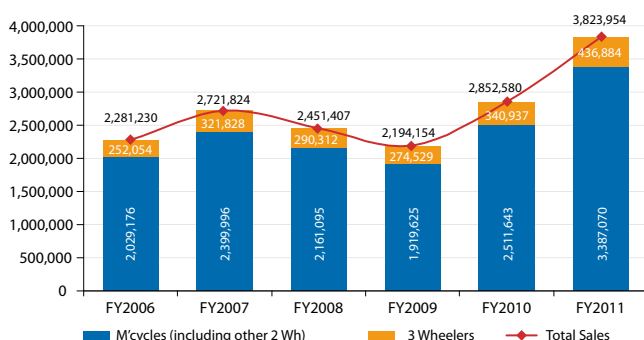


Chart B: Net Sales and Operating Income, Net Operating Profit and Profit after tax

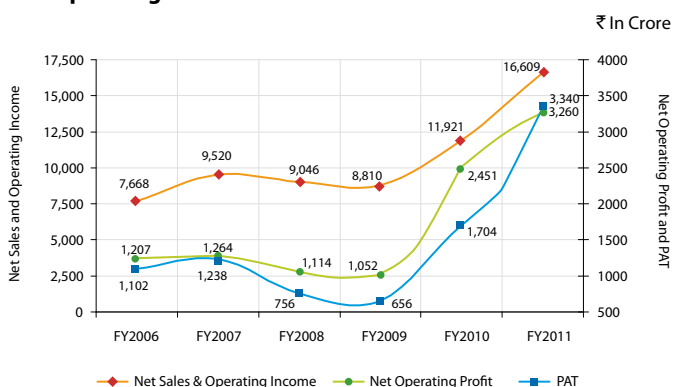
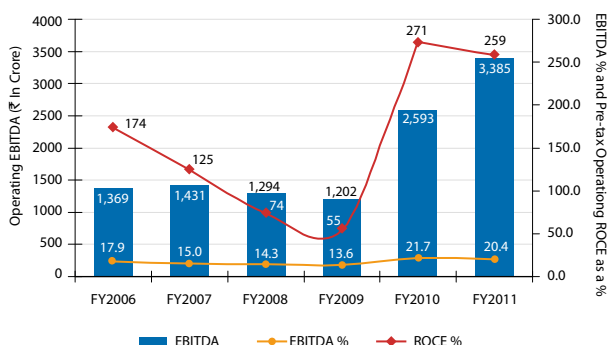


Chart C: Operating EBITDA and EBITDA % and Pre Tax Operating ROCE



In FY2011, India continued to witness robust demand for motorcycles. During FY2010, motorcycle sales, by volume, had increased by 24%. This high growth rate was maintained yet again in FY2011.

As in the previous year, Bajaj Auto Limited ('Bajaj Auto', 'BAL' or 'the Company') did much better than the industry as a whole. In FY2011, it sold over 3.38 million motorcycles; grew volumes by more than 35%; increased market shares; and earned the highest EBITDA margin in the industry.

As stated in the previous year's Management Discussion and Analysis, the Company's excellent operational and financial performance is not just due to the robust growth in motorcycle demand in India. There is more to the Company's performance than the rising tide. It has to do with Bajaj Auto's execution of a brand-centred strategy, which was outlined in last year's annual report. It bears repetition.

The strategy consists of a proper alignment of the 'front end' and the 'back end'. The 'front end' is driven by a proposition that while products may generate market share, it is brands that provide pricing power and create higher profits. Over the last two years, Bajaj Auto has focused on positioning its motorcycle brands in what it calls the Commuter Standard, the Commuter Deluxe and the Sports categories – and has driven marketing as well as sales through this positioning.

This is supported by a strong 'back end'. Consisting of R&D, quality, production efficiency, logistics and throughput, these efforts are guided by The Prime Mover of Excellence, or TPM in Bajaj Auto's vocabulary.

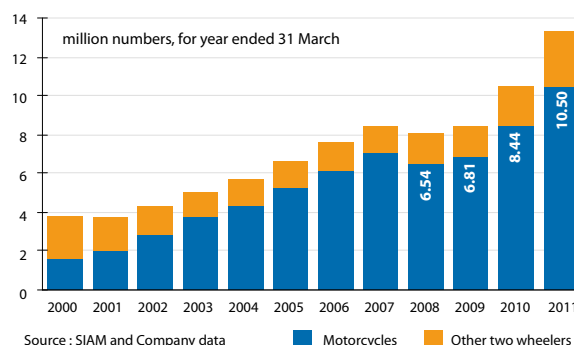
FY2010 saw the coming together of the front end and the back end, which delivered even better results in FY2011. This alignment has led to Bajaj Auto growing faster than the market, gaining market share and, more importantly, earning the highest operating profit rate in the industry.

Markets

Motorcycles

There has been a steady growth of motorcycle sales, as Chart D clearly shows.

Chart D: Industry's Sales of Two-wheelers (domestic + exports)



Source : SIAM and Company data

As Chart D shows, from 6.54 million units in FY2008, motorcycle sales rose marginally by 4% in FY2009, and then grew at a much faster rate of 24%, becoming a 10.5 million market size in FY2011. Motorcycles now account for nearly 79% of two-wheeler sales. Given this milieu of growth, how has Bajaj Auto performed? Table 1 gives the data for the last six years.

Table 1: Bajaj Auto's Sales of Motorcycles (Domestic+Exports)

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

Note: 'Market' refers to domestic plus export sale of motorcycles of all manufacturers in India. Source: SIAM & Company data

The Company sold almost 3.39 million motorcycles in India and elsewhere. In the process, Bajaj Auto grew its sales by 35.1% – or 10.8 percentage points above the market as a whole.

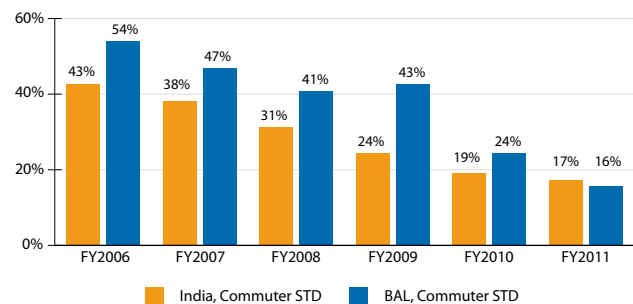
The reason why Bajaj Auto has grown faster than the market has much to do with its brands and products getting in close synch with the preference of consumers, both in India and the global markets where it operates.

The last few years have seen distinctive changes in what the domestic consumers want out of motorcycles. This can be understood by examining the data according to the three product segments:

Commuter STD

Chart E shows that for the industry as a whole, the share of Commuter STD motorcycles has fallen from 43% of the market in FY2006 to 17% in FY2011.

Chart E: Segment Share: Commuter STD Bikes

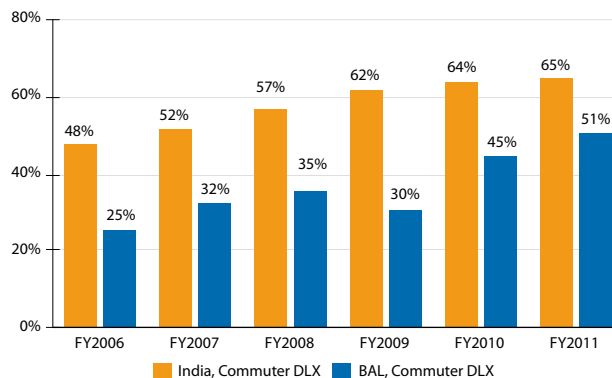


The category comprises low pricing power, low margins and low profit products. While Bajaj Auto will continue to play in this market with appropriate products, it is also true that there is more brand premium to be harvested through higher profits by being a significant player or leader in the other two categories.

Commuter DLX

This category constitutes the major chunk of India's motorcycle market and is steadily growing every year. Chart F plots the data. From a relatively high base of 48% in FY2006, the segment has grown to 65% in FY2011.

Chart F: Segment Share: Deluxe Commuter Bikes



In FY2006, the Consumer DLX segment accounted for 25% of the total number of motorcycles sold by the Company. By FY2011, it had risen to 51% on a sharply increasing base. This has been due to the success of Discover DTS-Si.

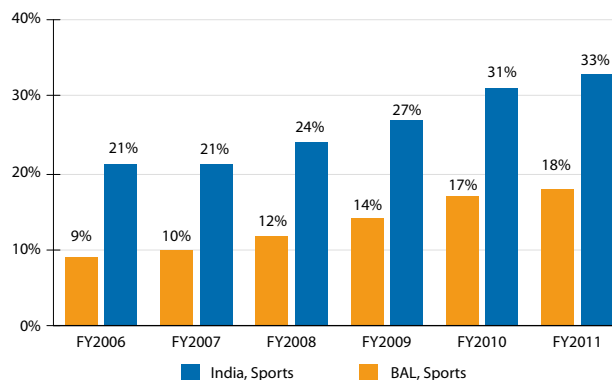
During FY2011, Bajaj Auto domestically sold over 1.2 million motorcycles belonging to the Discover range — Discover 100 and the Discover 150 — which represented a growth of 73% over 713,000 units sold in FY2010. Discover is now India's fastest growing motorbike. With the launch of the new Discover 125 in March 2011, the Company expects to further strengthen its growing presence in this profitable segment.

Sports

This segment is growing rapidly. In FY2006, it's share of total domestic motorcycle sales was 9%. Within five years, this category's market share has risen to 18% in FY2011.

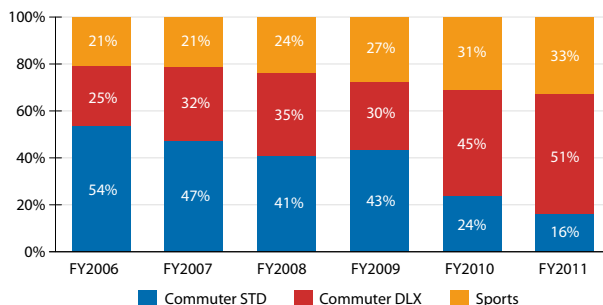
With its immensely popular Pulsars, Bajaj Auto has not only grown faster than the market, but also is the clear market leader in this category. Chart G plots the data. It shows that while the share of Sports bikes for the industry as a whole has increased from 9% in FY2006 to 18% in FY2011, that of Bajaj Auto's has risen from 21% of total domestic sales to 33% over the same period.

Chart G: Segment Share: Sports Bikes



In FY2010, the Company domestically sold over 559,000 motorcycles in the Sports category. This has grown by 42% to almost 796,000 units in FY2011 — of which Pulsars alone accounted for over 771,000 units.

Chart H: Bajaj's Auto's Changing Mix, Motorcycles



As Chart H shows, through Discover and Pulsar, Bajaj Auto has successfully transitioned from the low profit Commuter STD segment in favour of the two better brand positioned and higher profit segments – the Commuter DLX and Sports.

In addition to products, branding and the 'back-end', the Company has significantly strengthened its dealer network. In FY2011, Bajaj Auto increased its dealerships by 159 to raise the total number of dealers to 589.

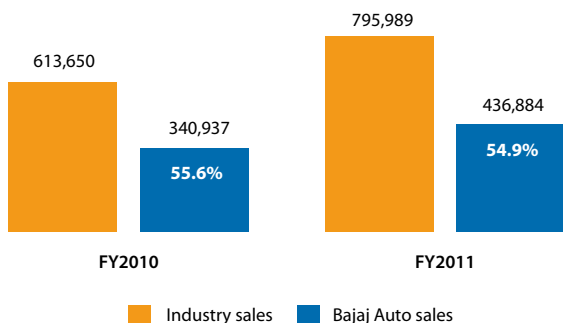
Three-Wheelers

In FY2010, Bajaj Auto witnessed a revival in domestic sales. This has continued in FY2011.

The year saw 28% growth in the number of Bajaj Auto three-wheelers sold – from 340,937 in FY2010 to 436,884 units in FY2011. Domestic sales grew by almost 17%, from 176,050 units in FY2010 to 205,603 units in FY2011.

The Company remains the leading three-wheeler player from India, accounting for 55% of total sales among all Indian manufacturers of three-wheelers. For the first time in its history, Bajaj Auto sold over 200,000 vehicles in the domestic market. It continues to dominate the petrol and alternate fuel passenger vehicles segment in India with a market share of 85%. Chart I gives the data.

Chart I: Three-Wheeler Sales (in numbers)



Exports

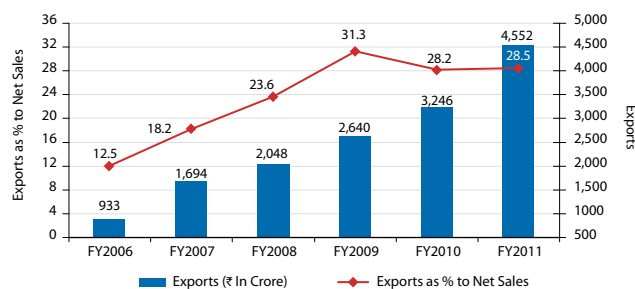
Bajaj Auto maintained its excellent growth in exports, and continued to be India's largest exporter of two and three-wheelers. During FY2011, the Company exported 1,203,718 vehicles – representing a growth of 35% over the previous year. Exports accounted for ₹ 4,552 crore (US\$ 974.6 million), which accounted for 28.5% of the Company's total net sales, as shown in Chart J. Table 2 gives the data.

Table 2: Product –Wise Exports of Bajaj Auto

Product	2010	2011	Growth
Motorcycles	725,023	972,437	34%
Other two-wheelers	1,092	—	—
Three-Wheelers	164,887	231,281	40%
Total Vehicles	891,002	1,203,718	35%

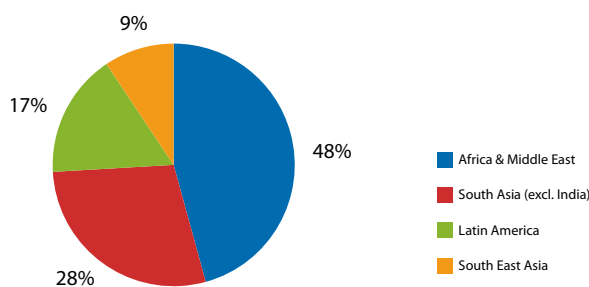
Chart J reflects Bajaj Auto's success in the export market also. Sales from exports have increased from ₹ 933 crore, contributing 12.5% of total net sales in FY2006 to currently ₹ 4,552 crore, now contributing 28.5% of total net sales.

Chart J: Exports



Bajaj Auto's expanding export markets exhibit a healthy geographical spread, as shown in Chart K.

Chart K: Geographical Spread of Exports



- Africa remains a key focus area, with increased presence in Nigeria, Uganda, Kenya and Angola.
- Sales in South Asia touched a new high. Peace-time Sri Lanka clocked growth of 76% while Bangladesh grew at 34%.
- South East Asia was another bright spot. The Company's subsidiary in Indonesia, PT BAI, grew volumes by 81% with sales of 21,586 units, largely the Pulsar range.

- Latin America bounced back, with Colombia and Central America showing major recovery. Overall growth in the region was 47%.

Operations

Plants

Bajaj Auto's operations at Waluj, Chakan and Pantnagar have optimised resources and increased efficiency under TPM to raise productivity, throughput and, hence, operating margins. Thanks to these initiatives, the plants could produce significantly higher numbers of motorcycles and three-wheelers without any major investments in capacity. Table 3 gives details about what each plant produces, and its capacities.

Table 3: Plants – What These Produce and Their Capacities (in numbers)

Plant	Produces	2010	2011
		(as on 31 March 2010)	(as on 31 March 2011)
Waluj	Boxer, Platina, Discover and three-wheelers	Motorcycles: 1,500,000 Three-wheelers: 360,000	Motorcycles: 1,500,000 Three-wheelers: 540,000
Waluj Sub total		1,860,000	2,040,000
Chakan	Pulsar, Avenger, Ninja and KTM	1,200,000	1,200,000
Pantnagar	Platina, Discover	1,200,000	1,800,000
Grand Total		4,260,000	5,040,000

The Pantnagar plant produced over 914,000 vehicles in FY2011, versus 578,000 during FY2010. It further augmented its capacity to meet future demand as well as to optimise the tax benefits.

Waluj achieved a landmark production of 1.94 million motorcycles and three-wheelers. The plant, which is also an export hub for Bajaj, has achieved a target of exporting over a million vehicles in FY2011, out of a total export of 1.2 million.

Chakan continues to leverage its top of the line core competencies in developing and manufacturing high-end sports bikes. To establish BAL's presence in European market, Chakan has begun regular production of the first series of KTM bikes.

Research and Development (R&D)

R&D activities of Bajaj Auto can be categorised in terms of products and processes.

Products

- **KTM Duke 125:** Aimed primarily for European markets, this completely new platform of engine and vehicle was co-designed by Bajaj and KTM. It is powered by a high performance liquid cooled, electronic fuel injection engine with a six-speed gear box. The vehicle is equipped with state-of-the-art features like radial calipers for front disc brakes, inverted front forks and cast aluminium swing arm.
- **Avenger 220 DTS-i:** The performance of the cruiser was improved with application of a 220 cc DTS-i engine.

Simultaneously, the vehicle performance was enhanced with improved seat comfort and through a new braking system.

- **Discover 150:** This is the flagship of the Discover family – a full size, powerful motorcycle for commuters at an affordable price. The engine uses DTS-i technology. The vehicle is equipped with disc brakes in the front, and uses wider rear tyres.
- **Discover 125:** This is designed to provide the ideal optimum between the power of the Discover 150 and the fuel economy of the Discover 100. It is aimed at breaking down the resistance of the 100 cc customers to move up in performance. The engine uses DTS-i technology, and the vehicle is equipped with a front disc brake.

Subsidiaries

Bajaj Auto International Holdings BV (BAIH BV)

A 100% Netherlands based subsidiary of Bajaj Auto (Bajaj Auto International Holdings BV) was formed to focus on international ventures, including possible acquisitions. In FY2008, BAIH BV invested €98.36 million to acquire 24.45% equity stake in KTM Power Sports AG of Austria, Europe's second largest sport motorcycle manufacture. As on date, total investment in KTM was €153.71 million for a 39.71% ownership of BAIH BV.

The alliance with KTM needs elaborating. KTM is an outstanding brand whose products use top class technology and have been the world's off-road racing champions for the last eight years. The brands also have tremendous pricing power. In other words, KTM has an excellent 'front-end'.

What they lack is the 'back-end' – the economies of scale to ramp up their production. Bajaj Auto has that advantage. Therefore, it made sense to combine the two and work together to produce common platforms for both KTM and Pulsar bikes for key emerging markets.

The first platform – KTM Duke 125 – was developed jointly with KTM and the Company by Bajaj Auto's R&D team, and the product was manufactured at Chakan. The first consignment was shipped in March 2011. It has been well received, and will be supplied by Bajaj Auto for KTM world-wide in FY2012. The same platform will be leveraged to manufacture higher powered motorbikes for the upper end of the Indian market. This is expected towards the end of FY2012.

KTM sold 85,543 motorcycles between September 2009 to December 2010 achieving a turnover of €591.38 million and recording a net profit of €13.96 million as against 64,080 motorcycles during September 2008 to August 2009 recording a turnover of €454.62 million and a net loss of €81.43 million.

PT Bajaj Indonesia (PT BAI)

PT BAI was incorporated in FY2007 as a subsidiary in Indonesia with a share capital of US\$ 12.5 million. During FY2010, Bajaj Auto added further capital by US\$ 17 million, and so increasing its total stake to 98.9% in PT BAI. Thus, total investment in PT BAI stands at US\$ 29.5 million (₹ 137.82 crore).

The subsidiary assembles and markets Pulsars in Indonesia. It sold 21,586 motorcycles in FY2011 versus 11,954 in FY2010 – notching a growth of 81%. Loss for FY2011 was down to ₹ 11.2 crore at the PBT level, compared to a loss of ₹ 15.9 crore in FY2010.

Considering continuing losses and longer than anticipated gestation period, Company has assessed the carrying value of investments made in PT BAI, and has determined an impairment amount of ₹ 102.27 crore as a diminution in the value of investment. Bajaj Auto has accordingly made a provision of this amount, as an exceptional item.

Financials

Table 4 gives the summarised profit and loss statement

	2010	₹ In Crore 2011
Operations		
Sales	12,118	16,932
Less: excise duty	609	934
Net sales	11,509	15,998
Other operating income	412	611
Total operating income	11,921	16,609
Cost of materials consumed, net of expenditures capitalised	8,055	11,782
Share of material cost	67.6%	70.9%
Stores and tools	67	85
Share of stores and tools	0.6%	0.5%
Labour cost	399	477
Share of labour cost	3.4%	2.9%
Factory and administrative expenses	342	388
Share of factory and administrative expenses	2.9%	2.3%
Sales and after sales expenses	465	492
Share of sales and after sales expenses	3.9%	3.0%
Total expenditure	9,328	13,224
Operating profit	2,593	3,385
Operating profit as a share of total operating income	21.7%	20.4%
Interest	6	2
Depreciation	136	123
Net operating profit	2,451	3,260
Non-operating income, net	122	366
Profit before exceptional items	2,573	3,626
Exceptional Items		
Voluntary Retirement Scheme	-183	—
Mark to market (-)loss/reversal	22	—
Surplus on pre-payment of sales tax deferral liability/loan	—	827
Provision for diminution in value of investment in PT. Bajaj Auto Indonesia	—	-102
Profit before tax	2,412	4,351
Provision for tax	708	1,011
Profit after tax	1,704	3,340

Operating Working Capital and ROCE

Despite a 39% increase in net sales to ₹ 15,998 crore in FY2011, Bajaj Auto has succeeded in maintaining negative working capital at (-) ₹ 374 crore. Operating profit after interest and depreciation increased by 33%-from ₹ 2,451 crore in FY2010 to ₹ 3,260 crore in FY2011. Company's pre-tax return on operating capital stood at 259%. Table 5 gives the data.

Table 5: Return on Operating Capital

	As at 31 March 2010	₹ In Crore As at 31 March 2011
Fixed assets	1,521	1,548
Capital Advances	79	80
Technical know-how	—	4
Working capital	(695)	(374)
Total	905	1,258
Operating profit after interest and depreciation	2,451	3,260
Pre-tax return on operating capital employed	271%	259%

Sales tax deferral incentive/loan, to the extent eligible under Rule 84 of the Maharashtra Value Added Tax Rules, 2005, has been prepaid during the year at a discounted value of ₹ 368 crore thereby resulting in a surplus of ₹ 827 crore. The said sum has been reflected as an exceptional item in the Profit and Loss account and considered as a capital receipt.

Consolidation of Accounts and Segment Reporting

Bajaj Auto has consolidated the financial statements of subsidiaries in accordance with the relevant accounting standards issued by Institute of Chartered Accountants of India. The summary of the consolidated profit and loss account for FY2010 and FY2011 is given in Table 6 below.

Table 6: Segment Revenue and Segment Results

	2010	₹ In Crore 2011
Segment Revenue		
Automotive	11,974	16,642
Investment and others	123	366
Total	12,097	17,008
Segment Results		
Profit/(Loss) from each segment before tax	2010	2011
Automotive	2,185	4,100
Investment and others	123	366
Total	2,308	4,466
Less: Interest	7	2
Profit before tax	2,301	4,464

Cautionary Statement

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



BOXER

BAJAJ

Corporate Governance

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

Given below are the company's corporate governance policies and practices for 2010-11. As will be seen, Bajaj Auto's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of clause 49 of the listing agreement.

Board of directors

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

Composition

As on 31 March 2011, the board of Bajaj Auto consisted of sixteen directors, of whom four directors were executive. Nine out of the twelve non-executive directors were independent.

The board has no institutional nominee directors.

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

Non-executive directors' compensation

The board of directors at its meeting held on 24 March 2010 had partially revised the directors' remuneration policy with effect from 1 April 2010 and accordingly, non-executive directors of the company with effect from 1 April 2010 are being paid, in addition to the sitting fee of ₹ 20,000 per meeting for every meeting of the board and its committees, commission at the rate of ₹ 75,000 per meeting of the board and its committee attended by them, enhanced from the earlier ₹ 50,000, subject to the overall ceiling of one percent of the net profits. In terms of the said approvals given by the board of directors and shareholders, one independent director viz. Nanoo Pamnani will be paid ₹ 1,000,000 as commission for the year 2010-11 in consideration of the services rendered by him during the year 2010-11 at the request of the management.

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

Board procedures

During 2010-11, the board of directors met six times: on 12 May 2010, 22 July 2010, 18 September 2010, 19 October 2010, 19 January 2011 and 26 March 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 last AGM
Rahul Bajaj	Chairman, executive	6/6	Yes
Madhur Bajaj	Vice Chairman, executive	6/6	Yes
Rajiv Bajaj	Managing Director, executive	6/6	Yes
Sanjiv Bajaj	Executive Director, executive	6/6	Yes
D S Mehta	Non-executive, independent	5/6	Yes
Kantikumar R Podar	Non-executive, independent	4/6	Yes
Shekhar Bajaj	Non-executive	6/6	Yes
D J Balaji Rao	Non-executive, independent	6/6	Yes
J N Godrej	Non-executive, independent	3/6	Yes
S H Khan	Non-executive, independent	6/6	Yes
Ms Suman Kirloskar	Non-executive, independent	6/6	Yes
Naresh Chandra	Non-executive, independent	6/6	Yes
Nanoo Pamnani	Non-executive, independent	6/6	Yes
Manish Kejriwal	Non-executive	6/6	Yes
P Murari	Non-executive, independent	4/6	No
Niraj Bajaj	Non-executive	6/6	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 different functional heads on important matters from time to time. Directors have separate and independent access to officers of the company. In addition to items which are required to be placed before the board for its noting and/or approval, information is provided on various significant items. In terms of quality and importance, the information supplied by management to the board of the company is far ahead of the list mandated under clause 49 of the listing agreement.

Directorships and memberships of board committees

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

Table 2: Number of Directorships/committee positions of directors as on 31 March 2011

Name of Director	In listed companies	In unlisted public limited companies	Committee Positions	
			As Chairman	As Member
Rahul Bajaj	4	2	0	0
Madhur Bajaj	6	1	0	0
Rajiv Bajaj	4	1	0	1
Sanjiv Bajaj	6	4	1	5
D S Mehta	5	0	0	7
Kantikumar R Podar	3	2	0	0
Shekhar Bajaj	3	5	0	0
D J Balaji Rao	10	0	4	6
J N Godrej	5	5	1	2
S H Khan	5	3	5	5
Ms Suman Kirloskar	1	1	0	0
Naresh Chandra	11	1	1	9
Nanoo Pamnani	4	0	5	2
Manish Kejriwal	2	1	0	2
P Murari	8	2	2	5
Niraj Bajaj	6	6	0	1

Notes: Private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded for the above purposes. Only audit committee and shareholders' grievance committee are considered for the purpose of committee positions as per listing agreement. None of the directors was a member in more than 10 committees, nor a chairman in more than five committees across all companies, in which he/she was a director.

Review of legal compliance reports

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

Code of conduct

The board at its meeting on 30 January 2008 laid down a code of conduct for all directors and senior management of the company, which has been posted on the website www.bajajauto.com

All directors and senior management personnel have affirmed compliance with the code for 2010-11. A declaration to this effect signed by the managing director/chief executive officer is given in this annual report.

Audit committee

Constitution and composition

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

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

During the year, J N Godrej resigned from the membership of the audit committee.

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

Meetings, attendance and topics discussed

During 2010-11, the audit committee met four times: 12 May 2010, 22 July 2010, 19 October 2010 and 19 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, the statutory auditors and cost auditors of the company, and those executives who were considered necessary for providing inputs to the committee. The company secretary acted as the secretary to the audit committee.

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

Table 3 : Composition of the audit committee and attendance record of members for 2010-11

Name of director	Category	Meetings attended
Nanoo Pamnani, Chairman	Non-executive, independent	4/4
S. H. Khan	Non-executive, independent	4/4
D. J. Balaji Rao	Non-executive, independent	4/4
J. N. Godrej	Non-executive, independent	1/1*
Naresh Chandra	Non-executive, independent	4/4

*Resigned from the committee membership on and from 13 May 2010

Subsidiary companies

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

Disclosures

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

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

There were no public issues, right issues, preferential issues etc. during the year. There was, however, a bonus issue of shares in the ratio of 1:1 during the year under review.

Remuneration & Nomination Committee

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

The committee has the following members:

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

During the year, the committee met on 26 March 2011. The committee noted that Nanoo Pamnani, Manish Kejriwal, P Murari and Niraj Bajaj were due for retirement by rotation at the ensuing Annual General Meeting. The committee recommended for the consideration of the board the reappointment of these directors, who are due for reappointment at the ensuing annual general meeting of the company.

Remuneration of directors

Pecuniary relationship or transactions of non-executive directors

1. J N Godrej is a director and shareholder of Godrej & Boyce Manufacturing Company Limited, which is a vendor to Bajaj Auto. Purchases of goods from this company has been in the ordinary course of business and, for the year ended 31 March 2011, amounted to ₹ 0.30 crore.
2. Shekhar Bajaj is a director of Bajaj Electricals Ltd. During the year under review, the total value of transactions between Bajaj Auto and Bajaj Electricals Ltd. amounted to ₹ 1.77 crore.
3. Shekhar Bajaj is a director of Hind Musafir Agency Limited, an accredited travel agency. During the year under review, the total value of services availed of by Bajaj Auto from Hind Musafir Agency Limited amounted to ₹ 9.64 crore.
4. The register of contracts maintained by the company under section 301 of the Companies Act, 1956, contains record of the transactions entered into with the above companies. The register is signed by all the directors present at the respective board meetings.
5. A statement showing the disclosure of transactions with related parties as required under Accounting Standard –18 is set out separately in this annual report.

Criteria of making payments to non-executive directors

Non-executive directors of the company play a crucial role in the independent functioning of the board. They bring in an external perspective to decision-making, and provide leadership and strategic guidance while maintaining objective judgment.

They also oversee corporate governance framework of the company. The criteria of making payments to non-executive directors, as approved by the board at its meeting held on 24 March 2010 has been put on the company's website www.bajajauto.com

Non-executive directors

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

Executive directors

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

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

In 2010-11, the company did not advance any loans to any of the executive and/or non-executive directors. Table 4 gives details of the remuneration paid or payable to directors during 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, father-in-law of Manish Kejriwal	—	33,090,363	45,000,000	78,090,363
Madhur Bajaj	Brother of Shekhar Bajaj & Niraj Bajaj	—	23,947,810	34,200,000	58,147,810
Rajiv Bajaj	Son of Rahul Bajaj, brother of Sanjiv Bajaj, brother-in-law of Manish Kejriwal	—	29,750,974	39,600,000	69,350,974
Sanjiv Bajaj	Son of Rahul Bajaj, brother of Rajiv Bajaj, brother-in-law of Manish Kejriwal	—	3,561,058	7,200,000	10,761,058
D S Mehta	—	100,000	—	375,000	475,000
Kantikumar R Podar	—	80,000	—	300,000	380,000
Shekhar Bajaj	Brother of Madhur Bajaj & Niraj Bajaj	120,000	—	450,000	570,000
D J Balaji Rao	—	240,000	—	900,000	1,140,000
J N Godrej	—	80,000	—	300,000	380,000
S H Khan	—	240,000	—	900,000	1,140,000
Ms Suman Kirloskar	—	120,000	—	450,000	570,000
Naresh Chandra	—	240,000	—	900,000	1,140,000
Nanoo Pamnani	—	200,000	—	1,750,000	1,950,000
Manish Kejriwal	Son-in-law of Rahul Bajaj, brother-in-law of Rajiv Bajaj and Sanjiv Bajaj	120,000	—	450,000	570,000
P Murari	—	80,000	—	300,000	380,000
Niraj Bajaj	Brother of Madhur Bajaj & Shekhar Bajaj	120,000	—	450,000	570,000

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

Shares held by non-executive directors

Table 5: Shares held by non-executive directors

Name of director	Number of shares held as on 31 March 2011
Shekhar Bajaj	720,880
Niraj Bajaj	2,674,476
Manish Kejriwal	200
D S Mehta	16,980

Management

Management discussion and analysis

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

Disclosure of material transactions

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

Compliances regarding insider trading

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

Shareholders

Appointment and/or re-appointment of directors

According to the statutes, at least two third of the board should consist of directors liable to retire by rotation. Of these, one third are required to retire every year and, if eligible, may seek re-appointment by the shareholders. Accordingly, Nanoo Pamnani, Manish Kejriwal, P Murari and Niraj Bajaj retire from the board by rotation this year and being eligible offer themselves for re-appointment.

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

Communication to shareholders

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

Bajaj Auto has its own website www.bajajauto.com which contains all important public domain information, including presentations made to the media, analysts and institutional investors. The website also contains information on matters such as dividend history, answers to Frequently Asked Questions

(FAQs) by the various shareholder categories and details of the corporate contact persons. All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the company's website.

Ministry of Corporate Affairs as a 'Green Initiative in the Corporate Governance' has issued a Circular no 17/2011 on 21 April 2011, permitting companies to service delivery of documents electronically on the registered members'/shareholders' email addresses under section 53 of the Companies Act, 1956.

The company is accordingly proposing to send documents, such as Notice calling the general meeting, audited financial statements, directors' report, auditors' report etc in electronic form on the email ids provided by the shareholders & made available by them to the company through the depositories. Shareholders desiring to receive the said documents in physical form will continue to get the same in physical form.

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

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

Information on general body meetings

Since the company was incorporated on 30 April 2007, the annual general meetings of the company have been held at the registered office of the company on the following dates and times:-

1st AGM	10 July 2008	at 11.30 a.m.
2nd AGM	16 July 2009	at 11.30 a.m.
3rd AGM	22 July 2010	at 11.30 a.m.

Details of Special Resolution(s) passed during the last three years' Annual General Meeting (AGM) & resolutions passed and postal ballot

The shares of the company (after demerger) got listed for the first time on 26 May 2008. No special resolution was passed at the general meeting held during the year 2008.

At the AGM held on 16 July 2009, two special resolutions were passed, viz. (a) pertaining to re-appointment of Sanjiv Bajaj as executive director for a term of five years commencing from 1 April 2009 upto 31 March 2014 and approval of remuneration payable to Sanjiv Bajaj and (b) regarding approval of employee stock option scheme for issue of shares upto a maximum of 2,200,000 equity shares. Stock Options, however, have not been granted to any employee so far.

At the AGM held on 22 July 2010, three special resolutions were passed regarding a) re-appointment of Rahul Bajaj as Chairman for a term of five years commencing from 1 April 2010 up to 31 March 2015 and approval of remuneration payable to him, (b) re-appointment of Madhur Bajaj as Vice-Chairman for a term of

five years commencing from 1 April 2010 up to 31 March 2015 and approval of remuneration payable to him and (c) re-appointment of Rajiv Bajaj as the Managing Director for a term of five years commencing from 1 April 2010 up to 31 March 2015 and approval of remuneration payable to him.

Postal Ballot

During the year, resolutions were passed by way of postal ballot, as contained in Notice dated 22 July 2010. Mr. Shyamprasad D Limaye, B Com, LLB, FCS, a practicing company secretary was the scrutiniser for conducting the postal ballot process in a fair and transparent manner.

Details of resolutions passed under the postal ballot are as follows:

Resolution No. 1

Ordinary resolution for increase in authorised share capital and alteration of the Memorandum of Association of the Company.

Voting pattern:

Voting	Number of Votes	% of votes
Votes in favour	96,227,619	99.994
Votes against	6,073	0.006

Resolution No. 2

Ordinary resolution to issue bonus shares by way of capitalisation of reserves.

Voting pattern:

Voting	Number of Votes	% of votes
Votes in favour	96,247,120	99.999
Votes against	809	0.001

Resolution No. 3A

Special resolution for alteration of relevant clauses of Articles of Association regarding bonus issue.

Voting pattern:

Voting	Number of Votes	% of votes
Votes in favour	96,224,225	99.999
Votes against	980	0.001

Resolution No. 3B

Special resolution for alteration of relevant clauses of Articles of Association regarding buy-back of securities.

Voting pattern:

Voting	Number of Votes	% of votes
Votes in favour	96,073,414	99.971
Votes against	28,148	0.029

Resolution No. 4

Special resolution for Increase in limit for inter-corporate loans and investments under Section 372A of the Companies Act, 1956.

Voting pattern:

Voting	Number of Votes	% of votes
Votes in favour	95,974,732	99.971
Votes against	27,690	0.029

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the postal ballot conducted during the year for the resolutions mentioned above. The results of postal ballot were announced by Chairman of the company at the registered office of the company on 31 August 2010 and advertised in the newspapers.

Material disclosure of related party transactions

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

Details of capital market non-compliance, if any

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

Shareholders' and investors' grievance committee

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

The committee consisted of the following non-executive independent directors as on 31 March 2011:

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

During the year under review, the committee met on 26 March 2011 to review the status of investors' services rendered. All members except J N Godrej were present at the meeting. The secretarial auditor as well as company secretary (who is also the compliance officer) were also present. More details have been furnished in the chapter on General Shareholder Information.

SEBI vide its circular no. CIR/CFD/DIL/10/2010 dated 16 December 2010 amended Clause 5A by inserting a para prescribing a uniform procedure for dealing with physical unclaimed shares pursuant to public issue or any other issue. Accordingly, the company has sent the first reminder to its concerned shareholders on 31 March 2011 by Registered Post.

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 return to be filed by the company.

Compliance of mandatory and non-mandatory requirements under clause 49

Mandatory

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

Non-mandatory

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

1. **The Board**

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

None of the nine independent directors of the company has tenures exceeding a period of nine years on the board.

2. **Remuneration committee**

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

3. **Shareholder rights**

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

4. **Audit qualifications**

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

5. **Whistle blower policy**

The company has a whistle blower policy to enable its 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.

General Shareholder Information

Annual general meeting

Date : 14 July 2011
Time : 11.30 a.m.
Venue : Registered office 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 Bajaj Auto has proposed a dividend of ₹ 40 per equity share (400 per cent) for the financial year 2010-11 on the enhanced doubled capital, subject to approval by the shareholders at the annual general meeting. Dividend paid in the previous year was ₹ 40 per equity share (400 percent).

Bonus Shares

Pursuant to the approval of the members of the company through postal ballot on 31 August 2010, the company issued and allotted Bonus share(s) of ₹ 10/- each in the ratio of one bonus share for every one existing equity share held as on 10 September 2010 i.e. the record date fixed for the purpose. Consequently, the paid-up capital of the company went up from ₹ 144.68 crore to ₹ 289.37 crore during the year under review.

Dates of book closure

The register of members and share transfer books of the company will remain closed from Friday, 01 July 2011 to Thursday, 14 July 2011, both days inclusive.

Date of dividend payment

Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched between 18 July 2011 to 20 July 2011:

- a) 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

- b) 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 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 dividends

The shareholders who have not encashed their dividend warrants for the years 2007-08 onwards are requested to claim the amount from M/s Karvy Computershare Pvt. Ltd./registered office of the company.

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

Share transfer agent

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

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

Share transfer system

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

Total number of shares transferred in physical category during 2010-11 was 192,800.

Dematerialisation of shares

During 2010-11, 399,018 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 share holding	No. of shares	% to total share holding	No. of shares	% to total share holding
Physical	21,684,349	7.49	11,154,530	7.71	10,529,819	—
Demat:						
NSDL	262,473,583	90.71	131,426,744	90.84	131,046,839	—
CDSL	5,209,088	1.80	2,102,236	1.45	3,106,852	—
Sub Total	267,682,671	92.51	133,528,980	92.29		
Total	**289,367,020	100.00	144,683,510	100.00		

** During the year, company issued 144,683,510 equity shares by way of bonus shares in the ratio of 1:1

Global depository receipts (GDRs)

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

The company entered into a deposit agreement with DBTCA on 21 August 2008. The company is in the process of getting the said GDRs listed on the Professional Securities Market of the London Stock Exchange.

Stock code

1. BSE, Mumbai	532977
2. National Stock Exchange	BAJAJ-AUTO
3. ISIN for Depositories (NSDL and CDSL)	INE917I01010
4. Bloomberg	BJAUT.IN
5. Reuters	BAJA.BO

Listing on stock exchanges

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

Name	Address
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

During 2010-11, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of Bajaj Auto Limited shares during 2010-11 vis-à-vis BSE Sensex (₹)

Month	BSE High	BSE Low	NSE High	NSE Low	Closing BSE Sensex
Apr-10	2,131.00	1,987.95	2,133.70	1,990.20	17,558.71
May-10	2,231.00	1,999.90	2,226.90	1,998.70	16,944.63
Jun-10	2,506.90	2,150.00	2,505.00	2,132.10	17,700.90
Jul-10	2,734.95	2,390.00	2,734.85	2,391.00	17,868.29
Aug-10	2,862.90	2,535.05	2,862.95	2,534.50	17,971.12
Sep-10	3,045.00	1,429.50	3,070.00	1,427.40	20,069.12
Oct-10	1,611.45	1,473.10	1,615.00	1,470.50	20,032.34
Nov-10	1,664.50	1,513.25	1,665.00	1,513.35	19,521.25
Dec-10	1,624.85	1,430.25	1,623.90	1,430.00	20,509.09
Jan-11	1,564.95	1,214.10	1,564.65	1,165.65	18,327.76
Feb-11	1,364.00	1,189.60	1,558.15	1,190.00	17,823.40
Mar-11	1,473.00	1,275.00	1,474.00	1,276.70	19,445.22

- shares became ex-bonus from 8 September 2010
- bonus shares issued in the ratio of 1:1 were listed on BSE and NSE on 17 September 2010

Distribution of shareholdings

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

Table 3: Distribution of shareholdings across categories as on 31 March 2011

Categories	31 March 2011		31 March 2010	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	144,733,332	50.02	71,786,886	49.62
Friends and associates of promoters	29,840,402	10.31	16,282,371	11.25
GDRs ¹	220,134	0.08	127,902	0.09
Foreign Institutional Investors	46,274,849	15.99	25,774,534	17.81
Public Financial Institutions	7,990,498	2.76	4,637,220	3.21
Mutual Funds	7,544,798	2.61	4,732,655	3.27
Nationalised & other banks	526,507	0.18	45,012	0.03
NRIs & OCBs	1,324,322	0.46	598,999	0.41
Others	50,912,178	17.59	20,697,931	14.31
Total	*289,367,020	100.00	144,683,510	100.00

*During the year company issued 144,683,510 equity shares by way of bonus shares in the ratio of 1:1

¹Under the deposit agreement, the depository exercises the voting rights on the shares underlying the GDRs as directed by the promoters of the company.

Table 3A: Distribution of shareholding according to size class as on 31 March 2011

No of shares	No of shareholders		Shares held in each class	
	Number	%	Number	%
1 TO 500	89,989	92.44	5,147,258	1.89
501 TO 1000	2,562	2.63	1,878,027	0.75
1001 TO 2000	1,551	1.59	2,272,745	1.01
2001 TO 3000	694	0.71	1,724,578	0.87
3001 TO 4000	406	0.42	1,431,064	0.59
4001 TO 5000	293	0.30	1,335,625	0.59
5001 TO 10000	714	0.73	5,114,564	2.04
10001 AND ABOVE	1,144	1.18	270,463,159	92.26
Total	97,353	100.00	289,367,020	100.00

Shareholders' and investors' grievances

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

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning 16 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/ Investors and no action remained to be taken at the Company's end.

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form will be sent by the company

upon such request. Nomination facility for shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

Plant locations

Bajaj Auto has plants located at the following places:

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

Address for correspondence

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

Karvy Computershare Pvt. Ltd.
Plot No.17 to 24, Vittalrao Nagar,
Near Image Hospital,
Madhapur,
Hyderabad - 500 081

Contact persons

Mr M S Madhusudhan/Mr Mohd.Mohsinuddin
Tel No. (040) 44655152;
Fax No: (040) 44655024
e-mail: mohsin@karvy.com
website: www.karvy.com

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



Directors' Report

Introduction

The directors present their fourth annual report and the audited statements of accounts for the year ended 31 March 2011.

The highlights are as under:

Units in Numbers	2011	2010
Two-wheelers	3,387,070	2,511,643
Three wheelers	436,884	340,937
Total	3,823,954	2,852,580
Of which Exports	1,203,718	891,002

Financials

	2011	2010
Net sales & other income	16,974.74	12,043.48
Gross profit before exceptional items, interest & depreciation	3,750.73	2,715.06
Interest	1.69	5.98
Depreciation	122.84	136.45
Gross Profit before Exceptional Items	3,626.20	2,572.63
Exceptional items:		
Surplus on pre-payment of sales tax deferral liability/loan	826.82	—
Provision for diminution in value of investment in PT. Bajaj Auto Indonesia	(102.27)	—
VRS compensation	—	(183.30)
Valuation losses of derivative hedging instruments	—	21.80
Profit before tax	4,350.75	2,411.13
Provision for tax	1,011.02	707.50
Profit for the year	3,339.73	1,703.63
Add: Balance brought forward from previous year	854.99	—
Profit available for Appropriation	4,194.72	1,700.11
Transfer to General Reserve	334.00	170.27
Proposed dividend (inclusive of dividend tax)	1,345.24	674.85
Balance carried to Balance Sheet	2,515.48	854.99
Earnings per share (₹)	115.4	58.8

Bonus Shares

Pursuant to the approval of the members of the company through postal ballot on 31 August 2010, the company issued and allotted Bonus share(s) of ₹ 10 each in the ratio of one bonus share for every one existing equity share held as on 10 September 2010 i.e. the record date fixed for the purpose. Consequently, the paid-up capital of the company went up from ₹ 144.68 crore to ₹ 289.37 crore during the year under review.

Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of ₹ 40 per share, (400 per cent) for the year ended 31 March 2011 on the enhanced capital after the bonus issue made in the ratio of 1:1 during the year under review. The amount of dividend and the tax thereon aggregated to ₹ 1,345.24 crore.

Dividend paid for the year ended 31 March 2010 was ₹ 40 per share (400 per cent). The amount of dividend and the tax thereon aggregated to ₹ 674.85 crore

Operations

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

Capacity expansion & New Projects

The company plans to maintain the capacity of two and three-wheelers at the current level of 5,040,000 numbers per annum during the year ending 31 March 2012.

The 4 wheel vehicle development work is under progress and commercial launch of the first product from this platform is scheduled for 2012.

Research & development and technology absorption

During the year under review, your company continued to invest substantially in R & D facilities, resulting in the enhancement of its infrastructure for design, prototyping & testing. R&D continued to work on improving its operations in a number of areas during the year as stated below:

- Manpower
- Facilities
- Technology
- Total Productivity Management (TPM)

Important products, which demonstrated the technical prowess of the company launched during the year under review, were as under:

Avenger 220 DTS-i
KTM Duke 125
Discover 150
Discover 125

Your company continues to focus on expanding its design and testing teams, which has enabled it to make the new generation products.

The developments in this area are set out in greater detail in the annexed Management Discussion and Analysis Report.

The expenditure on research and development during 2010-11 and in the previous year was:

	2011	2010
₹ In Crore		
i. Capital (Including technical know-how)	11.65	31.23
ii. Recurring	112.95	103.53
Total	124.60	134.76
iii. Total research and development expenditure as a percentage of sales, net of excise duty	0.78 %	1.17 %

Conservation of energy

As a part of continuing efforts to conserve various resources, following steps were taken to conserve energy in plants situated at various locations:

- Electrical energy saving was achieved by replacing conventional lamps with Light Emitting Diode (LED) street lights and LED mid-bay lamps; installation of portable as well as auto load/unload compressors in various shops, installation of transparent roof sheets for optimum utilisation of natural lights; Installation of fan-less cooling towers for compressor house ;
- Water saving was achieved by usage of recycled water, drip irrigation/sprinkler system for gardening, revising water change frequency of paint booth water circulation system; regulating pump on-off timing through timers and replacement of old underground water pipes by above-ground pipes to avoid wastage of water due to leakage; installation of time controlled auto system for water pumping in shops; Use of treated water for construction at Pantnagar plant;
- Liquefied petroleum gas (LPG)/propane saving was achieved by reduction in number of initial heat up occurrences from two to one for continuous gas carburising (CGC) furnace; installation of waste heat recovery system for pre-heating of combustion air in paint shop; reduction in hot water temperature for pre-treatment process; use of reflective coating inside furnaces for better heat retention;
- Major initiatives in utilization of renewable energy were taken by use of solar water heating system for shops, canteens etc; installation of natural air exhaust (turbo Ventilators) in shops.

Impact of measures taken

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

	Reduction achieved in	
	2011 (%)	2010 (%)
Electrical energy	14.31	17.45
Water	13.33	26.96
LPG	14.40	12.37

Investment/savings

Investment for energy conservation activities ₹ 0.84 crore
Saving achieved through above activities ₹ 1.12 crore

International Business

Bajaj Auto maintained its stellar growth in exports and continued to be India's largest exporter of two and three-wheelers. During 2011, the company exported 1,203,718 vehicles, achieving a growth of 35 % over the previous year. In 2011, total exports amounted to ₹ 4,552 crore (US \$ 974.6 Million).

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

Foreign exchange earning & outgo

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

Total foreign exchange earned by the company during the year under review was ₹ 4,564.78 crore, compared to ₹ 3,268.95 crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 844.50 crore as against ₹ 461.61 crore during the previous year.

The above outflow includes an investment of ₹ 210.08 crore (Previous Year; ₹ 1.60 crore) made in its 100% subsidiary, Bajaj Auto International Holdings BV, Netherlands for increasing its stake in KTM Power Sports AG from 31.92 % to 39.26 %.

Industrial relations

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

The wage settlements dated 21 May 2010 and 20 August 2010 were signed in conciliation between the management and Vishwa Kalyan Kamgar Sanghata for BAL Chakan and BAL Akurdi respectively. Also the wage settlement dated 1 March 2011 was signed in conciliation between the management and Bajaj Auto Ltd. Employees Union for BAL Waluj.

Three workmen of BAL Waluj, Aurangabad received the Prime Minister Shram Award at the hands of Prime Minister of India, on 15 September 2010.

Subsidiaries

PT. Bajaj Auto Indonesia (PT BAI) is a majority shareholding (98.94%) subsidiary of Bajaj Auto Limited. The subsidiary assembles and markets Pulsars in Indonesia.

The past year had recorded a significant growth in volumes compared to last year. The growth was led by the Light Sports Pulsar 135. Indonesia, being a light weight high acceleration step-through market (bebek), Pulsar 135 LS is positioned competitively to upgrade from bebek for the thrill seeking youngsters. The product is well received by the customers and continued to do well. So far, there are more than 50,000 satisfied customers, owning Bajaj motorcycles in Indonesia.

Product portfolio will be expanded under Pulsar brand with Pulsar 220 in the first quarter of 2011-12.

During the year under review, sales and service showrooms were expanded to cover 3 additional provinces. The company plans to increase the number of sales & service show rooms from 84 Nos. to 130 Nos. in the current year.

In an effort to bring down the customs duty liability, the subsidiary has localised some of the assembly operations. It would continue to pursue the localisation of sub-assemblies further in 2011-12. Custom duty rates for SKD and CKD operations have been reduced by 5% from December 2010 by Govt. of Indonesia

With the addition of Pulsar 135 & Pulsar 220 to the model lineup and with increased local sub-assembly operations, the subsidiary would be in a position to reduce its losses in 2011-12.

Notwithstanding what is stated above, considering the continuing losses and longer gestation period, the company has assessed the carrying value of investments made in PT. Bajaj Auto Indonesia and determined an amount of ₹ 102.27 crore at present as a diminution in the value of investment and has accordingly made a provision of the said amount.

Bajaj Auto International Holdings BV, Netherlands (BAIHBV)

During the year under review, BAIHBV invested further € 32 million to increase its stake in KTM Power Sports AG (KTM PS) to 39.26%.

The first product KTM Duke 125cc went into production on 7 March 2011. This product stands testimony to Bajaj Auto's design, development and production engineering skills.

KTM Duke 125cc has been extensively tested by European Auto Magazine and has had rave reviews. The product has been launched in Europe in April 2011.

KTM 200 from this platform is under development.

Signing for Anti-corruption Initiative of World Economic Forum (WEF)

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

Approval of Shareholders for Payment of commission

Directors seek your approval by way of a special resolution for payment of commission to non-executive directors of a sum not exceeding 1% of the net profits of the Company for a further five years term from 1 April 2011 to 31 March 2016, subject to applicable provisions of the Companies Act, 1956. Earlier such approval has expired on 31 March 2011.

Corporate social responsibility

During the year 2010-11, Bajaj Auto continued its Affirmative Action Plan & Corporate Social Responsibility initiatives in various fields. Activities in this area are set out in greater detail in the annexed CSR Report.

Directors

Nanoo Pamnani, Manish Kejriwal, P Murari and Niraj Bajaj retire from the board by rotation this year and being eligible, offer themselves for re-appointment.

Directors' responsibility statement

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

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

Consolidated financial statements

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

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

Statutory disclosures

Ministry of Corporate Affairs (MCA) vide Circular No. 51/12/2007-CL-III dated 8 February 2011 has given general exemption with regard to attaching of the balance sheet, profit and loss account and other documents of its subsidiary companies subject to fulfillment of conditions mentioned therein. Prior to the issue of this Circular, the company had applied for exemption under Section 212(8) of the Companies Act, 1956. In response, the company received a communication from MCA mentioning about the applicability of this general exemption and that further no exemption would be necessary. The company has fulfilled all the

necessary conditions in this regard. The summary of the key financials of the company's subsidiaries is included in this annual report.

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

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

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

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

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

A cash flow statement for the year 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.

Secretarial standards of ICSI

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

Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising "Group" as defined under the Monopolies and Restrictive Trade Practices ("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 together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

Auditors

The members are requested to appoint Messers Dalal & 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.

Mr A P Raman, cost accountant, Pune has been appointed as cost auditor to conduct the said audit for the year 2011-12, and the government approval in this regard has been received.

On behalf of the board of directors



Rahul Bajaj
Chairman

18 May 2011

Annexure 1

Certificate by Auditors on Corporate Governance

To the Members of
Bajaj Auto Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31 March 2011.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreements.

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

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

Anish P Amin
Partner
Membership No.: 40451
Pune: 18 May 2011

Annexure 2

Declaration by Chief Executive Officer (CEO)

I, Rajiv Bajaj, Managing Director of Bajaj Auto Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31 March 2011 compliance with the code of conduct of the company laid down for them.

Rajiv Bajaj
Managing Director

Pune : 18 May 2011

Annexure 3

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

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

1. That we have reviewed the financial statements for the year ended 31 March 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.

Rajiv Bajaj
Managing Director

Pune : 18 May 2011

Kevin D'sa
President (Finance)

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 ethical, 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.

The company and Bajaj Group generally implement the above initiatives through its employees Welfare Funds and Group NGOs/Trusts/Charitable Bodies operating at various locations in the country. It also enlists the help of non-Group NGOs, Local Authorities, Business Associations, Social & Philanthropic Organizations of repute and Civil Society, wherever deemed necessary.

Some of the major initiatives continued during the year under review are summarised below:-

A. By the Company

Code of conduct and affirmative action

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

The company 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, the company transferred used machinery (current selling price) of ₹ 34.05 lakh for better training and job orientation. This ITI has

relocated to a new premise. The company 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 Organization (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, your company expanded the facility further during the year by providing the required infrastructure to handle increased ART patients.

Others

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

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

B. Through Group Trusts and Group Companies

1. Jamnalal Bajaj Foundation (JBF – Foundation)

Awards

The Foundation gives 4 Awards annually - each of the value of ₹ 5 lakh. Of these, three are given to individuals in India for outstanding contribution in the fields of constructive work on Gandhian lines, application of science and technology for rural development and 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 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 catalysing the unified efforts of Government, local organisations 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, specialised 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 organised 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 organised 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 organised 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 organised 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 crore 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 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 crore 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 Vihar 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 lakh.

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 Bauddha 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.

8. 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 customised 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.

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.

Constituents of 'Group' as defined in MRTP 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.



Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of BAJAJ AUTO LIMITED (the "Company") as at 31 March 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.
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 and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bajaj Auto Limited on the financial statements for the year ended 31 March 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 three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(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.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5 lakh in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the 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.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, 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, customs duty, excise duty and cess as at 31 March 2011 which have not been deposited on account of a dispute, are shown in Table 1:
10. 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.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has

Annexure to Auditors' Report (Contd.)

(₹ In Crore)

Table 1:

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Additional demand received on basis of assessment order received	319.5	FY 1998-99, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05	Commissioner Appeals
	Additional demand received on basis of assessment order	2.40		CEGAT
	Additional demand received on basis of assessment order received	6.50		High Court
Income Tax	—	—	—	—
Wealth Tax	—	—	—	—
Service Tax	Denial of credit and others	0.09	—	Commissioner Appeals
		2.44	Various years 2004-08	CEGAT
		3.77	Various years 1997-2008	High Court
Customs duty	Recovery of duty by treating the vehicles as not fuel efficient	0.24	FY 2001-02	CEGAT
		3.84	FY 1988-89	High Court
Excise	Additional demand received	0.78	Various years 1991-2003	Commissioner Appeals
		5.16	Various years 1984-2006	CEGAT
		1.81	Various years 1986-2000	High Court
		6.28	Various years 1993-1999	Supreme Court
Octroi	Rate difference cases	0.7	FY 2002-03	Civil court
		7.1	Various years 2002-07	High court

not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. 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.

14. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

15. The Company has not obtained any term loans.

16. 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.

17. 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.

18. The Company has not issued any debentures.

19. The Company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

21. Considering the nature of the business conducted by the company, clause xiii of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable in the case of the Company for the year, as they do not relate to the business carried on by the company

For Dalal and Shah

Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin

Partner
Membership Number: 40451
Pune: 18 May 2011

Balance Sheet as at 31 March

	Schedule	(₹ In Crore)	
		2011	2010
I. Sources of Funds			
1. Shareholders' Funds			
a) Share Capital	1	289.37	144.68
b) Reserves & Surplus	2	4,620.85	2,783.66
		4,910.22	2,928.34
2. Loan Funds			
a) Secured Loans	3	23.53	12.98
b) Unsecured Loans	4	301.62	1,325.60
		325.15	1,338.58
3. Deferred Tax Adjustments [See note 13]			
a) Deferred Tax Liabilities		197.70	191.81
b) Deferred Tax Assets		(167.99)	(190.12)
		29.71	1.69
	Total	5,265.08	4,268.61
II. Application of Funds			
1. Fixed Assets			
a) Gross Block		3,390.88	3,379.25
b) Less: Depreciation and write downs		1,912.45	1,899.66
c) Net Block	5	1,478.43	1,479.59
d) Capital Work in progress, expenditure to date		69.86	41.52
		1,548.29	1,521.11
2. Technical Know-how	6	4.28	—
3. Investments	7	4,795.20	4,021.52
4. Current Assets, Loans and Advances	8		
a) Inventories		547.28	446.21
b) Sundry Debtors		362.76	239.45
c) Cash and Bank Balances		556.49	101.41
d) Other Current Assets		216.42	139.36
e) Loans and Advances		1,189.64	657.40
		2,872.59	1,583.83
Less: Current Liabilities and Provisions	9		
a) Liabilities		2,426.65	2,026.25
b) Provisions		1,528.63	831.60
		3,955.28	2,857.85
Net Current Assets		(1,082.69)	(1,274.02)
	Total	5,265.08	4,268.61
Notes forming part of the Financial Statements	14		

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451

Pune: 18 May 2011

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

Profit and Loss Account for the year ended 31 March

	Schedule	2011	2010
(₹ In Crore)			
Income			
Sales		16,931.53	12,118.08
Less: Excise Duty		933.41	609.58
Net Sales		15,998.12	11,508.50
Other Income	10	976.62	534.98
		16,974.74	12,043.48
Expenditure			
Materials	11	11,798.81	8,070.44
Other Expenses	12	1,441.86	1,273.65
Interest	13	1.69	5.98
Depreciation and write downs		122.84	136.45
		13,365.20	9,486.52
Less: Expenses, included in above items, capitalised		16.66	15.67
		13,348.54	9,470.85
Operating profit before tax and exceptional items		3,626.20	2,572.63
Exceptional items			
Surplus on pre-payment of sales tax deferral liability/loan [See note 9]		826.82	—
Provision for diminution in value of investment in PT. Bajaj Auto Indonesia [See note 11b.]		(102.27)	—
Expenditure incurred for Voluntary Retirement of employees		—	(183.30)
Valuation gains of derivative hedging instruments [See note 10]		—	21.80
		724.55	(161.50)
Profit before tax		4,350.75	2,411.13
Tax			
Current Tax [including ₹ 3.00 crore (previous year ₹ 2.62 crore) for Wealth tax]		983.00	712.62
Deferred Tax [See note 13]		28.02	(5.12)
		1,011.02	707.50
Profit after tax		3,339.73	1,703.63
Prior Period Expenses		—	0.90
Profit for the year		3,339.73	1,702.73
Balance brought forward from previous year		854.99	—
Adjustments on revaluation of deferred tax assets		—	(2.62)
Profit available for appropriation		4,194.72	1,700.11
Appropriations:			
Transfer to General Reserve		334.00	170.27
Proposed Dividend		1,157.47	578.73
Corporate Dividend Tax thereon		187.77	96.12
Balance Carried to Balance Sheet		2,515.48	854.99
Notes forming part of the Financial Statements	14		
Basic and diluted Earnings Per Share (₹) [See note 17]		115.4	58.8
Nominal value per share (₹)		10.0	10.0
Net Profit (₹ In Crore)		3,339.73	1,702.73
Weighted average number of Shares (In Crore)		28.94	28.94

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451

Pune: 18 May 2011

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

Schedules No 1-14 annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31 March

Schedule 1 Share Capital

	(₹ In Crore)	
	2011	2010
Authorised		
300,000,000 Equity Shares of ₹ 10 each		
Previous Year 150,000,000 Equity Shares of ₹ 10 each	300.00	150.00
Issued,Subscribed and Paid up		
*289,367,020 Equity Shares of ₹ 10 each		
Previous Year 144,683,510 Equity Shares of ₹ 10 each	289.37	144.68
Total	289.37	144.68

Notes

*Of the above:-

1. **101,183,510** Equity shares were allotted as fully paid-up pursuant to the scheme of arrangement of demerger of erstwhile Bajaj Auto Limited (now Bajaj Holdings & Investment Limited).
2. **1,805,071** Equity Shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 220,134 (127,902).
3. **144,683,510** Equity shares were allotted as fully paid Bonus Shares by way of Capitalisation of Reserves during the year.

Schedule 2 Reserves and Surplus

	(₹ In Crore)	
	2011	2010
General Reserve		
As per last account	1,895.28	1,725.01
Capitalised as fully paid up bonus shares	(144.68)	—
Set aside this year	334.00	170.27
	2,084.60	1,895.28
Hedge Reserve [See note 10]]	20.77	33.39
Balance in Profit & Loss Account	2,515.48	854.99
Total	4,620.85	2,783.66

Schedule 3 Secured Loans

	(₹ In Crore)	
	2011	2010
From Banks, against hypothecation of Stores, Raw Materials Finished Goods, Stock in Process and Book Debts		
Cash Credit	23.53	12.98
Total	23.53	12.98

Schedule 4 Unsecured Loans

	(₹ In Crore)	
	2011	2010
Sales tax deferral Liability/Loan, an incentive under Package Scheme of Incentives 1983,1988,1993 and 1998 - Interest free, partially prepaid during the year [See note 9]	167.30	1,325.58
Fixed Deposits, unclaimed	0.01	0.02
Short term loan		
In foreign currency, from a bank as packing credit facility against exports	134.31	—
Total	301.62	1,325.60

Schedule 5 Fixed Assets

(₹ In Crore)

Particulars	Gross Block (a)			Depreciation				Net Block		
	As at 31 March 2010	Additions	Deductions/ Adjustments	As at 31 March 2011	As at 31 March 2010	Deductions/ Adjustments	For the Year (c) & (e)	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Land Freehold	28.00	—	—	28.00	—	—	—	—	28.00	28.00
Land Leasehold	58.27	—	0.65	57.62	—	—	—	—	57.62	58.27
Buildings (b) & (d)	512.10	64.06	0.34	575.82	117.68	0.33	13.23	130.58	445.24	394.42
Waterpumps, Reservoirs and Mains	13.06	0.10	—	13.16	5.29	—	0.56	5.85	7.31	7.77
Plant & Machinery	1,643.72	63.26	98.39	1,608.59	1,275.77	90.36	53.38	1,238.79	369.80	367.95
Dies & Jigs	400.47	20.35	(5.12)	425.94	301.57	(5.41)	21.23	328.21	97.73	98.90
Electric Installations	65.16	1.52	—	66.68	28.34	—	2.41	30.75	35.93	36.82
Factory Equipments	236.93	14.07	7.30	243.70	96.36	6.97	10.25	99.64	144.06	140.57
Furniture & Fixtures	51.34	2.46	0.04	53.76	22.12	0.02	2.67	24.77	28.99	29.22
Electric Fittings	17.70	0.82	—	18.52	6.85	—	0.65	7.50	11.02	10.85
Vehicles & Aircraft	346.84	5.65	53.40	299.09	40.02	12.12	18.46	46.36	252.73	306.82
Leased Assets :- Dies & Moulds	5.66	—	5.66	—	5.66	5.66	—	—	—	—
Total	3,379.25	172.29	160.66	3,390.88	1,899.66	110.05	122.84	1,912.45	1,478.43	1,479.59
Previous Year Total	3,333.94	97.21	51.90	3,379.25	1,807.91	44.70	136.45	1,899.66	1,479.59	

(a) At cost, except leasehold land which is at cost, less amounts written off.

(b) Includes Premises on ownership basis in Co-operative Society ₹ 9.51 crore and cost of shares therein ₹ 2,250/-

(c) Refer Para 3(A) & (B) of Statement on Significant Accounting Policies annexed to the Accounts.

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

(e) Depreciation for the year includes assets written down to the realisable value by ₹ 0.56 crore being marked for disposal.

Schedule 6 Technical Know-How

(₹ In Crore)

	2011	2010
Developed by the company :		
As per last account	—	3.73
Add: Expenses incurred on development completed during the year (incurred during the year ₹ 6.42 crore , previous year– ₹ Nil)	6.42	—
	6.42	3.73
Less: Amortised in prior years	—	2.88
Amortised during the period	2.14	0.85
	2.14	3.73
	4.28	—
Development in Progress:		
As per last account	—	15.41
Add: Expenses incurred during the year	—	—
Less: Amounts written off on redundancy of project	—	15.41
Balance C/f	—	—
Total	4.28	—

Schedule 7 Investments, at Cost (Unless otherwise stated)

	2011	2010
(₹ In Crore)		
Long Term Investments :		
In Government and Trust Securities :		
Quoted :		
— 5.69% Government of India Stock 2018 of face value of ₹ Nil (Previous Year ₹ 350,000,000)	—	32.08
— 6.07% Government of India Stock 2014 of face value of ₹ Nil (Previous Year ₹ 200,000,000)	—	19.85
— 6.49% Government of India Stock 2015 of face value of ₹ Nil (Previous Year ₹ 100,000,000)	—	9.88
— 6.83% Government of India Stock 2039 of face value of ₹ 50,000,000	4.71	4.71
— 7.02% Government of India Stock 2016 of face value of ₹ Nil (Previous Year ₹ 300,000,000)	—	29.94
— 7.94% Government of India Stock 2021 of face value of ₹ Nil (Previous Year ₹ 100,000,000)	—	11.17
— 8.13% Government of India Stock 2022 of face value of ₹ 1,000,000,000	103.69	—
— 8.20% Government of India Stock 2022 of face value of ₹ Nil (Previous Year ₹ 50,000,000)	—	5.45
— 10.71% Government of India Stock 2016 of face value of ₹ Nil (Previous Year ₹ 1,000,000,000)	—	143.85
— 11.83% Government of India Stock 2014 of face value of ₹ 3,500,000	0.51	0.51
	<u>108.91</u>	<u>257.44</u>
Less: Amortisation of Premium/Discount on acquisition	<u>0.08</u>	<u>10.98</u>
	108.83	246.46
Unquoted :		
6 Years National Saving Certificates of the face value of ₹ 101,500 (Previous year ₹ 11,500)	0.01	
In Fully Paid Preference Shares :		
Unquoted :		
— (1,130,000) 12.50% Redeemable Cumulative Preference Shares of ₹ 10 each in Durovalves India Private Limited	—	1.13
		<u>1.13</u>
In Subsidiary Company :		
Equity Shares:		
Unquoted :		
2,000 Shares of Euro 100 each in Bajaj Auto International Holding B V Amsterdam, Netherlands	918.72	708.64
291,875 Shares of US \$ 100 each in PT Bajaj Auto Indonesia	137.82	137.82
	<u>1,056.54</u>	<u>846.46</u>
In Fully Paid Equity Shares :		
Unquoted :		
565,000 Shares of ₹ 10 each in Durovalves India Private Limited	0.57	0.57
Carried over	<u>1165.95</u>	<u>1094.62</u>

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,165.95	1,094.62
In Debentures:			
Fully Paid:			
Other :			
Quoted:			
—	(250) 6.84% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited	—	25.93
250	(-) 7.35% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited Series-188G-007	26.11	—
250	8.40% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited	25.00	25.00
250	(-) 9.90% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Limited	25.00	—
100	7.75% Unsecured Redeemable subordinated Bonds in the nature of Debentures of ₹ 1,000,000 each of HDFC Bank Limited - Series 5/2005	10.00	10.00
500	(-) 8.25% Unsecured Redeemable subordinated Bonds in the nature of Debentures of ₹ 1,000,000 each of HDFC Bank Limited Series-S-6	52.01	—
—	(100) 10.25% Unsecured Redeemable subordinated Bonds in the nature of Debentures of ₹ 1,000,000 each of HDFC Bank Limited	—	10.00
—	(50) 10.35% Unsecured Redeemable subordinated Bonds in the nature of Debentures of ₹ 1,000,000 each of HDFC Bank Limited	—	4.93
—	(2,500,000) 6.00% Non Convertible Debentures each with detachable warrants of ₹ 100 each of Indian Hotel Limited	—	22.64
100	(-) 10.75% Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Kalyani Steels Limited Series-S-19	10.33	—
250	(-) 7.05% Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited Series-TR-61	26.04	—
—	(100) 7.24% Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	—	10.00
—	(200) 7.45% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	—	20.00
—	(30) 7.45% Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 2,000,000 each of LIC Housing Finance Limited - Option III	—	6.19
50	(-) 7.64% Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited Series-T-60	5.21	—
700	(200) 7.99% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Limited	71.54	20.00
300	(-) 9.20% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of L & T Limited	32.30	—
Carried over		283.54	154.69
Carried over		1,165.95	1094.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,165.95	1,094.62
In Debentures: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		283.54	154.69
2,000	6.70% Secured Non Convertible Debentures of ₹ 100,000 each of Reliance Energy Limited - Series 3 Series-NCD-3	20.04	20.04
350	11.45% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Reliance Industries Limited	40.92	40.92
400	(-) 10.90% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Reliance Gas Transportation Infrastructure Limited Series-S-PPD1	45.71	—
—	(10) 10.20% Fixed Rate Redeemable Transferable Secured Non Convertible Debentures of ₹ 10,000,000 each of The Tata Power Company Limited - Balance after Third Redemption	—	3.84
100	6.50% Unsecured Non Convertible Redeemable Debentures of ₹ 1,000,000 each of Axis Bank Limited - Series VIII	10.00	10.00
—	(100) 8.01% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Ultra Tech Cement Limited. (Formerly Grasim Industries Limited)	—	10.00
350	(-) 10.48% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Ultra Tech Cement Limited (Formerly Grasim Industries Limited). Series-S-I	39.90	—
		440.11	239.49
Less: Amortisation of Premium/Discount on acquisition		2.42	(1.51)
		437.69	241.00
In Bonds:			
Fully Paid:			
Other :			
Quoted:			
450	(200) 11.30% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of ACC Limited	51.32	22.11
350	(-) 7.40% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Airport Authority of India Limited Series-S-I	36.22	—
150	(-) 8.75% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Axis Bank Limited (Series-11Opt-II)	15.77	—
—	(50) 7.50% Unsecured Redeemable Non Convertible Subordinated Bonds of ₹ 1,000,000 each of Bank of India - Series VIII	—	5.00
200	8.85% Unsecured Redeemable Non Convertible Subordinated Lower Tier-II Bonds (Series VI) in the nature of Promissory Notes ("Bonds") Bonds of ₹ 1,000,000 each of Corporation Bank	21.62	21.62
748	(-) 9.00% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Canara Bank Series-S-XI	81.17	—
Carried over		206.10	48.73
Carried over		1,603.64	1,335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		2011	2010
		(₹ In Crore)	
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		206.10	48.73
1,000	(100) 9.25% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited Series K-13	109.16	10.60
750	(200) 9.25% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited	82.69	22.52
450	(-) 9.25% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited Series-K-09	49.18	—
950	(-) 9.50% Unsecured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited Series-S-L070	105.17	—
—	(250) 5.60% Unsecured Redeemable Taxable Non Convertible Bonds of ₹ 1,000,000 each of Exim Bank Limited	—	25.00
60	(80) 5.85% Secured Taxable, Non Convertible Redeemable Bonds with STRPP Series -II of ₹ 1,000,000/- each of Gail (India) Limited	5.45	7.34
100	6.80% Gujarat Punarnirman Special Taxfree Bonds Series IV B of ₹ 1,000,000 each of Housing & Urban Development Corporation Limited	10.00	10.00
3,500	6.70% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of ₹ 100,000 each of India Railway Finance Corporation Limited	35.00	35.00
200	9.25% Gujarat Punarnirman Special Taxfree Bonds Series I of ₹ 500,000 each of Housing & Urban Development Corporation Limited	10.00	10.00
30,000	7% Omni Bonds of ₹ 5,000 each of Industrial Development Bank of India Limited	15.42	15.42
—	(1,000) 8% Omni Bonds of ₹ 100,000 each of Industrial Development Bank of India Limited	—	11.47
—	(100) 6.20% Omni Bonds of ₹ 1,000,000 each of Industrial Development Bank of India Limited	—	10.10
1,000	(-) 9.25% Omni Bonds of ₹ 1,000,000 each of Industrial Development Bank of India Limited Series-S2008-09 XVIII	106.79	—
—	(500) 7% Secured Non Convertible Redeemable Bonds in the nature of Debentures (Series X) of ₹ 1,000,000 each of Indian Oil Corporation Limited	—	50.22
—	(100) 7.15% Secured Non Convertible Redeemable Bonds in the nature of Debentures (Series-VI) of ₹ 1,000,000 each of Indian Oil Corporation Limited	—	10.11
—	(200) 7.40% Secured Non Convertible Redeemable Bonds in the nature of Debentures (Series-VII) of ₹ 1,000,000 each of Indian Oil Corporation Limited	—	20.00
250	(-) 10.70% Secured Non Convertible Redeemable Bonds in the nature of Debentures of ₹ 1,000,000 each of Indian Oil Corporation Limited Series-S-IX	30.25	—
Carried over		765.21	286.51
Carried over		1,603.64	1,335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		765.21	286.51
—	(150) 7.63% Taxable Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited - 2012-Series 43JJ	—	16.54
—	(50) 7.63% Taxable Secured Redeemable Non Convertible Railway Bonds of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited - 2014 - Series 43LL	—	5.54
—	(400) 8.46% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited -Series 63	—	41.26
—	(100) 8.55% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited -Series 63A	—	9.90
—	(250) 8.55% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited -Series 67	—	25.04
50	9% Tax Free Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited - Series 17 (2015)	5.00	5.00
—	(100) 8.80% Secured Taxable Redeemable Non Convertible Non Cumulative Railway Bonds in the nature of Promissory Notes of ₹ 1,000,000 each of Indian Railway Finance Corporation Limited -Series 67B	—	10.02
50	8.75% Unsecured Redeemable Subordinated Bonds in the nature of Promissory Notes of ₹ 1,000,000 each of ING Vysya Bank Limited	5.00	5.00
500	(-) 8.65% Unsecured Redeemable Subordinated Bonds of ₹ 100,000 each of L&T Limited	5.00	—
400	(100) 9.50% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development	43.98	10.68
200	(-) 9.65% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development. Series-NPSB VIII S	21.58	—
200	(-) 9.80% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development. Series NPSB IX H	22.45	—
250	(-) 9.85% Redeemable Unsecured Non Convertible Taxable Non Priority Sector Bonds of ₹ 1,000,000 each of National Bank for Agriculture and Rural Development. Series NPSB VIII U	27.05	—
—	(250) 6.55% Unsecured Redeemable Non Convertible Taxable Bonds of ₹ 1,000,000 each of National Housing Bank	—	25.00
Carried over		895.27	440.49
Carried over		1603.64	1335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		895.27	440.49
—	(250) 6.90% Unsecured Redeemable Non Convertible Taxable Bonds of ₹ 1,000,000 each of National Housing Bank	—	25.00
—	(150) 6.40% Unsecured Redeemable Non Convertible Taxable Bonds of ₹ 1,000,000 each of National Housing Bank	—	15.00
100	(-) 8.65% Unsecured Redeemable Non Convertible Taxable Bonds of ₹ 1,000,000 each of National Housing Bank	10.70	—
150	(-) 9.40% Unsecured Redeemable Non Convertible Taxable Bonds of ₹ 1,000,000 each of National Housing Bank	16.47	—
—	(750) 5.95% Secured Non Convertible Taxable Bonds in the nature of Debentures with separately Transferable Redeemable Principal Parts of ₹ 200,000 each of National Thermal Power Corporation Limited	—	15.18
—	(150) 8.78% Secured Non Convertible Redeemable Taxable Bonds in the nature of Debentures (Series-XXXI) of ₹ 1,000,000 each of National Thermal Power Corporation Limited	—	15.00
3,200	(650) 8.40% Non Convertible Redeemable Bonds in the nature of Debentures (Series I) of ₹ 1,000,000 each of ONGC Videsh Limited	333.88	65.37
500	(250) 8.45% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited	52.68	25.64
150	(-) 8.90% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 63-I	15.86	—
350	(-) 8.94% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series XLI-B	37.79	—
800	(-) 8.95% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 64-I	84.49	—
500	(-) 8.95% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 64-II	51.70	—
600	(-) 9.40% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series XLIV	64.67	—
100	(-) 8.50% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 61-I	10.61	—
Carried over		1,574.12	601.68
Carried over		1603.64	1335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		1,574.12	601.68
150	(-) 8.60% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 57B-I	16.27	—
100	(-) 11.25% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59A of ₹ 1,000,000 each of Power Finance Corporation Limited Series 52C	12.29	—
—	(250) 8.80% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 59B of ₹ 1,000,000 each of Power Finance Corporation Limited	—	25.78
—	(450) 11.40% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 52-A of ₹ 1,000,000 of Power Finance Corporation Limited	—	50.09
—	(40) 8.63% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited-Series 13G - 2012	—	5.58
100	(-) 7.39% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,000,000 each of Power Grid Corporation of India Limited Series XVIIISTP-G	10.23	—
80	(-) 8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST -B	10.44	—
400	(-) 8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST -C	52.52	—
160	(-) 8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST -D	21.07	—
280	(-) 8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST -E	37.12	—
240	(-) 8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST -A	31.55	—
320	(-) 8.84% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXII ST -G	41.32	—
120	(-) 9.20% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXIX STRP-A	16.07	—
Carried over		1,823.00	683.13
Carried over		1603.64	1335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		2011	2010
		(₹ In Crore)	
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		1,823.00	683.13
200	(-) 9.20% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXIX STRP-A	27.06	—
40	(-) 9.33% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVIII STRPP-C	5.47	—
40	(-) 9.33% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVIII STRPP-D	5.47	—
40	(-) 9.33% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVIII STRPP-E	5.52	—
80	(-) 9.47% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXVII STRPP-C	10.79	—
—	(40) 8.63% Secured Redeemable Non Convertible Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Series 13H - 2013	—	5.59
—	(80) 8.73% Secured Non Convertible Non Cumulative Redeemable Taxable Powergrid Bonds XXI-Issue 2006-07 of ₹ 1,250,000 each of Power Grid Corporation of India Limited	—	10.15
40	(80) 8.90% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series B of ₹ 1,250,000 each of Power Grid Corporation of India Limited	5.14	10.11
—	(80) 8.90% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series A of ₹ 1,250,000 each of Power Grid Corporation of India Limited	—	10.12
400	(-) 8.90% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series A of ₹ 1,250,000 each of Power Grid Corporation of India Limited Series XXXI STRPP-C	53.34	—
160	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part A	21.53	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part B	—	5.00
Carried over		1,957.32	729.10
Carried over		1603.64	1335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		1,957.32	729.10
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part C	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part D	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part E	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part F	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part G	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part H	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part I	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part J	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part K	—	5.00
—	(40) 8.80% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,250,000 each of Power Grid Corporation of India Limited - Part L	—	5.00
—	(80) 10.10% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds Issue 2006-07 of ₹ 1,250,000 each of Power Grid Corporation of India Limited	—	10.04
—	(40) 10.10% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds Issue 2006-07 of ₹ 1,250,000 each of Power Grid Corporation of India Limited	—	5.02
147	(-) 9.35% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds of ₹ 1,000,000 each of Punjab National Bank	16.04	—
Carried over		1,973.36	794.16
Carried over		1603.64	1335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		1,973.36	794.16
50,020	(-) Zero Percent Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 30,000 each of Rural Electrification Corporation Limited	67.85	—
8,500	(-) Zero Percent Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 30,000 each of Rural Electrification Corporation Limited	11.02	—
900	(-) 7.60% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 92-O-I	93.54	—
500	(-) 8.35% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 90B-I	53.51	—
250	(-) 8.45% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 93-O-II	26.11	—
—	(450) 7.90% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series 90C of ₹ 1,000,000 each of Rural Electrification Corporation Limited	—	46.06
100	8.65% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures Series 88 of ₹ 1,000,000 each of Rural Electrification Corporation Limited	10.24	10.24
100	9.45% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 84	11.08	11.08
—	(100) 10.90% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 86B	—	11.03
600	(350) 11.50% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 87C	68.88	39.53
—	(50) 11.45% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of Rural Electrification Corporation Limited Series 87C	—	5.37
3,500	(-) 6.60% Secured Non Convertible Non Cumulative Redeemable Taxable Bonds in the nature of Debentures of ₹ 1,000,000 each of SIDBI Limited S-III	366.70	—
Carried over		2,682.29	917.47
Carried over		1603.64	1335.62

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		1,603.64	1,335.62
In Bonds: (Contd.)			
Fully Paid: (Contd.)			
Other: (Contd.)			
Quoted: (Contd.)			
Brought over		2,682.29	917.47
250	(-) 8.85% Subordinated Non Convertible Bonds of ₹ 1,000,000 each of State Bank of India	26.57	—
5,000	(-) 9.50% Subordinated Non Convertible Bonds of ₹ 10,000 each of State Bank of India	5.25	—
—	(200) 7.45% Subordinated Non Convertible Bonds of ₹ 1,000,000 each of State Bank of India	—	20.00
—	(150) 9.05% Unsecured Non Convertible Sub-ordinated Perpetual Tier-I Bonds (Innovative Perpetual Debt Instruments) (Series-II) in the nature of Promissory Notes ("Bonds") of ₹ 1,000,000 each of State Bank of India	—	15.03
—	(200) 8.96% Subordinated Non Convertible Bonds of ₹ 1,000,000 each of State Bank of India	—	20.14
100	(135) 9.90% Subordinated Non Convertible Bonds of ₹ 1,000,000 each of State Bank of Patiala	10.54	14.23
—	(100) 7.45% Unsecured Redeemable Non Convertible Subordinated Bonds of ₹ 1,000,000 each of Union Bank of India - Series VIII	—	10.00
		<u>2,724.65</u>	<u>996.87</u>
Less: Amortisation of Premium/Discount on acquisition		<u>23.70</u>	<u>(1.61)</u>
		2,700.95	998.48
In Mutual Fund Units:			
Unquoted:			
25,000,000 (-) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan- Series CE-Growth -FMP		25.00	—
Current Investments :			
In Commercial Paper :			
Unquoted:			
—	(500) Commercial Paper of ₹ 500,000 each of ONGC Videsh Limited -14.09.2010	—	24.08
Add: Amortisation of Premium/Discount on acquisition		—	<u>0.30</u>
		—	24.38
In Certificate of Deposit :			
Unquoted:			
—	(2,000) Certificate of Deposit of ₹ 100,000 each of Allahabad Bank - 16.06.2010	—	18.92
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Allahabad Bank - 15.09.2010	—	48.41
—	(1,000) Certificate of Deposit of ₹ 100,000 each of Axis Bank Limited - 02.07.2010	—	9.47
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Limited - 06.08.2010	—	24.29
—	(7,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Limited - 29.12.2010	—	71.77
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Bank of Baroda - 20.12.2010	—	23.60
Carried over		—	<u>196.46</u>
Carried over		4,329.59	<u>2,358.48</u>

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		2011	2010
		(₹ In Crore)	
	Brought over	4,329.59	2,358.48
In Certificate of Deposit: (Contd.)			
Unquoted: (Contd.)			
	Brought over	—	196.46
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Bank of Baroda - 22.12.2010	—	23.60
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Bank of Baroda - 15.02.2011	—	47.18
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Bank of India - 04.03.2011	—	23.45
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Bank of India - 11.03.2011	—	46.95
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Bank of Maharashtra - 15.09.2010	—	48.70
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 03.09.2010	—	24.21
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 04.03.2011	—	23.63
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 08.03.2011	—	23.44
—	(10,000) Certificate of Deposit of ₹ 100,000 each of Central Bank of India - 05.10.2010	—	96.47
—	(1,000) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 07.06.2010	—	9.44
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 15.09.2010	—	48.40
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 22.09.2010	—	47.88
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 01.11.2010	—	23.81
—	(2,500) Certificate of Deposit of ₹ 100,000 each of HDFC Bank Limited - 15.12.2010	—	23.76
—	(10,000) Certificate of Deposit of ₹ 100,000 each of HDFC Bank Limited - 08.03.2011	—	94.23
—	(1,000) Certificate of Deposit of ₹ 100,000 each of IDBI Bank Limited - 04.06.2010	—	9.42
—	(1,500) Certificate of Deposit of ₹ 100,000 each of IDBI Bank Limited - 17.09.2010	—	14.13
—	(2,500) Certificate of Deposit of ₹ 100,000 each of IDBI Bank Limited - 14.01.2011	—	23.54
—	(2,500) Certificate of Deposit of ₹ 100,000 each of IDBI Bank Limited - 17.02.2011	—	23.43
—	(2,500) Certificate of Deposit of ₹ 100,000 each of IDBI Bank Limited - 10.03.2011	—	23.40
—	(1,500) Certificate of Deposit of ₹ 100,000 each of Jammu & Kashmir Bank Limited - 22.06.2010	—	14.32
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Jammu & Kashmir Bank Limited - 17.09.2010	—	23.81
	Carried over	—	933.66
	Carried over	4,329.59	2,358.48

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		4,329.59	2,358.48
In Certificate of Deposit: (Contd.)			
Unquoted: (Contd.)			
Brought over		—	933.66
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Oriental Bank of Commerce - 09.06.2010	—	23.99
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Oriental Bank of Commerce - 23.09.2010	—	23.91
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Oriental Bank of Commerce - 07.01.2011	—	23.58
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Oriental Bank of Commerce - 10.03.2011	—	23.44
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Punjab National Bank - 15.07.2010	—	48.54
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Punjab National Bank - 12.08.2010	—	48.48
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Punjab National Bank - 10.09.2010	—	23.88
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Punjab National Bank - 17.09.2010	—	48.11
—	(2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 02.07.2010	—	23.93
—	(2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Mysore - 09.03.2011	—	23.45
—	(2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 03.09.2010	—	23.96
—	(2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 15.11.2010	—	23.77
—	(2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 16.11.2010	—	23.82
—	(5,000) Certificate of Deposit of ₹ 100,000 each of State Bank of Travancore - 17.09.2010	—	48.73
—	(10,000) Certificate of Deposit of ₹ 100,000 each of Syndicate Bank - 20.09.2010	—	97.36
—	(5,000) Certificate of Deposit of ₹ 100,000 each of Union Bank of India - 16.12.2010	—	47.43
—	(10,000) Certificate of Deposit of ₹ 100,000 each of UCO Bank - 15.09.2010	—	95.98
—	(2,500) Certificate of Deposit of ₹ 100,000 each of Vijaya Bank - 17.03.2011	—	23.43
2,500	(-) Certificate of Deposit of ₹ 100,000 each of Bank of India - 24.06.2011	23.61	—
5,000	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur -04.04.2011	47.32	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of India - 27.06.2011	23.51	—
7,500	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 11.07.2011	71.03	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur -15.07.2011	23.91	—
5,000	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Hyderabad - 21.09.2011	46.44	—
Carried over		235.82	1,629.46
Carried over		4,329.59	2,358.48

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

		(₹ In Crore)	
		2011	2010
Brought over		4,329.59	2,358.48
In Certificate of Deposit: (Contd.)			
Unquoted: (Contd.)			
Brought over		235.82	1,629.46
5,000	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Mysore - 28.09.2011	46.36	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 20.02.2012	22.72	—
5,000	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Travancore - 22.02.2012	45.44	—
5,000	(-) Certificate of Deposit of ₹ 100,000 each of Bank of Baroda - 24.02.2012	45.42	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Bikaner & Jaipur - 27.02.2012	22.71	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 27.02.2012	22.70	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 26.03.2012	22.71	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of Punjab National Bank - 24.06.2011	24.44	—
2,500	(-) Certificate of Deposit of ₹ 100,000 each of State Bank of Hydreabad - 02.03.2012	22.70	—
5,000	(-) Certificate of Deposit of ₹ 100,000 each of UCO Bank - 23.06.2011	48.86	—
		559.88	1,629.46
Add: Amortisation of Premium/Discount on acquisition		11.50	16.36
		571.38	1,645.82
In Mutual Fund Units:			
Unquoted:			
—	(4,042,459.05) ICICI Prudential Institutional Liquid Plan-Super Institutional Growth	—	55.00
3,186,479.132	Birla Sun Life Cash Plus- Institutional Plan - Growth	5.00	—
		5.00	55.00
		4,905.97	4,059.30
Less: Provision for diminution in value of Investments		110.77	37.78
		4,795.20	4,021.52

	Book Value as at		Market Value as at	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	₹ In Crore	₹ In Crore	₹ In Crore	₹ In Crore
Quoted	3,136.70	1,448.16	*3,110.73	*1,484.81
Unquoted	1,658.50	2,573.36		
Total	4,795.20	4,021.52		

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

Notes to Investment Schedule:

1. The following investments were purchased and sold during the year

(a) Mutual Funds:

			(₹ In Crore)
Name of the company	Quantity Nos.	Purchase Cost	Sale Proceeds
Birla Sun Life Cash Plus - Instl.Prem. - Growth	5,369,986,570	8,219.00	8,221.62
DWS Insta Cash Plus Fund- Super Institutional Plan - Growth	1,399,602,851	1,720.00	1,720.40
HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale - Growth	49,449,870	100.00	100.04
HDFC Liquid - Premium Plan - Growth	1,596,440,899	3,003.04	3,003.86
ICICI Prudential Flexible Income Plan Premium-Growth	8,724,711	150.02	150.04
ICICI Prudential Institutional Liquid Plan -Super Institutional Growth	444,777,604	6,165.00	6,166.63
ICICI Prudential Ultra Short Term Plan - Super Premium- Growth	288,308,145	300.00	300.64
IDFC Cash Fund - Super Inst Plan C - Growth	4,453,448,995	5,120.00	5,121.48
Kotak Floater Short Term-Growth	873,758,276	1,368.00	1,368.66
Kotak Liquid Inst.Premium-Growth	2,011,082,016	3,817.00	3,818.29
Reliance Liquidity Fund- Growth Option	496,879,261	758.00	758.45
UTI Liquid Cash Plan Institutional - Growth Option	2,171,366	338.00	338.06

(b) Bonds:

			(₹ In Crore)
Name of the company	Quantity Nos.	Purchase Cost	Sale Proceeds
8.48% Bank of Baroda	250	25.00	25.08
9.25% Exim Bank Limited	250	27.28	27.50
9.25% Exim Bank Limited	250	27.32	25.20
8.46% IRFC Limited -2020	250	25.81	25.18
8.50% IRFC Limited -2020	250	25.00	25.50
7.19% NABARD	450	45.00	45.41
6.77% National Housing Bank	500	51.67	49.38
7.04% National Housing Bank	500	50.02	50.30
8.60% Power Finance Corporation Limited	100	10.84	10.28
8.70% Power Finance Corporation Limited	1,300	132.19	133.34
8.70% Power Finance Corporation Limited	350	35.00	35.30
8.70% Power Finance Corporation Limited	350	35.00	34.58
8.75% Power Finance Corporation Limited	1,000	100.00	100.00
8.90% Power Grid Corporation Limited	40	5.15	4.96
8.90% Power Grid Corporation Limited	40	5.26	5.31
8.90% Power Grid Corporation Limited	40	5.31	4.94
8.80% Power Grid Corporation Limited	40	5.24	5.08
8.80% Power Grid Corporation Limited	120	10.58	10.15
7.15% Rural Electrification Corporation Limited	200	21.07	19.82
7.90% Rural Electrification Corporation Limited	500	52.55	53.75
8.75% Rural Electrification Corporation Limited	750	74.75	74.93
8.48% Union Bank of India	500	50.00	50.09

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

(c) Debentures:				(₹ In Crore)
Name of the company	Quantity Nos.	Purchase Cost	Sale Proceeds	
0.00% HDFC Limited	250	25.00	25.28	
7.95% HDFC Limited	250	25.00	25.45	
7.70% Hindustan Petroleum Corporation Limited	900	91.15	92.16	
8.72% IDFC Limited	50,000	25.00	25.03	
7.30% LIC Housing Finance Limited	250	25.00	25.18	
8.40% LIC Housing Finance Limited	700	70.43	70.50	
8.75% Reliance Industries Limited	50	5.05	5.20	
7.45% Tata Sons Limited	200	20.00	20.72	
9.18% Tata Sons Limited	250	25.00	25.04	
8.01% Ultra Tech Cement Limited	100	9.98	10.08	

(d) Certificate of Deposit:				(₹ In Crore)
Name of the company	Maturity Date	Quantity Nos.	Purchase Cost	Sale Proceeds
Allahabad Bank	15-Sep-10	2,500	24.44	24.76
Allahabad Bank	20-Sep-10	2,500	24.64	24.74
Allahabad Bank	7-Dec-10	2,500	24.67	24.71
Bank of Baroda	27-Dec-10	4,000	39.31	39.36
Bank of India	28-Sep-11	7,500	69.50	69.81
Bank of India	27-Feb-12	2,500	22.72	22.83
Bank of India	18-Mar-11	2,500	23.77	24.07
Canara Bank	6-Jul-10	2,500	24.84	24.88
Canara Bank	27-Sep-10	10,000	98.43	98.65
Canara Bank	3-Jan-11	5,000	48.81	48.91
Canara Bank	10-Jan-11	2,500	24.39	24.44
Canara Bank	4-Mar-11	2,500	23.74	24.28
Canara Bank	18-Mar-11	2,500	24.18	24.19
Canara Bank	5-Apr-11	2,500	24.35	24.49
Canara Bank	6-Apr-11	2,500	24.37	24.49
Canara Bank	23-Sep-11	2,500	23.18	23.29
Central Bank of India	7-Sep-10	5,000	49.39	49.59
Central Bank of India	24-Sep-10	7,000	68.98	69.13
Central Bank of India	29-Oct-10	10,000	97.63	98.14
Central Bank of India	15-Dec-10	10,000	98.49	98.61
Central Bank of India	15-Jun-11	2,500	24.14	24.40
Corporation Bank	14-Mar-11	2,500	24.46	24.67
Exim Bank Limited	17-Dec-10	2,500	24.29	24.42
HDFC Bank Limited	8-Mar-11	2,500	24.08	24.11
IDBI Bank Limited	10-May-11	2,500	23.53	23.88
Indian Overseas Bank	8-Jun-11	2,500	24.29	24.44
Oriental Bank of Commerce	2-Jul-10	5,000	49.76	49.84

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

(d) Certificate of Deposit: (Contd.)				(₹ In Crore)
Name of the company	Maturity Date	Quantity Nos.	Purchase Cost	Sale Proceeds
Oriental Bank of Commerce	5-Jan-11	5,000	47.86	48.59
Punjab National Bank	6-Jul-10	2,500	24.84	24.88
Punjab National Bank	12-Jul-10	5,000	49.65	49.72
Punjab National Bank	7-Jan-11	5,000	47.87	48.92
Punjab National Bank	28-Jan-11	2,500	24.40	24.44
Punjab National Bank	10-Mar-11	7,500	73.37	73.82
Punjab National Bank	7-Apr-11	2,500	24.45	24.49
Punjab National Bank	27-Apr-11	2,500	24.07	24.09
State Bank of Bikaner & Jaipur	3-Jan-11	2,500	24.25	24.58
State Bank of Bikaner & Jaipur	14-Mar-11	5,000	48.17	48.97
State Bank of Bikaner & Jaipur	4-Apr-11	2,500	24.08	24.92
State Bank of Bikaner & Jaipur	5-Apr-11	2,500	24.10	24.53
State Bank of Bikaner & Jaipur	7-Apr-11	2,500	24.36	24.47
State Bank of Bikaner & Jaipur	24-Jun-11	5,000	47.32	47.31
State Bank of Hyderabad	28-Apr-11	5,000	47.14	48.30
State Bank of India	8-Dec-10	2,500	24.85	24.93
State Bank of India	22-Dec-10	5,000	49.18	49.27
State Bank of India	25-Mar-11	5,000	48.95	49.10
State Bank of India	28-Jun-11	2,500	23.98	24.33
State Bank of Patiala	7-Apr-11	5,000	47.01	48.84
State Bank of Patiala	20-Apr-11	5,000	47.03	48.64
State Bank of Travancore	10-Jan-11	5,000	48.72	49.09
State Bank of Travancore	21-Jun-11	2,500	23.97	24.36
UCO Bank	15-Sep-10	2,500	24.66	24.75
UCO Bank	25-Feb-11	5,000	47.74	48.35
Union Bank of India	18-Mar-11	2,500	23.79	24.07
Union Bank of India	17-Jun-11	2,500	23.69	23.85
United Bank of India	23-Dec-10	10,000	98.34	98.48

(e) Commercial Paper				(₹ In Crore)
Name of the company	Maturity Date	Quantity Nos.	Purchase Cost	Sale Proceeds
India Infoline Limited	29-Nov-10	500	24.89	24.95
National Housing Bank	23-Jun-10	1,000	49.82	49.88
NABARD	25-Mar-11	500	23.89	23.92

Schedule 7 Investments, at Cost (Unless otherwise stated) (Contd.)

2. The following investments were purchased and redeemed during the year

(a) Certificate of Deposit:

(₹ In Crore)

Name of the company	Maturity Date	Quantity Nos.	Purchase Cost	Sale Proceeds
NABARD	20-Jul-10	2,500	24.79	25.00
Oriental Bank of Commerce	8-Jul-10	2,500	24.84	25.00
Oriental Bank of Commerce	23-Jul-10	4,000	39.90	40.00
State Bank of Bikaner & Jaipur	23-Jul-10	2,500	24.93	25.00
State Bank of Hyderabad	2-Jul-10	2,000	19.91	20.00

(b) Commercial Paper

(₹ In Crore)

Name of the company	Maturity Date	Quantity Nos.	Purchase Cost	Sale Proceeds
Edelweiss Capital Limited	14-Dec-10	1,000	49.85	50.00
J M Financial Services Pvt. Limited	14-Dec-10	1,000	49.86	50.00

3. The following Government Securities were purchased and sold during the year through SGL Account with Citibank N.A., Mumbai :

(₹ In Crore)

Name of the company	Purchase Cost	Sale Proceeds
7.17% GOI-2015	19.85	19.91
7.46% GOI-2017	100.95	98.30
7.99% GOI-2017	20.58	20.66
7.80% GOI-2020	61.48	60.13
8.13% GOI-2022	129.99	127.04
8.08% GOI-2022	97.25	96.42
8.20% GOI-2022	10.59	10.09
6.35% Oil Marketing Companies GOI Special Bonds, 2024	21.10	21.05

4. National Saving Certificates of the face value of ₹ 101,500 deposited with Government Department.

5. *Quoted Investments for which quotations are not available have been included in market value at the face value/paid up value, whichever is lower, except in case of Debentures, Bonds and Government Securities, where the Net Present Value at current Yield to Maturity have been considered.

6. See Note 11 in Schedule 14 to the Accounts.

Schedule 8 Current Assets, Loans and Advances

	(₹ In Crore)	
	2011	2010
(a) Inventories #		
Stores, at cost *	10.23	8.04
Tools, at cost *	7.05	7.97
Stock-in-trade, at cost or market value whichever is lower :		
Raw Materials and Components *	175.30	150.87
Work-in-progress (including factory made components ₹ 15.74 crore, previous year ₹ 14.59 crore)	26.20	31.03
Finished Goods:		
Vehicles	230.27	159.65
Auto Spare parts, etc.	87.32	70.32
As valued and certified by Management	536.37	427.88
Goods in transit, at cost to date	10.91	18.33
	547.28	446.21
(b) Sundry Debtors, Unsecured		
Outstanding for a period exceeding six months :		
Good	0.63	0.12
Doubtful	3.96	5.20
Less: Provision	3.96	5.20
	—	—
	0.63	0.12
Others, Good	362.13	239.33
	362.76	239.45
(c) Cash and Bank Balances		
Cash on hand (including cheques on hand ₹ 0.11 crore, Previous year ₹ Nil)	0.22	0.09
Bank Balances :		
With Scheduled Banks:		
In current account	155.04	99.95
In margin deposits	1.02	1.03
In fixed deposits	400.02	0.17
Interest accrued on fixed deposits	—	0.01
	556.08	101.16
With Other Banks :		
In current account [See note 14]	0.19	0.16
	556.49	101.41
Carried over	1,466.53	787.07

Schedule 8 Current Assets, Loans and Advances (Contd.)

	(₹ In Crore)	
	2011	2010
Brought over	1,466.53	787.07
(d) Other Current Assets, good (Unless otherwise stated)		
Interest receivable on Investments (₹ 7,050)		
Interest receivable on Loans, Deposits etc.	3.08	0.33
Export Incentives Receivable	192.57	105.64
Valuation gains on derivative hedging instruments	20.77	33.39
	<u>216.42</u>	<u>139.36</u>
(e) Loans and Advances, unsecured, good (Unless otherwise stated)		
Loan given to former employees	28.47	43.10
Advances Recoverable in Cash or in kind or for value to be received:		
@ Others, Good	88.15	66.45
Doubtful	3.02	3.65
Less: Provision	3.02	3.65
	<u>—</u>	<u>—</u>
	88.15	66.45
Advances for capital assets	79.48	79.32
VAT refund receivable	882.35	374.74
Excise duty rebate receivable on export	56.68	16.97
Balances with Customs and Central Excise Departments	26.23	46.69
Sundry Deposits	28.28	27.41
Tax paid in Advance	2,397.09	1,419.84
Less: Provision for tax adjusted as per contra	2,397.09	1,417.12
	<u>—</u>	<u>2.72</u>
	1,189.64	657.40
Total	<u>2,872.59</u>	<u>1,583.83</u>

Refer Clause 6 in Annexure to Note 1 for details of accounting policy followed.

* Except obsolete and slow moving inventory at lower of cost and estimated realisable value.

@ Includes amount due from an Officer of the Company ₹ Nil (previous year ₹ 37,500)
Maximum balance outstanding during the year ₹ 37,500 (previous year ₹ 52,500)

Schedule 9 Current Liabilities and Provisions

	(₹ In Crore)	
	2011	2010
(a) Liabilities		
Sundry Creditors:		
Dues to Micro and Small enterprises [See note 20]	10.44	6.16
Other than dues to Micro and Small enterprises	<u>1,932.64</u>	<u>1,565.04</u>
	1,943.08	1,571.20
Advances against Orders	257.46	199.38
Annuity payable to VRS optees	214.71	247.97
Investor Education Protection Fund (₹ 4,745) (Previous Year ₹ 11,908)		
Unclaimed Dividends	2.87	1.72
Deposit from Dealers and others	7.45	3.89
Temporary overdraft as per books of accounts only	<u>1.08</u>	<u>2.09</u>
	2,426.65	2,026.25
(b) Provisions		
Provision for Warranty Claims [See note 12) a.]	39.02	30.89
Provision for Employee Benefits [See note 12) b.]	141.34	125.86
Provision for tax	2,400.12	1,417.12
Less: Tax paid in advance adjusted as per contra	<u>2,397.09</u>	<u>1,417.12</u>
	3.03	—
Proposed Dividend	1,157.47	578.73
Provision for Corporate Dividend Tax on Proposed Dividend	<u>187.77</u>	<u>96.12</u>
	1,528.63	831.60
Total	<u>3,955.28</u>	<u>2,857.85</u>

Schedule 10 Other Income

	(₹ In Crore)	
	2011	2010
Royalty	11.45	0.74
Interest [Gross-Tax Deducted ₹ 0.48 crore, Previous Year ₹ 0.69 crore]		
On Government Securities	26.28	18.26
On Debentures and Bonds	294.60	40.90
On Loans	0.08	0.30
Other	28.88	22.00
	<u>349.84</u>	<u>81.46</u>
Less: Amortisation of premium/(discount) on acquisition of fixed income securities	15.91	(16.14)
	333.93	97.60
Rent	0.58	0.17
Insurance Claims	2.62	4.14
Export Incentives	443.53	302.13
Miscellaneous Receipts	73.18	53.10
Surplus on Sale of Assets	9.37	5.73
Profit on Sale of Investments,net *	52.82	42.94
Surplus on redemption of Securities *	1.39	0.41
Dividend on shares	0.47	0.25
Sundry Credit balances appropriated	0.74	0.51
Provision for Diminution in value of Investments written back, net	—	2.50
Provisions for Doubtful Debts and Advances written back	2.22	1.57
Less: Write backs on account of amounts written off during the year,as per contra	<u>1.71</u>	<u>0.18</u>
	0.51	1.39
Provisions no longer required	46.03	23.37
Total	<u>976.62</u>	<u>534.98</u>

* Including on Current Investments ₹ 49.08 crore (Previous Year ₹ 34.51 crore)

Schedule 11 Materials

	(₹ In Crore)	
	2011	2010
(a) Raw materials and components consumed	11,311.89	7,700.11
(b) Finished Goods purchases		
Auto Spare-Parts	568.41	419.76
Engineering Products, for export	—	0.05
	<u>568.41</u>	<u>419.81</u>
(c) Excise duty on increase/(decrease) in stocks of finished goods	1.30	(1.88)
(d) (Increase)/Decrease in Stocks		
Stocks at close		
Work in progress(including factory made components ₹ 15.74 crore, Previous Year ₹ 14.59 crore)	26.20	31.03
Finished Goods	230.27	159.65
Auto Spare Parts	87.32	70.32
	<u>343.79</u>	<u>261.00</u>
Less: Stocks at commencement,		
Work in progress (including factory made components ₹ 14.59 crore, Previous Year ₹ 7.57 crore)	31.03	12.03
Finished Goods	159.65	128.61
Auto Spare Parts	70.32	72.76
	<u>261.00</u>	<u>213.40</u>
	<u>(82.79)</u>	<u>(47.60)</u>
Total	<u>11,798.81</u>	<u>8,070.44</u>

Schedule 12 Other Expenses

	(₹ In Crore)	
	2011	2010
Stores and tools consumed	85.00	67.19
Power,fuel and water	86.61	70.35
Repairs		
Buildings and Roads	17.42	19.74
Machinery	59.41	53.79
Other	2.84	2.67
	79.67	76.20
Employees' Emoluments		
Salaries,wages,bonus etc.	372.34	307.28
Contribution to Provident and other funds and schemes	61.45	45.97
Welfare expenses	42.99	46.21
	476.78	399.46
Rent	11.35	9.52
Rates and taxes	3.34	1.43
Insurance	2.44	2.43
Auditors' Remuneration	0.87	0.83
Directors' fees and travelling expenses	0.23	0.22
Managing Directors' remuneration		
Salary	1.32	0.72
Commission	3.96	2.16
	5.28	2.88
Wholetime Directors' remuneration		
Salary	2.88	2.25
Commission	8.64	6.75
	11.52	9.00
Commission to Non Executive Directors	0.75	0.42
Miscellaneous expenses	151.41	140.34
Sales tax/VAT expenses	21.47	17.80
Packing, forwarding etc.	252.14	161.55
Advertisement	81.69	140.21
Vehicle service charges and other expenses	86.12	81.38
Commission and Discount	31.87	19.16
Incentives & Sales Promotion	16.76	42.87
Royalty	2.36	3.75
Donations	10.92	5.01
Bad debts and other irrecoverable debit balances written off	1.74	0.27
Less: Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	1.71	0.18
	0.03	0.09
Sundry credit balances earlier appropriated, now paid	—	0.03
Loss on assets sold,demolished,discarded and scrapped	20.12	3.42
Provision for Doubtful Debts and Advances	0.34	1.19
Amount amortised/written off against Technical Know-how	2.14	16.26
Amount written off against leasehold land	0.65	0.66
Total	1,441.86	1,273.65

Schedule 13 Interest

	(₹ In Crore)	
	2011	2010
Interest:		
On Fixed Loans	1.38	2.16
Others	0.31	3.82
Total	1.69	5.98

Schedule 14 Notes forming part of financial statements

1. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this schedule.

(₹ In Crore)

	2011	2010
2. (a) Contingent liabilities not provided for in respect of :		
(i) Claims against the Company not acknowledged as debts	422.49	411.28
(ii) Guarantees given by the Company to banks, on behalf of its subsidiary, PT Bajaj Auto Indonesia	23.19	23.35
(iii) Guarantees given by the Company to Housing Development Finance Corporation Ltd. - for loans to Employees	0.22	0.45
(iv) Excise and Customs demand - matters under dispute and Claims for refund of Excise Duty, if any, against Excise Duty Refund received in the earlier year	122.70	68.12
(v) Sales Tax matters under dispute	328.41	276.45
(vi) Claims made by temporary workmen		
Pending before various judicial/appellate authorities in respect of similar matters adjudicated by the Supreme Court in the past. The matter is contingent on the facts and evidence presented before the courts/adjudicating authorities and not necessarily likely to be influenced by the Supreme Courts order	Liability unascertained	Liability unascertained
(b) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports. The future obligation aggregates to USD 559 million (Previous Year USD Nil).		
Minimum export obligation to be fulfilled by the company under the said scheme by 31 March 2011 has been fulfilled. Non-fulfillment of the balance of such future obligation in the manner required, if any, entails options/rights to the Government to confiscate capital goods imported under the said licences and other penalties under the above- referred scheme.		
3. Estimated amounts of contracts remaining to be executed on capital account and not provided for, Net of Advances.	62.65	38.60

4. Payments to Auditors :

(₹ In Crore)

	Auditors		Cost Auditors	
	2011	2010	2011	2010
(i) As Auditors	0.60	0.60	0.04	0.03
(ii) In other capacity:				
For tax audit	0.08	0.08	—	—
For limited review	0.06	0.06	—	—
Certificates & other matters	0.07	0.05	—	—
Sub-Total	0.81	0.79	0.04	0.03
(iii) For expenses	0.06	0.04	—	—
Total	0.87	0.83	0.04	0.03

5. C.I.F Value of Imports, Expenditure and Earnings in Foreign Currencies etc:

(₹ In Crore)

	2011	2010
(a) C.I.F. Value of Imports		
(i) Raw materials:		
Steel and Non-Ferrous Material	109.27	34.17
Components	405.40	245.61
Sub-Total	514.67	279.78
(ii) Machinery Spares	6.83	5.14
(iii) Capital Goods	37.78	32.11
(iv) Stores, Tools, etc.	5.25	2.47
Total	564.53	319.50
Converted in equivalent USD million at closing rate of 31 March	127	71

Schedule 14 Notes forming part of financial statements (Contd.)

	(₹ In Crore)	
	2011	2010
(b) Expenditure in foreign currencies:		
(i) Travelling expenses	3.71	4.00
(ii) Royalty, net of tax	2.36	3.75
(iii) Technical Consultancy, net of tax	5.29	6.81
(iv) Interest	1.38	0.55
(v) Research and Development Expenses	0.45	0.12
(vi) Consultancy charges	1.93	2.30
(vi) Advertisement & publicity	26.21	6.92
(vii) Other matters	28.56	34.92
(viii) Capital Expenditure at overseas offices	—	—
(ix) Investment in shares of PT Bajaj Auto Indonesia	—	81.14
(x) Investment in shares of BAIH BV.	210.08	1.60
(c) Earnings in foreign currencies:		
(i) F.O.B.Value of exports (USD 974.6 million; Previous Year: USD 681.7 million)	4,551.75	3,245.75
(ii) F.O.B.Value of exports - goods traded in (USD Nil; Previous Year: USD 13,946/-)	—	0.07
(iii) Forwarding charges exports recovered	8.77	17.97
(iv) Interest	1.40	3.33
(v) Royalty	0.59	0.74
(vi) Technical Know how	—	—
(vii) Asset disposal	0.12	—
(viii) Others	2.15	1.09
(d) Exchange differences on account of fluctuations in foreign currency rates		
Exchange difference gains/(loss) recognised in the Profit and Loss account.		
(i) Relating to Exports during the year as a part of "Sales"	112.74	21.20
(ii) On settlement of Export receivables carried forward from the previous accounting period as a part of : "Other Income"	(2.25)	0.49
(iii) On settlement of other transactions as a part of : "Other Income/other expenses"	2.87	2.19
(iv) Gain/(Loss) on Cancellation of Forward Contracts as a part of "Other Income/other expenses"	—	—
(v) On realignment of open forward contracts against exports of the year	—	4.36
(vi) On realignment of open forward contracts against future exports	—	—
(vii) Marked to Market Gain/(Loss)(net) on change in value of derivative hedging Instruments	—	21.80
(e) Foreign exchange derivatives and exposures outstanding at close of the year: (disclosed in equivalent US Dollars for sake of brevity, uniformity and comparability)		

Nature of Instrument	Aggregate amount in US Dollars (Million)		Purpose Hedging/ Speculation
	As at 31 March 2011	As at 31 March 2010	
(I) Foreign Exchange Derivatives			
(a) Forward contracts			
Forward purchase	32	Nil	Hedging
Forward sale	Nil	168	Hedging
Par forward sale	240	117	Hedging
Option sale - Range Forward	852	462	Hedging
	<u>1,124</u>	<u>747</u>	
(II) Open Foreign Exchange Exposures			
(a) Payables	49	36	
(b) Others	33	20	

Schedule 14 Notes forming part of financial statements (Contd.)

		(₹ In Crore)
		2011
6. Managerial Remuneration:		
(a) Computation of Net Profits in accordance with Section 198(1) and Section 349 of Companies Act, 1956		
(i) Profit as per Profit and loss Account		3,339.73
Add: Managing Directors' Remuneration (including perquisites)		6.94
Wholetime Directors' Remuneration (including perquisites)		14.70
Commission to Non-Executive Directors		0.75
Provision for tax		1,011.02
		<u>1,033.41</u>
Less: Excess of Sales price over cost of assets sold		2.10
Provision for doubtful debts and advances written back		2.22
Provisions no longer required		46.03
		<u>50.35</u>
Profit on which commission is payable		4,322.79
(ii) Commission to Chairman - Shri Rahul Bajaj		
Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		4.50
(iii) Commission to Wholetime Director - Shri Madhur Bajaj		
Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		3.42
(iv) Commission to Managing Director - Shri Rajiv Bajaj		
Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		3.96
(v) Commission to Executive Director - Shri Sanjiv Bajaj		
Commission payable as determined by the Board of Directors to be limited to an amount equal to thrice the annual salary for the year		0.72
(vi) Commission to Non-Executive Directors		
Commission @ 1% on ₹ 4,322.79 crore		43.23
Commission payable as determined by the Board of Directors		0.75
(b) The Profit & Loss Account includes payments and provisions on account of remuneration to the Managing Director and Wholetime Directors as under		

		(₹ In Crore)			
		Managing Director		Whole Time Directors	
		2011	2010	2011(a)	2010
(i) Salary		1.32	0.72	2.88	2.25
(ii) Commission		3.96	2.16	8.64	6.75
(iii) Privilege Leave Entitlement		0.32	0.09	0.45	0.20
(iv) Contribution to Provident Fund, Superannuation & Gratuity		0.47	0.25	1.02	0.80
(v) Other perquisites		0.20	0.05	0.51	0.13
(vi) Estimated monetary value of perquisite in form of:					
Unfurnished Accommodation		0.57	0.12	0.92	0.83
Free use of Company's car		0.10	0.10	0.07	0.07
Furniture at Residence		—	—	0.21	0.18
		<u>6.94</u>	<u>3.49</u>	<u>14.70</u>	<u>11.21</u>

- (a) Mr. Sanjiv Bajaj, an Executive Director of the company is also the Managing Director of Bajaj Finserv Limited. His remuneration as an Executive Director from this company and as a Managing Director from Bajaj Finserv Limited, both together, are subject to the higher of the maximum admissible limits of any one of the two companies.

Schedule 14 Notes forming part of financial statements (Contd.)

7. Details of raw materials consumption, goods traded in and Machinery Spares Consumption

	Unit	2011		2010	
		Qty	₹ In Crore	Qty	₹ In Crore
(i) Raw materials (including components) consumed					
(a) Ferrous Metal	M.T.	18,879	82.36	16,464	61.87
	Sq.Ft				
	Mtrs.	—	—	617	
	Nos.				
(b) Non-Ferrous Metal	M.T.	620	4.77	915	8.04
	Mtrs.				
	Nos.				
(c) Tyres & tubes	Nos.	16,506,019	514.28	11,964,101	296.15
(d) Other Components			10,653.20		7,294.21
(e) Others			57.28		39.84
	Total		11,311.89		7,700.11
(ii) Imported and indigenous raw material consumption (including components)					
		₹ In Crore	Percentage	₹ In Crore	Percentage
(a) Imported (including Customs Duty and other related charges)		459.60	4.1	277.09	3.6
(b) Indigenous		10,852.29	95.9	7,423.02	96.4
Total		11,311.89	100.0	7,700.11	100.0
(iii) Imported and indigenous Machinery Spares Consumed					
		₹ In Crore	Percentage	₹ In Crore	Percentage
(a) Imported (including Customs Duty and other related charges)		7.36	17.9	0.17	0.8
(b) Indigenous		33.70	82.1	21.14	99.2
Total		41.06	100.0	21.31	100.0
(iv) Details of goods traded in-Purchases					
		Numbers	₹ In Crore	Numbers	₹ In Crore
Auto Spare Parts			568.41		419.76
Engineering Products, for export			—		0.05
Total			568.41		419.81

Schedule 14 Notes forming part of financial statements (Contd.)

8. Details of Licensed & Installed Capacity, Production, Stocks and Turnover Class of Goods

	2011		2010	
	Numbers	₹ In Crore	Numbers	₹ In Crore
(I) Motorised Two Wheelers & Three Wheelers upto 350 cc Engine capacity				
(i) Licensed Capacity (including two Wheelers c.k.d packs- 200,000 Nos.) (a)	1,639,350		1,639,350	
(ii) Installed Capacity (b)	5,040,000		4,260,000	
(iii) Production	3,844,438		2,864,519	
(iv) Stocks:				
At commencement:				
Two & Three-Wheelers	53,925	159.65	43,329	128.61
Goods Traded in:				
Two Wheelers				
Auto Spare Parts		70.32		72.76
Engineering Products, for export				
Total		229.97		201.37
At Close				
Two & Three-Wheelers	74,386	230.27	53,925	159.65
Goods Traded in:				
Two Wheelers (₹ - Previous year ₹ Nil)				
Auto Spare Parts		87.32		70.32
Engineering Products, for export				
Total		317.59		229.97
(v) Turnover				
Two & Three-Wheelers	3,823,954	15,784.62	2,852,580	11,280.18
Goods Traded in:				
Two Wheelers				
Auto Spare Parts (including factory made parts)		1,146.91		837.84
Engineering Products, for export		—		0.06
Total		16,931.53		12,118.08
(vi) Other:				
Scrapped due to accident/Fire (insurance claim received)	22		1,344	
Free of charge	1		—	
Return of previous year's free of charge	—		1	
(vii) Details of c.k.d. packs included in above				
Stocks at commencement	13,454		4,796	
Production	616,350		478,047	
Turnover:				
Export	603,888		469,389	
Stocks at Close	25,916		13,454	
(II) Special Purpose Machine Tools				
(i) Licensed Capacity (a)	80		80	
(ii) Installed Capacity (b)	80		80	
(iii) Production	36		3	
(iv) Capitalised	36		3	

(a) Licensed Capacity is stated as per the Original Licence held by the erstwhile Bajaj Auto Ltd. (pre-demerger). However, the Company's products are exempt from Licensing requirements under New Industrial Policy in terms of notification no. s.o. 477 (E) dated 25 July 1991.

(b) As certified by the COO and being a technical matter, accepted by the Auditors as correct.

Schedule 14 Notes forming part of financial statements (Contd.)

9. Sales tax deferral incentive/loan, to the extent eligible under Rule 84 of the Maharashtra Value Added Tax Rules, 2005, has been prepaid during the year at a discounted value of ₹ 368.14 crore thereby resulting in a surplus of ₹ 826.82 crore. The said sum has been reflected as an exceptional item in the Profit & Loss Account and considered as a capital receipt.

10. Derivative financial instruments:

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

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

The company has entered into simple forward contracts and par forward contracts to hedge highly probable forecast export transactions. These instruments meet the management's Foreign exchange risk management objectives and also qualify for hedge accounting as per the principles of hedge accounting.

The company has also entered into range forward contracts to hedge highly probable forecast transactions, where the export realisations of the company are protected below a minimum pre-determined foreign exchange rate whereas the realisation advantages are available to the company there from up to a higher pre-determined foreign exchange rate. The company does not benefit by rupee depreciating beyond the pre-determined foreign exchange rate. Though these instruments meet the management's Foreign exchange risk management objectives, they do not qualify for hedge accounting as the same do not satisfy test of effectiveness. The market value of instruments outstanding at the close of the year indicate a gain aggregating ₹ 116.46 crore (previous year aggregating ₹ 76.08 crore), which as a matter of prudence has not been recognised.

Cash flow hedges

Changes in the fair value of a derivative hedging instrument that qualify for hedge accounting as per the principles of hedge accounting and designated as a cash flow hedge are recognised as Hedging Reserve and presented within Reserves and Surplus, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value if resulted in loss are recognised in profit and loss account. However, changes in fair value in respect of ineffective hedges resulting in gains are not recognised on the basis of prudence. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in Hedging Reserve, remains there until the forecast transaction occurs.

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

Risk management policy and other disclosures

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

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

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

Schedule 14 Notes forming part of financial statements (Contd.)

The details in respect of the outstanding foreign exchange forward contracts including Range Forward and Par Forward contracts are given below. The forward exchange contracts mature between one to twelve months. The table below summarizes the notional amounts (amounts of contracts booked and outstanding) of foreign currency forward contracts into relevant maturity groupings based on the remaining period as at the March 31, 2011:

Export Transactions

	2011		2010	
	Notional USD Mn (Sell)	MTM in INR Gain/(Loss) (₹ In Crore)	Notional USD Mn (Sell)	MTM in INR Gain/(Loss) (₹ In Crore)
Not later than 3 months (April 11 to June 11)	276	55.43	202.50	76.72
Later than three months and not later than six months (July 11 to Sept 11)	276	40.12	190.50	44.48
Later than six months and not later than one year (Oct 11 to March 12)	540	41.72	354	(7.37)
Total	1092	137.27	747	113.83

Import Transactions

	2011		2010	
	Notional USD Mn (Buy)	MTM in INR Gain/(Loss) (₹ In Crore)	Notional USD Mn (Buy)	MTM in INR Gain/(Loss) (₹ In Crore)
Not later than 3 months (April 11 to June 11)	2	(0.04)	Nil	Nil
Later than three months and not later than six months (July 11 to Sept 11)	Nil	Nil	Nil	Nil
Later than six months and not later than one year (Oct 11 to March 12)	Nil	Nil	Nil	Nil
Total	2	(0.04)	Nil	Nil

The fair values (Marked-to-market) of foreign currency derivative contracts outstanding as on March 31, 2011 and March 31, 2010 are as follows:

Export Transactions

	2011		2010	
	USD Mn (Sell)	MTM in INR Gain/(Loss) (₹ In Crore)	USD Mn (Sell)	MTM in INR Gain/(Loss) (₹ In Crore)
Foreign currency derivative designated as hedging instruments (Simple forward and Par forward contracts)	240	20.81	262.50	33.39
Foreign currency derivative not designated as hedging instruments (Range forward contracts)	852	116.46	462	76.08
Total	1092	137.27	724.50	109.47

Import Transactions

	2011		2010	
	USD Mn (Buy)	MTM in INR Gain/(Loss) (₹ In Crore)	USD Mn (Buy)	MTM in INR Gain/(Loss) (₹ In Crore)
Foreign currency derivative designated as hedging instruments (Simple forward contracts)	2	(0.04)	Nil	Nil
Total	2	(0.04)	Nil	Nil

Schedule 14 Notes forming part of financial statements (Contd.)

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

The cash flows from the hedges are expected to occur over the financial year 2011-12 and will accordingly flow to the profit and loss account.

In respect of foreign currency derivative contracts designated as cash flow hedges, the Company has recorded a net gain of ₹ 20.77 crore and net gain of ₹ 33.39 crore, as a component of equity (Hedge Reserve) as at March 31, 2011, and 2010, respectively and a net gain of ₹ 32.02 crore and a net gain of ₹ Nil as part of revenue during the year ended March 31, 2011, and 2010 respectively.

The movement of Hedging reserve is as follows:

	(₹ In Crore)	
	2011	2010
Opening Balance	33.39	Nil
Add : Net gain recognised on cash flow hedges	19.40	Nil
Less: Net gain reclassified to profit or loss	32.02	Nil
Closing Balance	20.77	33.39

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

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

Amount in respect of the ineffectiveness recognised in the statement of profit and loss that arises from cash flow hedges are ₹ Nil.

In respect of the Company's foreign currency par forward contracts outstanding as on March 31, 2011, a 10% increase/decrease in the exchange rates of the currency underlying such contracts as given by the banks would have resulted in an approximately ₹ 106.77 crore increase/decrease in the Company's hedging reserve.

Counter-Party Risk

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

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

Investment grade of Outstanding Foreign Exchange Forward	USD Million
	2011
Contracts	
Highest safety	606
High safety	486
Adequate safety	—
Total	1092

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

11. Investments:

- a. Investments made by the Company other than those with a maturity of less than one year and those intended to be held for less than one year, being of long-term nature, diminution in the value of quoted investments are not considered to be of a permanent nature. On an assessment of non-performing investments (quoted and unquoted) as per guidelines adopted by the management, no provision has been determined during the year ended 31 March 2011.
- b. PT. Bajaj Auto Indonesia (PT. BAI), a subsidiary of the company, in which the company holds 98.94%, has registered substantial accumulated losses. The company through PT. BAI made a foray into the Indonesian market, which is very competitive but promising. Considering the challenges in setting up an appropriate dealer and service network, creation of brand awareness, appropriate tie ups with finance agencies, understanding customer behavior and preferences, in addition to setting up an assembly plant, the gestation period is expected to be long but eventually profitable. However, considering the continuing losses and longer gestation period, the company has assessed the carrying value of investments made in PT. BAI and determined an amount of ₹ 102.27 crore at present, as a diminution in the value of investment and has accordingly made a provision of the said amount.

Schedule 14 Notes forming part of financial statements (Contd.)

12. a. Movement in provisions for warranty

Particulars	(₹ In Crore)	
	2011	2010
Opening balance	30.89	23.20
Add: Provision for the year	29.32	28.97
Less: Payment made during the year	21.19	21.28
Less: Released during the year	—	—
Closing balance	39.02	30.89

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

Funded Scheme

Particulars	(₹ In Crore)	
	2011	2010
Amount To Be Recognised in Balance Sheet	Gratuity	Gratuity
Present Value of Funded Obligations	160.23	122.44
Fair Value of Plan Assets	(61.40)	(37.40)
Net Liability	98.83	85.04
Amounts in Balance Sheet		
Liability	98.83	85.04
Assets	—	—
Net Liability	98.83	85.04
Expense To Be Recognised in the Statement of P&L		
Current Service Cost	6.68	4.97
Interest on Defined Benefit Obligation	10.09	6.69
Expected Return on Plan Assets	(2.71)	(2.01)
Net Actuarial Losses/(Gains) Recognised in Year	23.53	17.21
Total, Included in "Employee Benefit Expense"	37.59	26.86
Actual Return on Plan Assets	3.74	2.64

Particulars	(₹ In Crore)		
	2011	2010	
Reconciliation of Benefit Obligations & Plan Assets For the Period			
Change in Defined Benefit Obligation			
Opening Defined Benefit Obligation	122.44	95.92	
Current Service Cost	6.68	4.97	
Interest Cost	10.09	6.69	
Actuarial Losses/(Gain)	24.56	17.84	
Benefits Paid	(3.54)	(2.98)	
Closing Defined Benefit Obligation	160.23	122.44	
Change in Fair Value of Assets			
Opening Fair Value of Plan Assets	37.40	28.13	
Expected Return on Plan Assets	2.71	2.01	
Actuarial Gain/(Losses)	1.03	0.62	
Contributions by Employer	23.80	9.62	
Benefits Paid	(3.54)	(2.98)	
Closing Fair Value of Plan Assets	61.40	37.40	
Assets information	2011	2011	2010
Insurer Managed Funds	61.40	100.00%	100.00%

Schedule 14 Notes forming part of financial statements (Contd.)

Experience Adjustments

	Year ended 31 March				
	2007	2008	2009	2010	2011
Defined Benefit Obligation	87.29	100.63	95.92	122.44	160.23
Plan Assets	52.12	56.91	28.13	37.40	61.40
Surplus/(Deficit)	(35.17)	(43.72)	(67.79)	(85.04)	(98.83)
Exp. Adj. on Plan Liabilities	2.74	8.98	6.52	3.30	26.09
Exp. Adj. on Plan Assets	0.03	0.52	(2.75)	0.63	1.03

Principal Actuarial Assumptions (Expressed as Weighted Averages)

	2011	2010
Discount Rate (p.a.)	8.30%	8.20%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.) - Senior Staff	8.00%	8.00%
Salary Escalation Rate (p.a.) - Junior Staff	9.00%	9.00%

Unfunded Schemes

Particulars	2011		2010	
	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present Value of Unfunded Obligations	37.77	4.74	36.57	4.25
Expense recognised in the Statement of P&L	10.53	0.60	11.57	(0.28)
Discount Rate (p.a.)	8.30%	8.30%	8.20%	8.20%
Salary Escalation Rate (p.a.) - Senior Staff	8.00%		8.00%	
Salary Escalation Rate (p.a.) - Junior Staff	9.00%		9.00%	

13. Deferred Tax adjustments recognised in the financial statements are as under:

Particular	(₹ In Crore)		
	Balance carried as at 31 March 2010	Arising during the year ended 31 March 2011	Balance carried as at 31 March 2011
Deferred Tax Liabilities:			
On account of timing difference in			
a) Depreciation and Amortisation	191.81	5.89	197.70
Total	191.81	5.89	197.70
Deferred Tax Assets:			
On account of timing difference in			
a) Voluntary Retirement Scheme costs	111.53	(29.12)	82.41
b) Inventory Valuation (Section 145 A of the Income Tax Act, 1956)	16.11	6.91	23.02
c) Provision for bad and doubtful debts, DEPB, ICDs etc.	3.25	(0.68)	2.57
d) Provision for privilege leave etc.	15.99	0.01	16.00
e) Taxes, duties etc.	12.16	(0.28)	11.88
f) Amortisation of premium/discount on acquisition of fixed income securities	(3.45)	2.56	(0.89)
g) Adjustments on account of gratuity provisions	28.25	3.82	32.07
h) Transitional provision for diminution in value of investments	6.28	(5.35)	0.93
Total	190.12	(22.13)	167.99
Net	1.69	28.02	29.71

Schedule 14 Notes forming part of financial statements (Contd.)

14. Balances with Non-scheduled foreign banks (Current Accounts):

(₹ In Crore)

Name of Bank	Country	Balance as at 31 March		Maximum Balance outstanding during the year	
		2011	2010	2011	2010
1 Standard Chartered Bank	Sri Lanka	0.12	0.02	0.13	0.03
2 Standard Chartered Bank	Dubai	0.03	0.08	0.17	0.23
3 HSBC Bank	Mexico	0.04	0.06	0.22	0.21
	Total	0.19	0.16		

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

16. Future minimum lease rental in respect of assets

- (i) given on operating lease in the form of office premises after April 1, 2001
Minimum future lease payments as on March 31, 2011:
- (a) Receivable within one year - ₹ 2.63 crore (₹ 0.49 crore)
 - (b) Receivable between one year and five years - ₹ 9.90 crore (₹ 1.31 crore)
 - (c) Receivable after five years - ₹ 0.14 crore (₹ 0.16 crore)
- (ii) taken on operating lease in the form of office premises after April 1, 2001
Minimum future lease payments as on March 31, 2011:
- (a) Payable within one year - ₹ 7.25 crore (₹ 6.83 crore)
 - (b) Payable between one year and five years - ₹ 17.43 crore (₹ 17.31 crore)
 - (c) Payable after five years - ₹ 17.74 crore (₹ 19.51 crore)

17. The company has allotted bonus shares on 13 September 2010 in the ratio of one equity share for every equity share of ₹ 10 each held in the company on the record date. The Basic and Diluted Earnings Per Share (EPS) has been calculated for the current year and previous year after taking into account the bonus issue as required by AS-20 "Earnings Per Share".

18. Segment Information based on the Consolidated Financial Statements attached to the Independent Financial Statements has been disclosed in the Statement annexed to this Schedule.

19. Disclosure of transactions with Related Parties, as required by Accounting Standard 18 'Related Party Disclosures' has been set out in a separate statement annexed to this Schedule. Related parties as defined under clause 3 of the Accounting Standard have been identified based on representations made by key managerial personnel and information available with the Company.

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

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

22. Previous year figures have been regrouped, wherever necessary, to make them comparable with those of the current year.

Signature to Schedules "1 to 14"

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451

Pune: 18 May 2011

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

Annexure referred to in Note 1 in Schedule 14 to the Financial Statements for the financial year ended 31 March 2011

Statement of Significant Accounting Policies

1) System of Accounting

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

2) Revenue recognition:

a) Sales:

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

b) Export Incentives:

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

c) Income:

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

- (1) Interest income is accrued over the period of the loan/investment and net of amortisation of premium/discount with respect to fixed income securities, thereby recognising the implicit yield to maturity, with reference to coupon dates. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the guidelines framed by the management.
- (2) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- (3) Profit/loss on sale of investments is recognised on the contract date.
- (4) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book Scheme" is accounted in the year of export if the same can be measured with reasonable accuracy.

3) Fixed Assets and Depreciation

(A) Fixed Assets

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

(B) Depreciation and Amortisation:

(a) Leasehold land:

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

(b) On Plant & Machinery given on Lease:

Depreciation on Plant & Machinery and Dies and Moulds given on lease is being provided at the rates worked out 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, on pro-rata basis with reference to the month of commencement of lease period. These dies have been fully written off.

(c) On Pressure Die Casting (PDC) Dies:

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

(d) On other Fixed Assets

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

Annexure referred to in Note 1 in Schedule 14 to the Financial Statements for the financial year ended 31 March 2011 (Contd.)

- i. Depreciation on additions is being provided on prorata basis from the month of such additions.
- ii. Depreciation on assets sold, discarded or demolished during the year is being provided at their rates upto the month in which such assets are sold, discarded or demolished.

4) Intangible Assets

a) Technical know-how acquired

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

b) Technical know-how developed by the company

- i) Expenditure incurred on know-how developed by the company, post research stage, is recognised as an intangible asset, if and only if the future economic benefits attributable are probable to flow to the company and the costs can be measured reliably.
- ii) The cost of Technical Know-how developed is amortised equally over its estimated life i.e. generally three years.

5) Investments

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

6) Inventories

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

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

7) Foreign Currency Transactions

- a) Current Assets and Liabilities in foreign currency outstanding at the close of financial year are revalued at the appropriate exchange rates prevailing at the close of the year.
- b) The gain or loss on decrease/increase in reporting currency due to fluctuations in foreign exchange rates, in case of current assets and liabilities in foreign currency, are recognised in the profit and loss account in the manner detailed in note 5 (d) in Schedule 14 to the accounts.
- c) Fixed Assets purchased at Overseas Branches in foreign exchange are recorded at their historical cost computed with reference to the average rate of foreign exchange remitted to the Branch.

Annexure referred to in Note 1 in Schedule 14 to the Financial Statements for the financial year ended 31 March 2011 (Contd.)

d) Foreign Exchange Contracts/Derivatives:

- i) Profits and losses arising from either cancellation or utilization of contracts are recognised in the profit and loss account as detailed in note 5 (d) in Schedule 14 to the accounts.
- ii) Losses & gains of outstanding foreign exchange contracts/derivatives to hedge highly probable forecast transactions, if determined effective, as per the principles of hedge accounting, recognised in the "Hedge Reserve" and to ultimately flow into the profit and loss account when the underlying transactions occur. Losses on ineffective hedging instruments are recognised in the profit and loss account. Refer note 10 Schedule 14 to the accounts.

8) Research & Development Expenditure

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

9) Employee Benefits

a) Privilege Leave entitlements

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

b) Gratuity

Payment for present liability of future payment of gratuity is being made to approved Gratuity Fund, which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India. However, any deficit in Plan Assets managed by LIC as compared to the actuarial liability, determined by an appointed actuary, is recognised as a liability immediately.

c) Superannuation

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

d) Provident Fund Contributions are made to Company's Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the company and recognised as an expense.

e) Defined Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

10) Tax

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

11) Provisions and Contingent Liabilities

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

Disclosure of Transactions with Related Parties as required by the Accounting Standard -18

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2011		2010	
		Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction Value	Outstanding amounts carried in the Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
PT.Bajaj Auto Indonesia (98.94% shares held by Bajaj Auto Ltd.)	Contribution to Equity [291,875 shares of USD 100 each (Previous year 291,875 equity shares of USD 100 each)]	—	137.82	81.14	137.82
	Sale of Spare Parts & Vehicles SKD	85.95	24.82	33.80	2.35
	Interest received	0.89	—	2.91	—
	Warranty paid	0.63	—	0.60	—
	Advertisement expenses paid	8.89	—	—	—
Bajaj Auto International Holdings BV Amsterdam Netherlands (Fully owned subsidiary)	Contribution to Equity & Share Premium (2,000 shares of Euro 100 each)	210.08	918.72	1.60	708.64
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd* (Investing party- holds 31.49% shares of Bajaj Auto Ltd.)	Purchase of shares by BHIL [91,119,000 shares of ₹ 10 each (Previous year 45,559,500 shares of ₹ 10 each)]	—	(91.12)	1.16	(45.56)
* During the year, 45,559,000 shares were allotted as bonus shares	Dividend paid	182.24	—	97.68	—
	Business Support Service received	1.11	—	0.50	—
	Business Support Service rendered	0.33	—	0.16	—
	Aviation Charges received	0.07	—	—	—
	Sale of 8.01% debentures of Ultra Tech Cement Ltd	5.03	—	—	—
	Sale of Certificate of Deposit of State Bank of Bikaner & Jaipur	23.66	—	—	—
C Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman) (Also Key management personnel)	Remuneration	3.31	—	2.51	—
	Commission	4.50	(4.50)	3.60	(3.60)
	Rent paid for premises	0.03	—	0.03	—
	Deposit paid against premises taken on lease	—	0.90	—	0.90
Madhur Bajaj (Vice Chairman) (Also Key management personnel)	Remuneration	2.39	—	1.64	—
	Commission	3.42	(3.42)	2.52	(2.52)
	Rent paid for premises	0.03	—	0.03	—
	Deposit paid against premises taken on lease	—	0.88	—	0.88
Rajiv Bajaj (Managing Director) (Also Key management personnel)	Remuneration	2.98	—	1.33	—
	Commission	3.96	(3.96)	2.16	(2.16)
	Rent paid for premises	1.23	—	0.33	—
	Deposit paid against premises taken on lease	—	2.10	1.20	2.10
Sanjiv Bajaj (Executive Director) (Also Key management personnel)	Remuneration	0.36	—	0.31	—
	Commission	0.72	(0.72)	0.63	(0.63)
Shekhar Bajaj	Sitting fees	0.01	—	0.01	—
	Commission	0.05	(0.05)	0.03	(0.03)
	Rent paid for premises	0.06	—	0.05	—
	Deposit paid against premises taken on lease	—	1.76	—	1.76
Niraj Bajaj	Sitting Fees	0.01	—	0.01	—
	Commission	0.05	(0.05)	0.03	0.03
	Services Rendered	0.35	—	—	—

Disclosure of Transactions with Related Parties as required by the Accounting Standard -18 (Contd.)

		(₹ In Lakh)			
		2011		2010	
Name of related party and Nature of relationship	Nature of transaction	Transaction Value	Outstanding amounts carried in the Balance Sheet	Transaction Value	Outstanding amounts carried in the Balance Sheet
D	Key Management Personnel & their Relatives: Included in 'C' above				
E	Enterprises over which anyone in (c) & (d) exercises significant influence:				
Bajaj Finserv Ltd.	Purchase of windpower	18.22	—	29.57	—
	Business Support Service received	0.19	—	0.08	—
	Business Support Service rendered	1.51	—	0.50	—
	Aviation Charges received	1.92	—	1.38	—
	Purchase of 6.20% bonds of IDBI Ltd	—	—	10.10	—
	Purchase of 7.45% bonds of LIC Housing Finance Ltd	—	—	6.19	—
	Purchase of 11.45% bonds of Rural Electrification Corporation Ltd	—	—	5.36	—
	Purchase of 8.01% debentures of Samruddhi Cement Ltd	9.96	—	—	—
	Purchase of 8.80% bonds of Power Grid Corporation Ltd	21.91	—	—	—
	Purchase of 9.50% bonds of NABARD	27.74	—	—	—
	Purchase of 7.99% NCDs of LIC Housing Finance Ltd	25.76	—	—	—
	Purchase of 8.90% bonds of Power Finance Corporation Ltd	15.86	—	—	—
	Purchase of 8.95% bonds of Power Finance Corporation Ltd	10.56	—	—	—
	Purchase of 11.25% bonds of Power Finance Corporation Ltd	12.29	—	—	—
	Purchase of 8.45% bonds of Rural Electrification Corporation Ltd	26.11	—	—	—
	Purchase of 8.50% bonds of Power Finance Corporation Ltd	5.31	—	—	—
	Sale of Certificate of Deposit of State Bank of Bikaner & Jaipur	23.66	—	—	—
Bajaj Finance Ltd.	Subvention Charges Paid	5.78	—	5.34	—
	Subvention Bad debts Sharing	—	—	18.81	—
	Services Rendered	8.43	0.26	7.23	1.38
	Services Received	0.25	—	—	—
	Other Debits	0.33	—	0.19	—
	Other Credits	0.13	—	0.18	—
	Repayment of inter corporate deposits/loan	—	—	14.60	—
	Interest on loan	—	—	0.22	—
Bajaj Allianz General Insurance Co. Ltd.	Insurance Premiums Paid	8.87	2.12	8.71	2.52
	Claims Received	3.33	—	5.32	—
	Services Rendered	0.20	—	—	—
	Sale of investments	4.94	—	—	—
Bajaj Allianz Life Insurance Co. Ltd.	Insurance Premiums Paid	0.15	—	0.02	—
	Purchase of investments	120.98	—	—	—
	Sale of investments	9.86	—	—	—
Bajaj Financial Solutions Ltd.	Other debits	0.11	—	0.05	—
Bajaj Electricals Ltd.	Rent Paid	0.01	—	0.01	—
	Purchases	0.53	(0.10)	—	—
	Sale of DEPB	1.23	—	1.93	—
Hind Musafir Agency Ltd.	Services received	9.64	(0.30)	7.34	(0.12)
	Advance paid	—	0.55	0.96	0.96
Hindustan Housing Co. Ltd.	Maintenance charges paid	0.31	(0.06)	0.31	—
KTM Sportsmotorcycles AG	Sale of material for joint development project	6.34	5.17	0.45	(0.06)
	Purchase of Accessories	0.12	—	—	—
	Services rendered	0.28	—	0.25	—
Mukand Ltd.	Purchases	0.01	—	—	—

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

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

(₹ In Crore)

(a) Primary Segment : Business Segment

	Automotive	Investments	Consolidated
Revenue			
External Sales and Other Income	16,642.24	365.81	17,008.05
Inter segment Sales and Other Income			—
Total Revenue	16,642.24	365.81	17,008.05
Segment Result	4,100.66	365.81	4,466.47
Interest Expense	2.39	—	2.39
Income Taxes			1,009.29
Net Profit	4,098.27	365.81	3,454.79
Segment Assets	4,869.05	4,243.68	9,112.73
Unallocated Corporate Assets			1.95
Total Assets	4,869.05	4,243.68	9,114.68
Segment Liabilities	2,798.78	—	2,798.78
Unallocated Corporate Liabilities			1,348.27
Total Liabilities	2,798.78	—	4,147.05
Capital Employed	2,070.27	4,243.68	4,967.63
Capital Expenditure	179.79		179.79
Depreciation and write downs	123.89		123.89
Non Cash Expenses other than Depreciation	2.79		2.79

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

(b) Secondary Segment: Geographic Segment

	India	Rest of the world	Consolidated
Segment revenue			
External Sales and Other Income	12,422.10	4,585.95	17,008.05
Segment assets	8,239.88	874.80	9,114.68
Capital expenditure	178.71	1.08	179.79

Segment wise Revenue, Results and Capital employed for the year ended 31 March 2010

(₹ In Crore)

(a) Primary Segment : Business Segment

	Automotive	Investments	Consolidated
Revenue			
External Sales and Other Income	11,974.15	122.50	12,096.65
Inter segment Sales and Other Income			—
Total Revenue	11,974.15	122.50	12,096.65
Segment Result	2,185.54	122.50	2,308.04
Interest Expense	6.75	—	6.75
Income Taxes			703.45
Net Profit	2,178.79	122.50	1,597.84
Segment Assets	3,727.29	3,176.06	6,903.35
Unallocated Corporate Assets			7.02
Total Assets	3,727.29	3,176.06	6,910.37
Segment Liabilities	2,224.74	—	2,224.74
Unallocated Corporate Liabilities			674.85
Total Liabilities	2,224.74	—	2,899.59
Capital Employed	1,502.55	3,176.06	4,010.78
Capital Expenditure	97.57		97.57
Depreciation and write downs	137.41		137.41
Non Cash Expenses other than Depreciation	16.92		16.92

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

(b) Secondary Segment: Geographic Segment

	India	Rest of the world	Consolidated
Segment revenue			
External Sales and Other Income	8,794.75	3,301.90	12,096.65
Segment assets	6,276.35	634.02	6,910.37
Capital expenditure	97.21	0.36	97.57

Cash Flow Statement

	2011	2010
(₹ In Crore)		
I. OPERATING ACTIVITIES		
A) Profit before tax	4,350.75	2,411.13
B) Adjustments:		
Add:		
i) Depreciation	122.84	136.45
ii) Provision for diminution in value of investment in PT. Bajaj Auto Indonesia	102.27	—
iii) VRS compensation charged off	—	183.30
iv) Valuation gains of derivative hedging instruments	—	(21.80)
v) Amount written off against Technical Know-how	2.14	16.26
vi) Amount written off against leasehold land	0.65	0.66
vii) Loss on Assets sold, demolished, discarded and scrapped	20.12	3.42
viii) Provision/(write back) for Diminution in Value of Investments	—	(2.50)
ix) Provision for Doubtful Debts and Advances	0.34	1.19
x) Amortisation of premium/discount on acquisition of fixed income securities	15.91	(16.14)
xi) Interest paid included in above		
Interest on cash credit/fixed term loan	1.38	2.16
Interest paid - others	0.31	3.82
	<u>265.96</u>	<u>306.82</u>
	4,616.71	2,717.95
Less:		
i) Investment and Other Non-operating Income included in above:		
Interest on Government Securities	26.28	18.26
Interest on Debentures and Bonds	294.60	40.90
Interest on Fixed deposits & others	6.16	0.30
Profit/(Loss) on Sale of Investments, net	52.82	42.94
Surplus/(Loss) on Redemption of Securities	1.39	0.41
Dividend on shares	0.47	0.25
Amortisation of premium/discount on acquisition of fixed income securities	(15.91)	16.14
Provision for Diminution in value of Investments, net	—	2.50
Provision for Doubtful debts & advances, net	—	0.80
	<u>365.81</u>	<u>122.50</u>
ii) Provision for Doubtful debts & advances written back	2.22	1.57
iii) Surplus on Sale of Assets	9.37	5.73
iv) Surplus on pre-payment of sales tax deferral liability/loan	826.82	—
v) Prior Period Expenses	—	0.90
	<u>(1,204.22)</u>	<u>(130.70)</u>
Carried Forward	3,412.49	2,587.25

Cash Flow Statement (Contd.)

	(₹ In Crore)	
	2011	2010
Brought forward	3,412.49	2,587.25
C) (Increase)/Decrease in Current Assets		
i) Inventories	(101.07)	(107.37)
ii) Sundry Debtors	(121.43)	118.78
iii) Other Current Assets and Loans and Advances	(636.51)	(20.08)
	<u>(859.01)</u>	<u>(8.67)</u>
Increase/(Decrease) in Current Liabilities		
i) Liabilities	456.07	876.58
	<u>(402.94)</u>	<u>867.91</u>
	3,009.55	3,455.16
D) Annuity payments (net) to VRS optees	(18.58)	(18.16)
NET CASH FROM OPERATING ACTIVITIES BEFORE INCOME TAX	<u>2,990.97</u>	<u>3,437.00</u>
Income Tax, Wealth Tax paid	(977.25)	(699.89)
NET CASH FROM OPERATING ACTIVITIES	<u>2,013.72</u>	<u>2,737.11</u>
II. INVESTMENT ACTIVITIES		
i) (Increase)/Decrease in Investment in subsidiaries, joint ventures and associates, etc.	(210.08)	(82.74)
ii) (Increase)/Decrease in other investments, net	(681.78)	(2,111.62)
iii) (Increase)/Decrease in fixed deposits	(400.00)	—
iv) Capital Expenditure	(200.63)	(116.67)
v) Sales Proceeds of Assets/Adjustment to Gross block	39.21	8.85
vi) Technical Know-how	(6.42)	—
vii) (Increase)/Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Finance Ltd	—	14.60
	<u>(1,459.70)</u>	<u>(2,287.58)</u>
viii) Investment and other Non-operating Income:		
Interest on Government Securities	26.28	18.26
Interest on Debenture and Bonds	294.60	40.90
Interest on fixed deposits & others	6.16	0.30
Profit/(Loss) on Sale of Investments, net	52.82	42.94
Surplus/(Loss) on Redemption of Securities	1.39	0.41
Dividend on shares	0.47	0.25
Provision for Diminution in value of Investments, net	—	2.50
Amortisation of premium/discount on acquisition of fixed income securities	(15.91)	16.14
Provision for Doubtful debts & advances, net	—	0.80
	<u>365.81</u>	<u>122.50</u>
(Increase)/decrease in non-operating income receivable & dues	(2.75)	1.46
	<u>363.06</u>	<u>123.96</u>
NET CASH FROM INVESTMENT ACTIVITIES	<u>(1,096.64)</u>	<u>(2,163.62)</u>
Carried forward	917.08	573.49

Cash Flow Statement (Contd.)

	(₹ In Crore)	
	2011	2010
Brought forward	917.08	573.49
III. FINANCING ACTIVITIES		
i) Short term bank Loan taken/(repaid)	134.31	(248.50)
ii) Cash Credit from Banks	10.55	12.98
iii) Interest on cash credit/fixed term loan	(1.38)	(2.16)
iv) Interest paid - others	(0.31)	(3.82)
v) Repayment of Fixed Deposits	(0.01)	(0.01)
vi) Deferral/(Repayment) of Sales tax deferral liability/loan	36.68	4.11
vii) Pre-payment of sales tax deferral liability/loan	(368.14)	—
viii) Dividend Paid	(577.58)	(317.45)
ix) Corporate Dividend Tax Paid	(96.12)	(54.10)
NET CASH FROM FINANCING ACTIVITIES	(862.00)	(608.95)
NET CHANGE IN CASH & CASH EQUIVALENTS	55.08	(35.46)
Cash and Cash Equivalents as at 01.04.2010 [Opening Balance]	101.41	136.87
Cash and Cash Equivalents as at 31.03.2011 [Closing Balance]	156.49	101.41
Reconciliation of Cash and Cash Equivalents as at 31.03.2011		
Closing Balance as per Balance Sheet	556.49	101.41
Less: Fixed deposits (shown separately)	400.00	—
Cash and Cash Equivalents as at 31.03.2011	156.49	101.41

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451

Pune: 18 May 2011

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

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.	L65993PN2007PLC130076
State Code	25
Balance Sheet date	31 March 2011

₹ In Thousand

II CAPITAL RAISED DURING THE YEAR ENDED 31 March 2011

Public Issue	—
Rights Issue	—
Bonus Issue	1,446,835
Private Placement	—
Others	—
	<u>1,446,835</u>

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

Total liabilities	52,650,772
Total assets	52,650,772

SOURCES OF FUNDS:

Paid-up capital	2,893,670
Reserves and surplus	46,208,504
Secured loans	235,287
Unsecured loans	3,016,201
Deferred Tax Adjustments	297,110
	<u>52,650,772</u>

APPLICATION OF FUNDS:

Net Fixed Assets	15,525,643
Investments	47,951,970
Net Current Assets	(10,826,841)
	<u>52,650,772</u>

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

₹ In Thousand

i) Turnover (sale of products and other income)	169,747,497
ii) Total Expenditure	133,485,441
iii) Profit before tax and extraordinary items	36,262,056
iv) Profit after tax	33,397,288
v) Expenses for earlier years	—
vi) Net Profit	33,397,288
vii) Earnings per share ₹ (See Note 2) (Face Value ₹10/-)	115.4
viii) Dividend Rate (%)	400%

V PRODUCTS OF THE COMPANY

Item Code No.:	
Product Description: Scooters, Autorikshas, Motorcycles and Mopeds	
(ITC Code)——> 8711	

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.
- Earnings per share is arrived at by dividing the Net Profit by weighted average number of shares.

J. Sridhar
Company Secretary

Pune: 18 May 2011

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1	Name of the Subsidiary	PT Bajaj Auto Indonesia	Bajaj Auto International Holdings BV. (Consolidated)
2	Financial year of the Subsidiary ended on	31 March 2011	31 March 2011
3	Holding Company's interest : Equity Share Capital	98.94%	100%
4	Profit or Loss for the current financial year so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the holding company	Loss ₹ 9.35 crore	Profit ₹ 22.49 crore
5	Net aggregate Profits or Losses for the previous financial years since becoming subsidiary so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the Holding Company	Loss ₹ 92.17 crore	Loss ₹ 144.34 crore
6	Net aggregate amounts received as dividends for previous financial years since becoming subsidiary dealt with in the accounts of the Holding Company in relevent years	Nil	Nil

	Rahul Bajaj Madhur Bajaj Rajiv Bajaj Sanjiv Bajaj	Chairman Vice Chairman Managing Director Executive Director	
J. Sridhar Company Secretary Pune: 18 May 2011	D.S. Mehta Kantikumar R. Podar Shekhar Bajaj D.J. Balaji Rao S.H. Khan Suman Kirloskar	Naresh Chandra Nanoo Pamnani Manish Kejriwal P. Murari Niraj Bajaj	Directors

Report of the Auditors on the Consolidated Financial Statements

The Board of Directors
BAJAJ AUTO LIMITED

1. We have audited the attached consolidated balance sheet of Bajaj Auto Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 1 on Schedule 14 to the attached consolidated financial statements) as at 31 March 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, which constitute total assets of ₹ 84.78 crore and net assets of ₹ 73.20 crore as at 31 March 2011, total revenue of ₹ 119.11 crore, net loss of ₹ 9.45 crore and net cash flows amounting to ₹ 0.62 crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such

financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the component of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Dalal and Shah**

Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin

Partner
Membership Number: 40451
Pune: 18 May 2011

Consolidated Balance Sheet as at 31 March

	Schedule	(₹ In Crore)	
		2011	2010
I. Sources of Funds			
1. Shareholders' Funds			
a) Share Capital	1	289.37	144.68
b) Reserves & Surplus	2	4,517.85	2,572.25
		4,807.22	2,716.93
2. Minority Interest		0.29	0.38
3. Loan Funds			
a) Secured Loans	3	23.53	12.98
b) Unsecured Loans	4	323.92	1,348.05
		347.45	1,361.03
4. Deferred Tax Liability (net)		29.71	1.69
	Total	5,184.67	4,080.03
II. Application of Funds			
1. Fixed Assets			
a) Gross Block		3,398.42	3,385.50
b) Less: Depreciation and write downs		1,916.05	1,902.16
c) Net Block	5	1,482.37	1,483.34
d) Capital Work in progress, expenditure to date		69.86	41.52
		1,552.23	1,524.86
2. Goodwill on investments in associate of subsidiary		368.56	328.99
3. Technical Know-how	6	4.28	—
4. Investments	7	4,284.21	3,445.23
5. Deferred Tax Asset (net)		36.90	33.82
6. Current Assets, Loans and Advances	8		
a) Inventories		576.25	458.39
b) Sundry Debtors		341.61	238.52
c) Cash and Bank Balances		575.25	107.30
d) Other Current Assets		216.42	139.36
e) Loans and Advances		1,195.87	667.72
		2,905.40	1,611.29
Less: Current Liabilities and Provisions	9		
a) Liabilities		2,437.28	2,031.79
b) Provisions		1,529.63	832.37
		3,966.91	2,864.16
Net Current Assets		(1,061.51)	(1,252.87)
	Total	5,184.67	4,080.03
Notes forming part of the Financial Statements	14		

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451

Pune: 18 May 2011

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

Consolidated Profit and Loss Account for the year ended 31 March

	Schedule	2011	2010
(₹ In Crore)			
Income			
Sales including excise duty		16,962.11	12,152.74
Less: Excise Duty		933.41	609.58
Net Sales		16,028.70	11,543.16
Other Income	10	979.35	553.49
		17,008.05	12,096.65
Expenditure			
Materials	11	11,804.46	8,103.81
Other Expenses	12	1,479.82	1,298.80
Interest	13	2.39	6.75
Depreciation and write downs		123.89	137.41
		13,410.56	9,546.77
Less: Expenses, included in above items, capitalised		16.66	15.67
		13,393.90	9,531.10
Operating profit before tax and exceptional items		3,614.15	2,565.55
Exceptional items			
Surplus on pre-payment of sales tax deferral liability/loan		826.82	—
Expenditure incurred for Voluntary Retirement of employees		—	(183.30)
Valuation gains of derivative hedging instruments		—	21.80
		826.82	(161.50)
Profit for the year before income from associate & tax		4,440.97	2,404.05
Income from associate of subsidiary		23.11	(102.76)
Profit before tax		4,464.08	2,301.29
Tax			
Current Tax [including ₹ 3.00 crore (previous year ₹ 2.62 crore) for Wealth tax]		983.00	712.62
Deferred Tax		26.29	(9.17)
		1,009.29	703.45
Profit after tax		3,454.79	1,597.84
Prior Period Expenses		—	0.90
		3,454.79	1,596.94
Minority Interest		(0.10)	(0.28)
Profit for the year		3,454.89	1,597.22
Balance brought forward from previous year		854.99	—
Adjustments on revaluation of deferred tax assets		—	(2.62)
Profit available for appropriation		4,309.88	1,594.60
Appropriations :			
Transfer to General Reserve (net of gains of ₹ 12.89 crore (previous year losses of ₹ 105.51 crore) of subsidiaries and associate of subsidiary)		449.16	64.76
Proposed Dividend		1,157.47	578.73
Corporate Dividend Tax thereon		187.77	96.12
Balance Carried to Balance Sheet		2,515.48	854.99
Notes forming part of the Financial Statements	14		
Basic and diluted Earnings Per Share (₹)		119.4	55.2
Nominal value per share (₹)		10.0	10.0
Net Profit (₹ In Crore)		3,454.89	1,597.22
Weighted average number of Shares (In Crore)		28.94	28.94

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451

Pune: 18 May 2011

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

Schedules No 1-14 annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31 March

Schedule 1 Share Capital

	(₹ In Crore)	
	2011	2010
Authorised		
300,000,000 Equity Shares of ₹10 each		
Previous year 150,000,000 Equity Shares of ₹10 each	300.00	150.00
Issued, Subscribed and Paid up		
* 289,367,020 Equity Shares of ₹ 10 each		
Previous year 144,683,510 Equity Shares of ₹ 10 each	289.37	144.68
Total	289.37	144.68

Notes

*Of the above:

1. **101,183,510** shares were allotted as fully paid-up pursuant to the scheme of arrangement of demerger of erstwhile Bajaj Auto Limited (now Bajaj Holdings & Investment Limited)
2. **1,805,071** Equity Shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 220,134 (127,902)
3. **144,683,510** Equity shares were allotted as fully paid Bonus Shares by way of Capitalisation of Reserves during the year.

Schedule 2 Reserves and Surplus

	(₹ In Crore)	
	2011	2010
Foreign exchange difference on paid-up capital of subsidiary	3.30	3.18
General Reserve		
As per last account	1,660.56	1,576.73
Less: Capitalised as fully paid up bonus shares	(144.68)	—
Add: Adjustments on account of change in share of net assets of subsidiary and its associate	(46.42)	19.07
Add: Set aside this year	449.16	64.76
	1,918.62	1,660.56
Hedge Reserve	20.77	33.39
Balance in Profit & Loss Account	2,515.48	854.99
Foreign currency translation reserve	59.68	20.13
Total	4,517.85	2,572.25

Schedule 3 Secured Loans

	(₹ In Crore)	
	2011	2010
From Banks, against hypothecation of Stores, Raw Materials Finished Goods, Stock in Process and Book Debts Cash Credit	23.53	12.98
Total	23.53	12.98

Schedule 4 Unsecured Loans

	(₹ In Crore)	
	2011	2010
Sales tax deferral Liability/Loan, an incentive under Package Scheme of Incentives 1983,1988,1993 and 1998 - Interest free, partially prepaid during the year	167.30	1,325.58
Fixed Deposits, unclaimed	0.01	0.02
Short term bank loan	156.61	22.45
Total	323.92	1,348.05

Schedule 5 Fixed Assets

Particulars	Gross Block (a)			Depreciation				Net Block		
	As at 31 March 2010	Additions	Deductions/ Adjustments	As at 31 March 2011	As at 31 March 2010	Deductions/ Adjustments	For the Year (c) & (e)	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Land Freehold	28.00	—	—	28.00	—	—	—	—	28.00	28.00
Land Leasehold	58.27	—	0.65	57.62	—	—	—	—	57.62	58.27
Buildings (b) & (d)	512.10	64.06	0.34	575.82	117.68	0.33	13.23	130.58	445.24	394.42
Waterpumps, Reservoirs and Mains	13.06	0.10	—	13.16	5.29	—	0.56	5.85	7.31	7.77
Plant & Machinery	1,647.09	63.61	98.30	1,612.40	1,277.20	90.34	53.91	1,240.77	371.63	369.89
Dies & Jigs	400.47	20.35	(5.12)	425.94	301.57	(5.41)	21.23	328.21	97.73	98.90
Electric Installations	65.72	1.77	(0.02)	67.51	28.53	(0.01)	2.49	31.03	36.48	37.19
Factory Equipments	237.65	14.24	7.27	244.62	96.59	6.95	10.36	100.00	144.62	141.06
Furniture, Fixtures, Office equipment etc	51.85	2.56	0.01	54.40	22.31	0.02	2.79	25.08	29.32	29.54
Electric Fittings	17.91	0.83	—	18.74	6.92	—	0.68	7.60	11.14	10.99
Vehicles & Aircraft	347.72	5.85	53.36	300.21	40.41	12.12	18.64	46.93	253.28	307.31
Leased Assets: Dies & Moulds	5.66	—	5.66	—	5.66	5.66	—	—	—	—
Total	3,385.50	173.37	160.45	3,398.42	1,902.16	110.00	123.89	1,916.05	1,482.37	1,483.34
Previous Year Total	3,339.51	97.57	51.58	3,385.50	1,809.39	44.64	137.41	1,902.16	1,483.34	

(a) At cost, except leasehold land which is at cost, less amounts written off.

(b) Includes Premises on ownership basis in Co-operative Society ₹ 9.51 crore and cost of shares therein ₹ 2,250/-

(c) Refer Para 3(A) & (B) of Statement on Significant Accounting Policies annexed to the stand alone accounts.

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

(e) Depreciation for the year includes assets written down to the realisable value by ₹ 0.56 crore being marked for disposal.

Schedule 6 Technical Know-How

	(₹ In Crore)	
	2011	2010
Developed by the company		
As per last account	—	3.73
Add: Expenses incurred on development completed during the year (incurred during the year ₹ 6.42 crore, previous year– Nil)	6.42	—
	<u>6.42</u>	<u>3.73</u>
Less:		
Amortised in prior years	—	2.88
Amortised during the period	2.14	0.85
	<u>2.14</u>	<u>3.73</u>
	4.28	—
Development in Progress		
As per last account	—	15.41
Add : Expenses incurred during the year	—	—
Less : Amounts written off on redundancy of project	—	15.41
Balance c/f	<u>—</u>	<u>—</u>
Total	4.28	—

Schedule 7 Investments, at Cost (Unless otherwise stated)

	(₹ In Crore)	
	2011	2010
In Government and Trust Securities	108.84	246.46
In fully Paid Preference Shares	—	1.13
In Equity Shares		
Long Term: Associate Company	439.95	270.17
Others	<u>0.57</u>	<u>0.57</u>
	440.52	270.74
In Debentures, Bonds and Secured Premium Notes	437.69	241.00
In Bonds	2,700.95	998.48
In Mutual Fund Units	30.00	55.00
In Certificate of Deposits	571.38	1,645.82
In Commercial Paper	—	24.38
Purchase of Equity Option	3.33	—
	<u>4,292.71</u>	<u>3,483.01</u>
Less: Provision for diminution in value of Investments	8.50	37.78
Total	4,284.21	3,445.23

Schedule 8 Current Assets, Loans and Advances

	(₹ In Crore)	
	2011	2010
(a) Inventories		
Stores, at cost	10.23	8.04
Tools, at cost	7.05	7.99
Stock-in-trade, at cost or market value whichever is lower :		
Raw Materials and Components	175.94	150.90
Work-in-progress (including factory made components ₹ 15.74 crore, previous year ₹14.59 crore)	26.20	31.03
Finished Goods:		
Vehicles	252.83	167.37
Auto Spare parts, etc.	89.04	71.48
As valued and certified by Management	561.29	436.81
Goods in transit, at cost to date	14.96	21.58
	576.25	458.39
(b) Sundry Debtors, Unsecured		
Outstanding for a period exceeding six months :		
Good	0.63	0.12
Doubtful	3.96	5.20
Less: Provision	3.96	5.20
	—	—
	0.63	0.12
Others, Good	340.98	238.40
	341.61	238.52
(c) Cash and Bank Balances		
Cash on hand (including cheques on hand ₹ 0.11 crore, Previous year ₹ Nil)	0.23	0.11
Bank Balances :		
With Scheduled Banks:		
In current account	155.04	99.95
In margin deposits	1.02	1.03
In fixed deposits	400.02	0.17
Interest accrued on fixed deposits	—	0.01
	556.08	101.16
With Other Banks :		
In current account	18.94	6.03
	575.25	107.30
Carried over	1,493.11	804.21

Schedule 8 Current Assets, Loans and Advances (Contd.)

	(₹ In Crore)	
	2011	2010
Brought over	1,493.11	804.21
(d) Other Current Assets		
(good unless otherwise stated)		
Interest receivable on Investments (₹ 7,050)		
Interest receivable on Loans, Deposits etc:	3.08	0.33
Export Incentives Receivable	192.57	105.64
Valuation gains on derivative hedging instruments	20.77	33.39
	<u>216.42</u>	<u>139.36</u>
(e) Loans and Advances		
(unsecured, good unless otherwise stated)		
Loan given to former employees	28.47	43.10
Advances Recoverable in Cash or in kind or for value to be received:		
@ Others, Good	90.37	67.24
Doubtful	3.02	3.65
Less: Provision	3.02	3.65
	<u>—</u>	<u>—</u>
	90.37	67.24
Advances for capital assets	79.48	79.32
VAT refund receivable	883.66	379.56
Excise duty rebate receivable on export	56.68	16.97
Balances with Customs and Central Excise Departments	26.23	46.69
Sundry Deposits	29.03	27.82
Tax paid in Advance	2,399.04	1,424.14
Less: Provision for tax adjusted as per contra	2,397.09	1,417.12
	<u>1.95</u>	<u>7.02</u>
	1,195.87	667.72
Total	<u>2,905.40</u>	<u>1,611.29</u>

* Except obsolete and slow moving inventory at estimated realisable value

@ Includes amount due from an Officer of the Company ₹ Nil (previous year ₹ 37,500)

Maximum balance outstanding during the year ₹ 37,500 (previous year ₹ 52,500)

Schedule 9 Current Liabilities and Provisions

	(₹ In Crore)	
	2011	2010
(a) Liabilities		
Sundry Creditors:		
Dues to Micro and Small enterprises	10.44	6.16
Other than dues to Micro and Small enterprises	<u>1,942.35</u>	<u>1,570.17</u>
	1,952.79	1,576.33
Advances against Orders	257.46	199.38
Annuity payable to VRS optees	214.71	247.97
Investor Education Protection Fund (₹ 4,745) (Previous Year ₹ 11,908)		
Unclaimed Dividends	2.87	1.72
Deposit from Dealers and others	8.37	4.30
Temporary overdraft with bank as per books	<u>1.08</u>	<u>2.09</u>
	2,437.28	2,031.79
(b) Provisions		
Provision for Warranty Claims	39.02	30.89
Provision for Employee Benefits	142.34	126.63
Provision for tax	2,400.12	1,417.12
Less: Tax paid in advance adjusted as per contra	<u>2,397.09</u>	<u>1,417.12</u>
	3.03	—
Proposed Dividend	1,157.47	578.73
Provision for Corporate Dividend Tax on Proposed Dividend	<u>187.77</u>	<u>96.12</u>
	1,529.63	832.37
Total	<u>3,966.91</u>	<u>2,864.16</u>

Schedule 10 Other Income

	(₹ In Crore)	
	2011	2010
Royalty	11.45	0.74
Interest		
On Government Securities	26.28	18.26
On Debentures and Bonds	294.60	40.90
On Loans	0.08	0.30
Other	27.99	19.10
	<u>348.95</u>	<u>78.56</u>
Less: Amortisation of premium/discount on acquisition of fixed income securities	15.91	(16.14)
	333.04	94.70
Rent	0.58	0.17
Insurance Claims	2.62	4.14
Export Incentives	443.53	302.13
Miscellaneous Receipts	75.72	71.79
Surplus on Sale of Assets	9.37	5.73
Profit on Sale of Investments, net	52.82	42.94
Surplus on redemption of Securities	1.39	0.41
Dividend on preference shares	0.47	0.25
Sundry Credit balances appropriated	0.74	0.51
Refund of Dividend Tax	—	1.93
Provision for Diminution in value of Investments written back, net	—	2.50
Provisions for Doubtful Debts and Advances written back	2.22	1.57
Less: Write backs on account of amounts written off during the year, as per contra	1.71	0.18
	0.51	1.39
Provisions no longer required	47.11	24.16
Total	<u>979.35</u>	<u>553.49</u>

Schedule 11 Materials

	(₹ In Crore)	
	2011	2010
(a) Raw materials and components consumed	11,327.35	7,720.40
(b) Finished Goods purchases		
Auto Spare-Parts	574.00	422.45
Engineering Products, for export	—	0.05
	<u>574.00</u>	<u>422.50</u>
(c) Excise duty on increase/(decrease) in stocks of finished goods	1.30	(1.88)
(d) (Increase)/Decrease in Stocks		
Stocks at close		
Work in progress (including factory made components ₹ 15.74 crore - Previous year ₹ 14.59 crore)	26.20	31.03
Finished Goods	252.83	167.37
Auto Spare Parts	89.04	71.48
	<u>368.07</u>	<u>269.88</u>
Less: Stocks at commencement,		
Work in progress (including factory made components ₹ 14.59 crore - Previous year ₹ 7.57 crore)	31.03	12.03
Finished Goods	167.37	146.27
Auto Spare Parts	71.48	74.37
	<u>269.88</u>	<u>232.67</u>
	(98.19)	(37.21)
Total	<u>11,804.46</u>	<u>8,103.81</u>

Schedule 12 Other Expenses

	(₹ In Crore)	
	2011	2010
Stores and tools consumed	85.24	67.34
Power,fuel and water	86.79	70.35
Repairs		
Buildings and Roads	18.30	19.90
Machinery	59.56	53.80
Other	2.87	2.69
	80.73	76.39
Employees' Emoluments		
Salaries,wages,bonus etc.	378.51	312.88
Contribution to Provident and other funds and schemes	61.57	46.09
Welfare expenses	44.65	47.15
	484.73	406.12
Rent	14.19	11.09
Rates and taxes	3.34	1.43
Insurance	2.50	2.73
Auditors' Remuneration	0.87	0.83
Directors' fees and travelling expenses	0.25	0.24
Managing Directors' remuneration		
Salary	1.32	0.72
Commission	3.96	2.16
	5.28	2.88
Wholetime Directors' remuneration		
Salary	2.88	2.25
Commission	8.64	6.75
	11.52	9.00
Commission to Non Executive Directors	0.75	0.42
Miscellaneous expenses	155.29	141.61
Sales tax/VAT expenses	21.47	17.80
Packing,forwarding etc.	253.40	162.95
Advertisement	83.06	147.41
Vehicle service charges and other expenses	88.48	81.87
Commission and Discount	40.06	19.20
Incentives & Sales Promotion	25.31	48.73
Royalty	2.36	3.75
Donations	10.92	5.01
Bad debts and other irrecoverable debit balances written off	1.74	0.27
Less : Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	1.71	0.18
	0.03	0.09
Sundry credit balances earlier appropriated, now paid	—	0.03
Loss on assets sold,demolished,discarded and scrapped	20.12	3.42
Provision for Doubtful Debts and Advances	0.34	1.19
Amount amortised/written off against Technical Know-how	2.14	16.26
Amount written off against leasehold land	0.65	0.66
Total	1,479.82	1,298.80

Schedule 13 Interest

	(₹ In Crore)	
	2011	2010
Interest:		
On Fixed Loans	2.08	2.16
Others	0.31	4.59
Total	2.39	6.75

Schedule 14 Notes forming part of the Consolidated Accounts

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

Name of the Company	Country of incorporation	% Shareholding of Bajaj Auto Ltd.	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	98.94%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100%	Subsidiary

- The Consolidated Financial Statements of Bajaj Auto International Holdings BV include 39.26% interest in KTM PowerSports AG as an associate.
2. During the current year, KTM PowerSports AG, an associate company of Bajaj Auto International Holdings BV (BAIH BV) has changed its accounting year from September-August to January-December. Accordingly, consolidated results of BAIH BV, fully owned subsidiary of Bajaj Auto Limited, include the results of KTM PowerSports AG for the period of 1 December 2009 to 31 December 2010 (i.e. period of 13 months). Henceforth, consolidated results of BAIH BV would include results of KTM PowerSports AG for the 12 months period January to December.
3. Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosures.
4. The accounting policies of the parent are best viewed in its independent financial statements, Note 1 of schedule 14. Differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.
5. Consolidated Contingent Liability is same as contingent liability of stand alone Bajaj Auto Limited.
6. Consolidated capital commitments are same as capital commitments of stand alone Bajaj Auto Limited.

7. Deferred Taxes

Particulars	As at 31 March 2011	As at 31 March 2010
Liabilities	197.70	191.81
Assets	204.89	223.94
Net	(7.19)	(32.13)

8. Consolidated related party transactions are same as related party transactions of stand alone Bajaj Auto Limited.
9. Statement of additional financial information, directed to be disclosed as a condition put forth by the ministry of company affairs for grant of exemption from the applicability of section 212(1) of the Companies Act, 1956, is attached hereto.
10. Previous year figures have been regrouped, wherever necessary, to make them comparable with those of the current year.

Singature to Schedules "1" to "14"

As per our attached report of even date For and on behalf of Dalal and Shah Firm Registration Number: 102021W Chartered Accountants	Rahul Bajaj Madhur Bajaj Rajiv Bajaj Sanjiv Bajaj	Chairman Vice Chairman Managing Director Executive Director	
Anish P Amin Partner Membership Number: 40451 Pune: 18 May 2011	J. Sridhar Company Secretary	D.S. Mehta Kantikumar R. Podar Shekhar Bajaj D.J. Balaji Rao S.H. Khan Suman Kirloskar	Naresh Chandra Nanoo Pamnani Manish Kejriwal P. Murari Niraj Bajaj
			Directors

Consolidated Cash Flow Statement

(₹ In Crore)

	2011	2010
I. OPERATING ACTIVITIES		
A) Profit before tax	4,464.08	2,301.29
B) Adjustments		
Add:		
i) Depreciation	123.89	137.41
ii) VRS compensation charged off	—	183.30
iii) Valuation gains of derivative hedging instruments	—	(21.80)
iv) Amount written off against Technical Know-how	2.14	16.26
v) Amount written off against leasehold land	0.65	0.66
vi) Loss on Assets sold, demolished, discarded and scrapped	20.12	3.42
vii) Provision/(write back) for Diminution in Value of Investments	—	(2.50)
viii) Provision for Doubtful Debts and Advances	0.34	1.19
ix) Amortisation of premium/discount on acquisition of fixed income securities	15.91	(16.14)
x) Interest paid included in above		
Interest on cash credit/fixed term loan	2.08	2.16
Interest paid - others	0.31	4.59
	<u>165.44</u>	<u>308.55</u>
	4,629.52	2,609.84
Less:		
i) Investment and Other Non-operating Income included in above:		
Interest on Government Securities	26.28	18.26
Interest on Debentures and Bonds	294.60	40.90
Interest on Fixed deposits & others	6.16	0.30
Profit/(Loss) on Sale of Investments, net	52.82	42.94
Surplus/(Loss) on Redemption of Securities	1.39	0.41
Dividend on shares	0.47	0.25
Amortisation of premium/discount on acquisition of fixed income securities	(15.91)	16.14
Provision for Diminution in value of Investments, net	—	2.50
Provision for Doubtful debts & advances, net	—	0.80
	<u>365.81</u>	<u>122.50</u>
ii) Provision for Doubtful debts & advances written back	2.22	1.57
iii) Surplus on Sale of Assets	9.37	5.73
iv) Surplus on pre-payment of sales tax deferral liability/loan	826.82	—
v) Prior Period Expenses	—	0.90
	<u>(1,204.22)</u>	<u>(130.70)</u>
Carried Forward	3,425.30	2,479.14

Consolidated Cash Flow Statement (Contd.)

(₹ In Crore)

	2011	2010
Brought forward	3,425.30	2,479.14
C) (Increase)/Decrease in Current Assets		
i) Inventories	(117.86)	(86.63)
ii) Sundry Debtors	(101.21)	42.00
iii) Other Current Assets and Loans and Advances	(634.77)	(14.88)
	(853.84)	(59.51)
Increase/(Decrease) in Current Liabilities		
i) Liabilities	461.39	862.35
	(392.45)	802.84
	3,032.85	3,281.98
D) Annuity payments (net) to VRS optees	(18.58)	(18.16)
NET CASH FROM OPERATING ACTIVITIES BEFORE INCOME TAX	3,014.27	3,263.82
Income Tax, Wealth Tax paid	(974.90)	(699.74)
NET CASH FROM OPERATING ACTIVITIES	2,039.37	2,564.08
II. INVESTMENT ACTIVITIES		
i) (Increase)/Decrease in Investment in subsidiaries, joint ventures and associates, etc.	—	—
ii) (Increase)/Decrease in other investments, net	(894.46)	(1,965.16)
iii) (Increase)/Decrease in fixed deposits	(400.00)	—
iv) Capital Expenditure	(201.71)	(117.03)
v) Sales Proceeds of Assets/Adjustment to Gross block	39.05	8.59
vi) Technical Know-how	(6.42)	—
vii) (Increase)/Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Finance Ltd.	—	14.60
	(1,463.54)	(2,059.00)
viii) Investment and other Non-operating Income:		
Interest on Government Securities	26.28	18.26
Interest on Debenture and Bonds	294.60	40.90
Interest on fixed deposits & others	6.16	0.30
Profit/(Loss) on Sale of Investments, net	52.82	42.94
Surplus/(Loss) on Redemption of Securities	1.39	0.41
Dividend on shares	0.47	0.25
Provision for Diminution in value of Investments, net	—	2.50
Amortisation of premium/discount on acquisition of fixed income securities	(15.91)	16.14
Provision for Doubtful debts & advances, net	—	0.80
	365.81	122.50
(Increase)/decrease in non-operating income receivable & dues	(2.75)	1.46
	363.06	123.96
NET CASH FROM INVESTMENT ACTIVITIES	(1,100.48)	(1,935.04)
Carried forward	938.89	629.04

Consolidated Cash Flow Statement (Contd.)

(₹ In Crore)

	2011	2010
Brought forward	938.89	629.04
III. FINANCING ACTIVITIES		
i) Short term bank Loan taken/(repaid)	134.16	(251.41)
ii) Cash Credit from Banks	10.55	12.98
iii) Interest on cash credit/fixed term loan	(2.08)	(2.16)
iv) Interest paid - others	(0.31)	(4.59)
v) Repayment of Fixed Deposits	(0.01)	(0.01)
vi) Deferral/(Repayment) of Sales tax deferral liability/loan	36.68	4.11
vii) Pre-payment of sales tax deferral liability/loan	(368.14)	—
viii) Dividend Paid	(577.58)	(317.45)
ix) Corporate Dividend Tax Paid	(96.12)	(54.10)
	<u>(862.85)</u>	<u>(612.63)</u>
Adjustment to net worth on consolidation:		
i) Foreign currency translation reserve	38.21	(75.09)
ii) Foreign exchange difference on paid-up capital of subsidiary	0.12	4.27
iii) On account of change in share of net assets of associate of subsidiary	(46.42)	19.07
	<u>(870.94)</u>	<u>(664.38)</u>
NET CASH FROM FINANCING ACTIVITIES		
NET CHANGE IN CASH & CASH EQUIVALENTS	67.95	(35.34)
Cash and Cash Equivalents as at 01.04.2010	107.30	142.64
[Opening Balance]		
Cash and Cash Equivalents as at 31.03.2011	175.25	107.30
[Closing Balance]		
Reconciliation of Cash and Cash Equivalents as at 31.03.2011		
Closing Balance as per Balance Sheet	575.25	107.30
Less : Fixed deposits (shown separately)	400.00	—
Cash and Cash Equivalents as at 31.03.2011	<u>175.25</u>	<u>107.30</u>

As per our attached report of even date
For and on behalf of Dalal and Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451

Pune: 18 May 2011

J. Sridhar
Company Secretary

Rahul Bajaj
Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj

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

Chairman
Vice Chairman
Managing Director
Executive Director

Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P. Murari
Niraj Bajaj

Directors

Financial information of Subsidiaries for the year ended 31 March 2011

Particulars	(₹ In Crore)	
	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV. (Consolidated)
(a) Paid -Up Share Capital	141.31	1.27
(b) Share Premium	—	976.25
Other reserves	(114.20)	(152.04)
(c) Total Assets	85.81	825.52
(d) Total Liabilities	85.81	825.52
(e) Investments*	—	439.95
(f) Turnover	119.11	0.01
(g) Profit before tax	(11.18)	22.49
(h) Provision for tax	(1.73)	—
(i) Profit after tax	(9.45)	22.49
(j) Proposed Dividend	—	—

Closing exchange rates

1 Euro = ₹ 63.3825

1 USD = Indonesian Rupiah 8709

1 USD = ₹ 44.595

* For details of investments refer schedule 7 of the consolidated financial statements



BAJAJ

Distinctly Ahead

Bajaj Auto Limited
Akurdi Pune 411 035 India
www.bajajauto.com