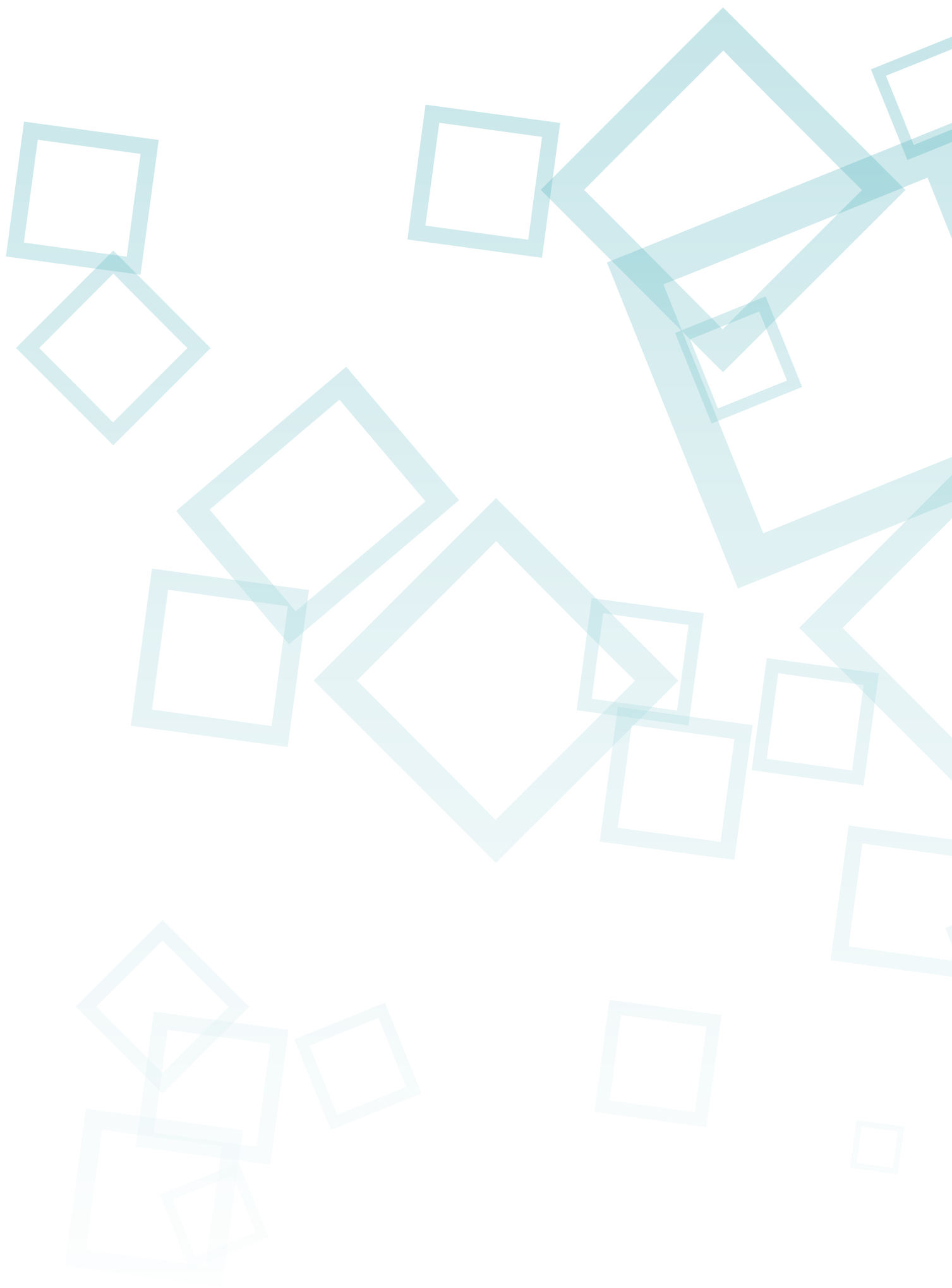




**BAJAJ**

67th **Annual Report** 2011-12  
**Bajaj Holdings & Investment Limited**





# Contents

Board of Directors	02
Directors' Report	03
Management Discussion and Analysis	10
Corporate Governance	14
General Shareholder Information	24
Report on Corporate Social Responsibility	30
Standalone Financial Statements	39
Consolidated Financial Statements	81



**Sanjiv Bajaj**  
Managing Director

## Board of Directors

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**Rahul Bajaj**  
Chairman

**Sanjiv Bajaj**  
Managing Director  
(w.e.f. 1 April 2012 and  
Non-executive Director  
upto 31 March 2012)

**Madhur Bajaj**

**D J Balaji Rao**

**S H Khan**

**Rajiv Bajaj**

**Nanoo Pamnani**

**Manish Kejriwal**

**Naresh Chandra**

**P Murari**

## CEO

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**V S Raghavan**  
(upto 12 Decemer 2011)

## Company Secretary

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**Mandar Velankar**

## Auditors

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**Dalal and Shah**  
Chartered Accountants

## Bankers

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Citibank N A  
HDFC Bank

**Registered under the Indian  
Companies Act, 1913**

## Registered Office

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Mumbai-Pune Road  
Akurdi, Pune 411 035

# Directors' Report

## Introduction

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

## Operations

The operations and financial figures of the Company are elaborated in the annexed Management Discussion and Analysis Report. The highlights are as under:-

## Financial results (Standalone)

	(₹ In Crore)	
	2012	2011
Total Revenue	650.37	1,076.45
Finance Costs	0.01	–
Depreciation	0.24	0.24
<b>Profit before tax</b>	<b>642.81</b>	<b>1,069.12</b>
Tax expense	75.35	71.41
<b>Profit after tax</b>	<b>567.46</b>	<b>997.71</b>
Add: Tax credits pertaining to earlier years	–	2.38
<b>Profit for the year</b>	<b>567.46</b>	<b>1,000.09</b>
Add: Balance brought forward from previous year	411.05	163.71
<b>Profit available for appropriation</b>	<b>978.51</b>	<b>1,163.80</b>
Transfer to Reserve Fund u/s 45-IC(1) of the Reserve Bank of India Act, 1934	113.49	200.02
Transfer to General Reserve	56.75	100.01
Proposed dividend (inclusive of dividend tax)	322.18	452.72
Balance carried to Balance Sheet	486.09	411.05
<b>Basic Earnings per share (₹)</b>	<b>51.0</b>	<b>93.4</b>
<b>Diluted Earnings per share (₹)</b>	<b>51.0</b>	<b>91.9</b>

## Financial results (Consolidated)

The highlights of the Consolidated Financial Results are as under:

	(₹ In Crore)	
	2012	2011
Total Revenue	301.03	900.41
Profit before tax and exceptional item	288.94	888.27
<b>Profit before tax</b>	<b>274.93</b>	<b>888.27</b>
Income from associates after tax	1,480.70	1,504.23
<b>Profit for the year</b>	<b>1,679.17</b>	<b>2,322.76</b>
Basic Earnings per share (₹)	150.9	217.0
Diluted Earnings per share (₹)	150.9	213.5

## Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of dividend of ₹ 25 per share (250 per cent) for the year ended 31 March 2012. The amount of dividend and the tax thereon aggregates to ₹ 322.18 crore.

Dividend paid for the year ended 31 March 2011 was ₹ 35 per share (350 per cent). The amount of dividend and the tax thereon aggregated to ₹ 452.72 crore.

## De-notification of Special Economic Zone (SEZ)

The Board of Approval (BoA), Ministry of Commerce and Industry, had granted its formal approval to Bajaj Holdings & Investment Limited i.e. erstwhile Bajaj Auto Limited on 7 April 2006 for development, operation and maintenance of Engineering SEZ at Waluj, Aurangabad.

Your Company had taken numerous steps from time to time over the last few years for development of SEZ. Given the market conditions and withdrawal of some tax incentives, your Company feels that its SEZ Project is not viable in the changed market scenario. The Company has, therefore, applied on 25 January 2012 to the appropriate authority of Government of India for de-notification of its SEZ Project. The BoA vide its letter dated 27 March 2012 has conveyed its in-principle approval for de-notification of the Company's SEZ.

## Registration as a Systemically Important Non-deposit Taking NBFC

The Company has been registered with the Reserve Bank of India as a Non-Banking Financial Institution (non-deposit taking). In terms of provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, your Company is categorised as a 'systemically important non-deposit taking non-banking financial company' having total assets of ₹ 100 crore and above. The Company has not accepted public deposits during the year under review.

## Subsidiary/Joint venture/Associates

Following are the companies, which are the subsidiary/joint venture/associate companies of the Company:

Name of the Company	% Shareholding of Bajaj Holdings & Investment Limited as on 31 March 2012	Status
Bajaj Auto Limited	31.49%	Associate
Bajaj Finserv Limited	39.15%	Associate
Bajaj Auto Holdings Limited	100%	Subsidiary
Maharashtra Scooters Limited (MSL)	24%	Joint Venture

A Summary of financial results of the aforesaid subsidiary/associates/joint-venture has been covered under the Management Discussion and Analysis report.

As regards Maharashtra Scooters Ltd. (MSL), a company jointly promoted by the Company (erstwhile BAL) and Western Maharashtra Development Corporation Ltd. (WMDC), WMDC had offered to sell its 27 per cent shareholding in MSL and the Company had confirmed its willingness to purchase these shares. The price at which the shares were to be sold, had been jointly referred to a sole arbitrator, Justice Arvind V Savant (Retd.), with an understanding in writing that arbitral award would be binding on both.

As reported in the past, the award of the arbitrator dated 14 January 2006 valuing the share price of MSL at ₹ 151.63 per share as the rate at which 3,085,712 equity shares of MSL held by WMDC are to be sold to the Company, was challenged by WMDC in the Bombay High Court.

After hearing both the parties, the Hon'ble Bombay High Court, vide its order dated 15 February 2010, while confirming the ruling of the Arbitrator on the relevant date for valuation and on the methodology adopted by the Arbitrator on valuation, set aside the Award of the Learned Arbitrator on the ground that the Arbitral Award goes contrary to the provisions of Section 111A of the Companies Act, 1956, which relates to free transferability of shares in a public limited company. The Company has challenged the decision of the Hon'ble Bombay High Court by way of filing an Appeal before the Division Bench of the High Court on various grounds and the same has been admitted. The Appeal is currently under progress.

## Sad demise of Shri V S Raghavan, CEO

Shri V S Raghavan, CEO of the Company, who was suffering from a major ailment, passed away on 12 December 2011 at Pune.

Shri Raghavan was also the 'manager' of the Company in terms of provisions of the Companies Act, 1956 since 20 February 2008. He was associated with the Bajaj Group since 1984.

The Board hereby notes and takes on record the contribution made by Shri V S Raghavan during his association with the Group in various capacities.

## Directors

During the year under review, the Board, at its meeting held on 27 March 2012, has, subject to approval by the shareholders, appointed Sanjiv Bajaj as Managing Director of the Company for a period of 5 years with effect from 1 April 2012 to 31 March 2017 and also fixed his remuneration, based on the recommendation made by the Remuneration and Nomination Committee.

D J Balaji Rao and Naresh Chandra retire from the Board by rotation this year and being eligible, offer themselves for re-appointment.

## Corporate Social Responsibility

During the year 2011-12, Bajaj Group continued its Corporate Social Responsibility (CSR) initiatives in various fields. Activities in this area are set out in detail in the annexed CSR Report.

## Directors' responsibility statement

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

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

## Presentation of financial results

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

## Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiary, associates and joint venture and as prepared in compliance with the accounting standards and listing agreement as prescribed by SEBI.

Information in aggregate for the 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, statement of profit and loss and other documents of its subsidiary companies subject to fulfillment of conditions mentioned therein. The Company has fulfilled all the necessary conditions in this regard hence is not attaching the balance sheet, statement of profit and loss and other documents of the subsidiary company. The summary of key financials of the Company's subsidiary company is included in this annual report.

The annual accounts of the subsidiary company and the related detailed information will be made available to the members of the Company and its subsidiary company, seeking such information at any point of time. The annual accounts of the subsidiary company 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.

The Company has no particulars to report regarding technology absorption, conservation of energy and foreign exchange earnings and outgo as 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.

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.

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

A Cash Flow Statement for the year 2011-12 is attached to the balance sheet.

## Corporate Governance

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



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

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

## Secretarial standards of ICSI

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

## Group

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

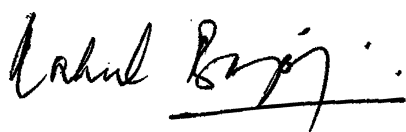
## Auditors' report

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

## Auditors

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

On behalf of the Board of Directors



Rahul Bajaj  
Chairman  
17 May 2012

## Annexure 1

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

To the Members of  
**Bajaj Holdings & Investment Limited**

We have examined the compliance of conditions of Corporate Governance by Bajaj Holdings & Investment Limited, for the year ended 31 March 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

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

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