



 bajaj auto ltd

FIFTY FIFTH ANNUAL REPORT 1999|2000

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riding change

highlights



Turnover at Rs.42,155 million — 7.9 per cent higher than 1998-99

Profit before tax at Rs.8,252 million — 8.8 per cent higher than 1998-99

Profit after tax at Rs.6,137 million — 13.5 per cent more than 1998-99

Earnings per share at Rs.53.17 — up from Rs.46.31 in 1998-99

Dividend for the year at Rs.10 per share, or 100 per cent of the face value

Reserves at Rs.30,847 million

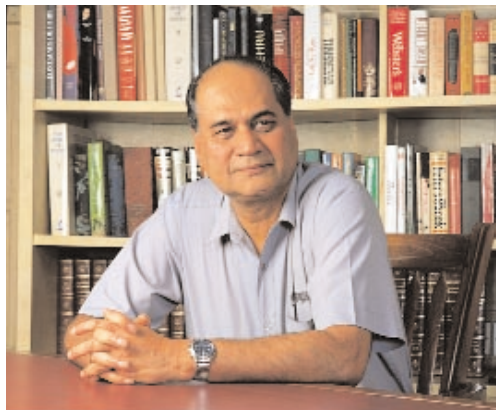
State-of-the-art plant commissioned at Chakan

New products launched — a new Boxer, the Saffire, M80 Major and a range of four-stroke three wheelers using petrol and CNG



chairman's letter

Dear Shareholders



It was in last year's annual report of your company that I had first used a 'Chairman's Letter' to communicate with you the performance, prospects and business focus of Bajaj Auto. Several of you liked this innovation. As your chief fiduciary, I, too, felt that this was a useful way of discussing various aspects of the company. Therefore, we have decided to continue with the trend. In fact, the 'Chairman's Letter' and a detailed chapter on 'Management Discussion and Analysis' will be a permanent feature of Bajaj Auto Annual Reports.

The financial performance of your company for 1999-2000 is not as good as I would have

liked it to be. On the plus side, your company witnessed a 5 per cent increase in sales revenue in 1999-2000 — Rs.37,051 million compared to Rs.35,269 million in the previous year. This occurred despite a marginal decline in the number of vehicles sold, and was caused by growth of motorcycle sales, which is relatively higher priced compared to traditional scooters and other two-wheelers.

Your company's profit after tax increased by 13.6 per cent from Rs.5,405 million in 1998-99 to Rs.6,137 million in 1999-2000. However, this does not tell the story of operating profit. In 1999-2000, operating profit was Rs.5,827



million — less by Rs.610 million compared to the previous year. This 9 per cent drop requires explanation. Much of it is given in the Management Discussion and Analysis that follows. However, it is also my duty to give you my views on this matter.

Before going any further, let me make one thing very clear. Even today, your company's operating profit as a percentage of operating income is higher than that of any two wheeler company in India and, indeed, any company in the automotive industry. Nevertheless, as the chairman of your company, I am disappointed with the fall in operating profits from 20.9 per cent of operating income in 1998-99 to 18.2 per cent in 1999-2000. And it is important for me to explain why this has happened.

It has everything to do with 'change'. As many of you may be aware, the structure of the two-wheeler market is changing at a rapid pace. Some clear trends have emerged. The most important of these is the marked change in the customer profile. Younger people and those with significantly greater purchasing power now constitute an important segment of the market.

In turn, this has led to two significant developments:

- ▼ First, there has been a major shift away from scooters to motorcycles. Over the last five years, the market for basic scooters has declined marginally, while that of motorcycles has increased at a compound annual rate of 25 per cent. In 1995-96, almost 1.2 million scooters were being sold, versus 661,000 motorcycles. In 1999-2000, scooter sales clocked 1.1 million, while motorcycles had taken off to cross 1.6 million.
- ▼ Second, even within the scooter segment, there has been a shift away from traditional metal bodied models to the sleeker scooterettes. In 1994-95, a little over 96,000 scooterettes were sold. Five years later in 1999-2000, sales had more than doubled to over 258,000.

It is no secret that Bajaj Auto's mainstay was the traditional, metal bodied, side-engine mounted, kick-start scooters. Over the last five years, the company has had to face a stagnant — even declining — market for these models.

The writing was on the wall. We realised five years ago that the days of resting easy on the high margins from Chetak and Supers were coming to an end. Expanding the market for our basic scooters would be necessary, but not sufficient in



the long term. We refused to be a great but slowly shrinking scooter company. We had to make major inroads into the motorcycle and scooterette markets — and that required new products, new branding, new marketing and new investments.

In last year's annual report, I had written that over the last few years we had quietly started re-engineering the company. What are these changes?

It is useful to begin with changes that have taken place in Bajaj Auto's manufacturing capacity and production processes. The Chakan plant was commissioned in 1999-2000. Your company's desire to manufacture world class products is exemplified by this new, state-of-the-art facility, located approximately 20 kilometres away from Akurdi. Chakan has already started producing two sleek, new generation, plastic bodied scooters — the 60 cc. Sunny Spice and the 92 cc. Saffire. During 2000-01, the plant will begin to produce a brand new motorcycle called the Pulsar. In addition, capacity of the Waluj plant is being substantially increased so that your company can capitalise on the growing market for quality motorcycles.

During 1999-2000, your company launched several new products: the Saffire, the new 100 cc. four-stroke Boxer, the new M80 Major and four-stroke three wheelers. Launched in the first half of the year, the Boxer and the M80 Major are already major success stories. An aggressively priced, rugged product, the Boxer is primarily targeted at the rapidly growing rural and semi-urban markets, and has notched very impressive sales within the first eight months of its launch. The M80 Major has helped us to increase our market share in the step-thru segment.

The year 2000-01 will see four new two-wheelers: two motorcycles (the Pulsar and the 175 cc. Eliminator), a four-stroke version of the

M80, and an entirely new look 150 cc, four-stroke scooter called the Fusion. Many more models are in the pipeline.

How have these changes affected your company's operating profits for 1999-2000? The answer lies in the change in product mix. As explained earlier, motorcycles and scooterette markets are expanding, and Bajaj Auto must aggressively go after these markets. However, the fact is that motorcycles and scooterettes enjoy lower margins compared to traditional scooters. Reading the Management Discussion and Analysis will substantiate that this is one of the major factors behind the fall in operating margins.

Increasing competition invariably leads to a decline in margins per unit of sale. But that does not necessarily translate to a fall in overall operating profits. Bajaj Auto has a definite strategy in place to increase the top line, market share, operating profits and the bottom line. It consists of four major components:

- ▼ Aggressively expanding the traditional scooter market. It is a very profitable segment and cannot be ignored. We will pursue market expansion by introducing new four-stroke models and offering attractive finance schemes. I do not believe that this market will die the way some pundits have predicted. A country of a billion people shall always have enough families who will begin their motoring lives with traditional, low cost scooters. The trick is to target these people.
- ▼ Rapidly ramping up capacities and production of motorcycles and new generation scooters and scooterettes. This is a major area where we will target higher top line growth and greater market share.
- ▼ Actively optimise on input costs, especially of bought out items. In 1998-99, Bajaj Auto launched an ambitious vendor development

During 1999-2000, your company launched several new products: the Saffire, the new 100 cc. four-stroke Boxer, the M80 Major and four-stroke three wheelers. Of these, the Boxer and the M80 Major are already major success stories.

Your company is determined to do everything that is needed to fight for greater market share in a far more competitive milieu. This requires funds — for capacity creation, brand building, market expansion, new dealer and distribution services, maintaining prices, export efforts, collaborating with partners for new products and technologies...

programme called Scorpio, aimed at improving quality of supplies, enhancing product development capability of vendors, and reducing costs by restructuring the vendor base. I believe that Scorpio will play a role in enhancing quality at lower unit costs.

Moreover, Bajaj Auto's Cell-level Cost Management (CCM) activity has yielded cost savings in power consumption, cutting tools and consumables. It will be extended across-the-board to all elements of the manufacturing process.

- ▼ More global technology tie-ups. These will play a major role in developing and commercially launching new models in successively shorter time cycles.

It is important for us to realise that the process of change which I have described takes some time. In the interregnum, there can be occasional blips in financial performance.

Moreover, while the operating margin per unit of two-wheeler sold is unlikely to be as high as in the good old days, the strategy outlined above should eventually deliver higher overall profits.

Now it is time for me to discuss the issue of share buyback. Last year, I had written that buyback is not a closed chapter at Bajaj Auto. Accordingly, at a meeting held on 28 March 2000, the board of directors of your company approved a buyback of around 18 million shares at a price not exceeding Rs.450 per share, or a budget of Rs.8,100 million. The company's philosophy behind the buyback is straightforward. It gives those shareholders who wish to exit a fair price, without hurting the interest of the very many who wish to continue with the company.

Even so, you might ask what your company proposes to do with its additional surplus funds. The coming years will see much more intense competition in the two-wheeler market. Two

international players are entering the arena: Piaggio and Honda. Your company is determined to do everything that is needed to fight for greater market share in a far more competitive milieu. This requires funds — for capacity creation, brand building, market expansion, new dealer and distribution services, maintaining prices, export efforts, collaborating with partners for new products and technologies, and for financing mergers and acquisitions that are sure to become a reality. Bajaj Auto's surplus is one of its weapons to fight competition. We will use this weapon judiciously to ensure that you — the shareholder — are a long term gainer.

Your company's commitment to corporate governance is as strong as always. Last year, we had benchmarked ourselves vis-à-vis the code published by the Confederation of Indian Industry. This year, we have measured ourselves against the new SEBI code as well, which will come into effect from 2000-01.

Times are changing. Let me assure you that Bajaj Auto will lead this change. We are here to stay, to grow, and to remain a household name in India.



RAHUL BAJAJ
Chairman and Managing Director

Board of Directors

Rahul Bajaj
Chairman and Managing Director

D. S. Mulla

Viren J. Shah
(up to 30 November 1999)

Kantikumar R. Podar

Atul C. Kirloskar

Shekhar Bajaj

Madhur Bajaj
Executive Director

D. J. Balaji Rao

D. S. Mehta
Whole time Director

J. N. Godrej

S. H. Khan

Secretary

N. J. Joshi

Auditors

Dalal and Shah
Chartered Accountants

International Accountants

KPMG

Cost Auditors

A. P. Raman
Cost Accountant

Bankers

Central Bank of India

State Bank of India

Citibank N.A.

ANZ Grindlays Bank

Bank of America

Registered under The Indian
Companies Act, VII of 1913

Registered Office

Akurdi, Pune, 411 035

Works

▼ Akurdi, Pune, 411 035

▼ Bajaj Nagar, Waluj,
Aurangabad, 431 136

▼ Chakan Industrial Area,
Chakan, Pune 410 501

Management

Rahul Bajaj
Managing Director

R. A. Jain
Executive Director

Madhur Bajaj
Executive Director
(w.e.f. 17 May 2000)

D. S. Mehta
Whole time Director

Rajiv Bajaj
President
(w.e.f. 17 May 2000)

Ranjit Gupta
Vice President (HRD)

C. P. Tripathi
Vice President (Waluj)

R. L. Ravichandran
Vice President (Business and
Product Development)

N. H. Hingorani
Vice President (Purchase)

G. B. Laddha
General Manager (Finance)

From left: C.P. Tripathi, R.L. Ravichandran, Rahul Bajaj, Ranjit Gupta, Madhur Bajaj, Rajiv Bajaj, D.S. Mehta, N.H. Hingorani, R.A. Jain



management discussion and analysis

THE THEME OF THIS YEAR'S ANNUAL REPORT IS 'CHANGE'. Not surprisingly, Bajaj Auto's Management Discussion and Analysis looks at three major aspects of change. The first relates to the market place. What are the changes that have occurred in the market in the last decade? How have these accelerated in the past few years? And what do they mean for Bajaj Auto's marketing, production, branding and sales strategies? The second describes changes in operations. To what extent has the company re-engineered itself and streamlined its production processes to deal with today's and tomorrow's changes in the market?



The third and final aspect relates to financial performance. How have changes in the market and product-mix affected the company's bottom-line? How much of this is part of a planned process of transition? And what does the future hold for the financials of Bajaj Auto? While much of this chapter focuses on 1999-2000 — the year under review — it also goes backward and forward in time. We believe that Bajaj Auto's performance in 1999-2000 cannot be looked at in isolation. It reflects a planned transition from the company's image of being a mega-producer of sturdy workhorse scooters and three-wheelers to an integrated, highly flexible and market driven supplier of various models of scooters, scooterettes, motorcycles, step-thrus and three-wheelers — where each model focuses on capturing large shares of highly heterogeneous and differentiated product segments. Such transition takes time. It also carries additional costs. But it is inevitable, and must be implemented in dead earnest for Bajaj

Auto to recapture the imagination of this country.

Markets

To appreciate the changes that have occurred at Bajaj Auto during the last year, and understand why these will intensify in the future, it is necessary to recognise the transformation that is taking place in India's two-wheeler market. Three major factors are driving the change in market structure:

- Significant growth in disposable income in urban as well as rural India. This has led to a quantum jump in consumer demand for better two-wheelers — vehicles with good looks, greater power and higher quality, but with fuel economy as well.

CHART A

Overtaking
Composition Shifts in the Two Wheeler Market, units sold

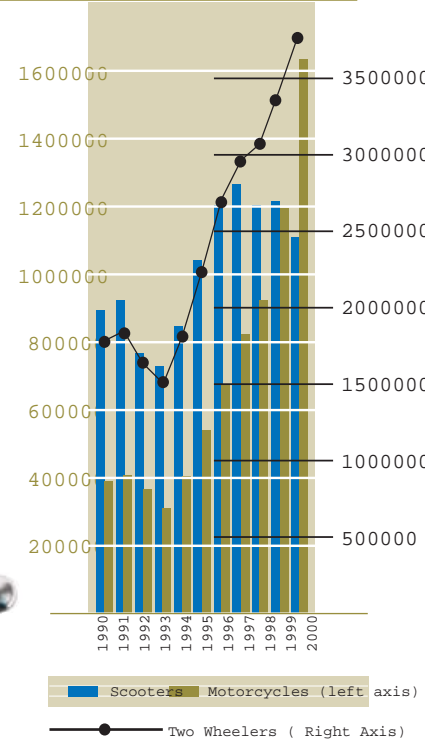


CHART B
The Growing Market for Scooterettes
 Scooterettes vs Scooters, units sold

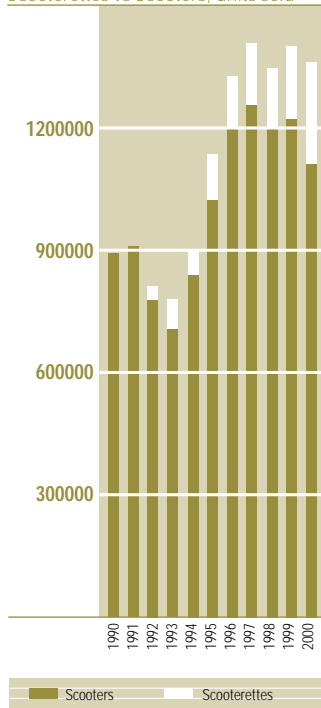
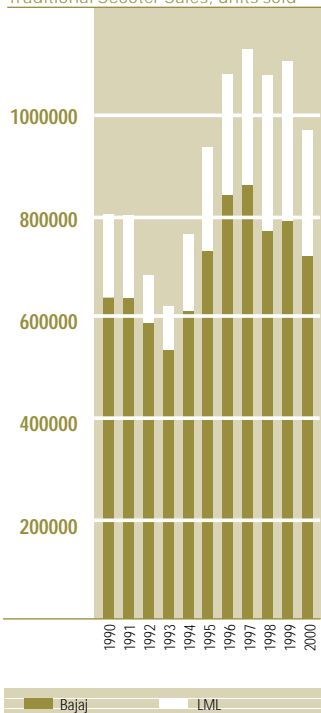


CHART C
Still Leading
 Traditional Scooter Sales, units sold



- ▼ Sharp growth in the population of 18-25 year old consumers. This category is buying more ‘wheels’ than before.
- ▼ Major shifts in consumer preference. The most fundamental is the shift from scooters to motorcycles. Less important but not insignificant is the shift within the scooter market from the ‘perennial hardies’ to the sleeker stuff.

These changes were imperceptible five years ago. Today, they are obvious even to a casual observer of the market. The simplest indicator of change is apparent in Chart A. After a dip during 1991-92 and 1992-93, the two-wheeler market has been growing at a compound annual rate in excess of 14 per cent. This growth has been driven largely by a huge expansion in the market for motor cycles. In 1992-93, motor cycles accounted for just a bit over 20 per cent of the market, while scooters had the pride of place at 47 per cent. The tables have turned. In 1999-2000, motor cycles accounted for almost 43 per cent of the sales of 3.78 million two-wheelers; the share of scooters was down to 29 per cent

Changes in market composition are not limited to scooters versus motorcycles. These permeate to scooters as well, and have created a distinct product-customer-market category for scooterettes. Interestingly, it was Bajaj Auto that created the scooterette segment in India with the launch of Sunny in the last quarter of 1990-91. In 1991-92, total sale of scooterettes was 34,574 units. Today, there are five players in the market; total sale of scooterettes in 1999-2000 was 258,458 units; and this segment now accounts for 19 per cent of the combined sale for scooters and scooterettes. See chart B.

These two charts suffice to illustrate the extent to which the two-wheeler market has changed in India over the last decade. Indeed, the change has been much more pronounced over the last five

years, and the process will accelerate in the future. At the margin, one class of consumers will increasingly opt for various types of motor cycles, while another growing customer segment will prefer sleek scooterettes.

How has the company responded to the changing market environment during the year under review? And what does it propose to do in the future?

Traditional scooters

Scooter is a good starting point for this discussion. It is hardly a market secret that traditional, metal bodied, geared, kick-start scooters are Bajaj Auto’s most profitable two-wheelers. These are hardy, no-frills, utility vehicles — the workhorse of the Bajaj stable. They are very attractively priced, and Bajaj Auto continues to dominate this market in no uncertain terms.

This market is serviced by two producers: Bajaj Auto and LML. Two features are evident from Chart C. First, that the sale of traditional scooters has been stagnating, if not declining over the last four years. Second, despite the decline, Bajaj Auto still has almost 75 per cent market share in this segment.

What is Bajaj Auto’s strategy for its traditional scooters — the company’s large and highly profitable ‘bread-and-butter’ product line? The company has set a simple goal: to aggressively expand and excite the market via well-targeted sales promotion schemes, and through the launch of a new range of scooters.

In December 1999, Bajaj Auto introduced a scratch-card scheme called the *Crorepati Hungama* to promote the sale of scooters. The scheme was popular, and generated record scooter sales for December 1999 and January





SPIRIT

Launched in 1998-99, the 60 cc. Spirit has won the Scooter of the Year Award 2000 and the Best Indigenous Product Design of the Year Award by Overdrive, an automobile magazine.

2000. The company has also launched a new low-cost '999' financing scheme for scooters.

These measures seem to be paying off. In the first half of 1999-2000, Bajaj Auto's scooter sale was 342,145 units, and its market share was 65 per cent. During the second half, when these schemes kicked in, sales increased by 16 per cent to 397,914 units, and market share rose to 68 per cent. Although it is too early to predict whether this upturn in Bajaj Auto's sales and market share will continue through 2000-01 and beyond, the company is determined to leverage its powerful financial resources to constantly expand the traditional scooter market and regain market share.

Regarding the new models of scooters the company's strategy is to capture higher shares by better market positioning. This refers to the Classic SL, Bravo, as well as four-stroke models such as Legend and the new Saffire, which has begun to be produced in the new state-of-the-art plant at Chakan.

With the April 2000 emission norms for two-wheelers — which rank among the toughest in

the world — scooter manufacturers will have only two choices open to them. They can either manufacture existing two-stroke vehicles with catalytic converters, or produce four-stroke scooters. Here, Bajaj Auto is in a uniquely advantageous position of not only having all its two-stroke vehicles fitted with catalytic converters, but also having two four-stroke models already in the market — the 145 cc. four-stroke Legend and the brand new 92 cc. Saffire. In addition, the third quarter of 2000-01 will see yet another new look, four-stroke scooter — the 150 cc. Fusion. Bajaj Auto believes that the combined effect of the Legend, Saffire and Fusion will create substantial new demand in the market for scooters.

Scooterettes

As mentioned earlier, Bajaj Auto created the market for scooterettes when it introduced the Sunny in 1990-91. Up to 1993-94 there were no competitors. Thereafter, the market saw the entry of TVS Scooty and Kinetic Pride. With competition, the overall market expanded from a

SAFFIRE

Produced exclusively in Bajaj Auto's brand new Chakan plant, the sleek new Saffire has a 92 cc. four-stroke centrally mounted engine that generates six horsepower at 7,000 rpm. It has a three-speed automatic transmission, high fuel efficiency and comes at an unbelievable price.



little over 68,000 in 1993-94 to over 258,000 in 1999-2000.

For nine years, Bajaj Auto had only the Sunny to offer in this segment. Not surprisingly, the company's sales fell from a peak of almost 74,000 units in 1994-95 to a bit under 48,000 in 1998-99. Last year, there was a shift in strategy, when Bajaj Auto introduced the Spirit — an attractive, contemporary looking 60 cc. model with two-speed automatic transmission and electric start. Thanks to the success of Spirit, Bajaj Auto's scooterette sales have jumped by almost 45 per cent from 47,844 units in 1998-99 to 69,192 during the year under review. This growth exceeded the industry average of 41 per cent.

April 2000 saw the launch of a totally re-designed version of Sunny called the Sunny Spice. It has a 60 cc. two-stroke engine fitted with a catalytic convertor, and generates 3.6 horsepower at 6,500 rpm. The Sunny Spice has a single speed automatic transmission and electric starter. It is expected that the combined presence of Spirit and Sunny Spice will not only boost Bajaj Auto's scooterette sales in the future, but also increase the company's market share in this category.

SUNNY SPICE

A cute 60 cc scooterette with an electric starter and an automatic transmission, the Sunny Spice was introduced in April, 2000.





Motorcycles

This is where the action is, and will be in the years to come. Chart D shows the size of the two-wheeler market, which has been growing at a compound annual rate of 7.9 per cent over the last decade. Motor cycles have grown at 15.8 per cent over the same period. In fact, the growth has been much more pronounced over the last five years — over 25 per cent per year between 1994-95 and 1999-2000. Consequently, motorcycles account for the largest chunk of the two-wheeler market. In 1989-90, its market share was 21 per cent; in 1999-2000, this has more than doubled to 43 per cent.

The exponentially growing demand for motorcycles is not confined to urban India. Depending upon models and their characteristics, motorcycles have swept rural, semi-urban and urban India in a way that would have been inconceivable even a few years ago.

Being a scooter manufacturer, Bajaj Auto was a relatively late entrant in the game of four-stroke motorcycles. Up to 1997-98, the company had only two models on offer: the two-stroke RTZ and the four-stroke 4S Champion. In the meanwhile, competitors introduced new models. Thus, while Bajaj Auto's market share was rising imperceptibly, it didn't produce the kind of volumes needed to be the number one or a serious number two in this segment.

As of 1998-99, Bajaj Auto's motorcycle strategy has undergone a sea change. The company's objective now is to be a major player in the motorcycle segment through the introduction of a wide range of new models — each catering to different market segments.

June 1998 saw the launch of the Caliber, a 111 cc. four-stroke motorcycle. The model has been well appreciated by customers. Caliber sold its first 100,000 units within the first twelve months; the second 100,000 was sold within nine months.

The year under review saw Caliber sales of 149,986 units.

The other major success has been the Boxer. A new variant of Boxer launched in August 1999 was primarily targeted for the rapidly growing rural and semi-urban markets. A very rugged product with a 100 cc. four-stroke engine, this variant has been very aggressively priced to rapidly increase market penetration and, thus, ramp up volumes. In the short period of eight months in 1999-2000, the Boxer has sold 71,108 units.

Bajaj Auto's motorcycle sales during the year under review were 255,176 units, versus 200,183 in 1998-99. There has been a distinct increase in the growth rate of the company's motorcycle sales between the two halves of 1999-2000. The first half saw a sales of 99,241 units, while the sales in second half were 155,935 — driven largely by the success of the Boxer.

As Chart F shows, there has been a distinct shift in favour of motorcycles in Bajaj Auto. In 1989-90, motorcycles accounted for a bit over 5 per cent of its total volume of two-wheeler sales. By 1999-2000, this share had risen to almost 21 per cent. The share of motorcycles would have been even greater during the year under review had the company not faced capacity constraints at the company's Waluj plant. In 2000-01, this constraint will be a thing of the past. The Waluj capacity is being enhanced to produce approximately 700,000 motorcycles per year. Moreover, additional capacity is being installed at the Chakan plant.

In order to increase presence as well as market share of Bajaj Auto's motorcycles, the company proposes to introduce two brand new models in 2000-01. These are:

- ▼ The *Pulsar*. There will be two variants of this four-stroke model. Both have been developed in collaboration with Tokyo R&D, and will be

CHART D
Two Wheelers Still Zoom...
The two wheeler market, units sold

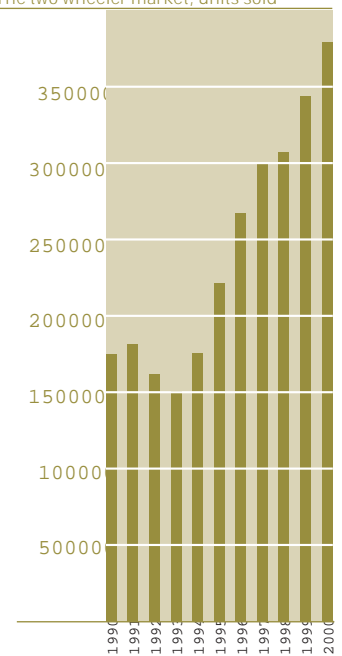


CHART E
...with Motorcycles Ruling the Roost
%share of total two wheeler market

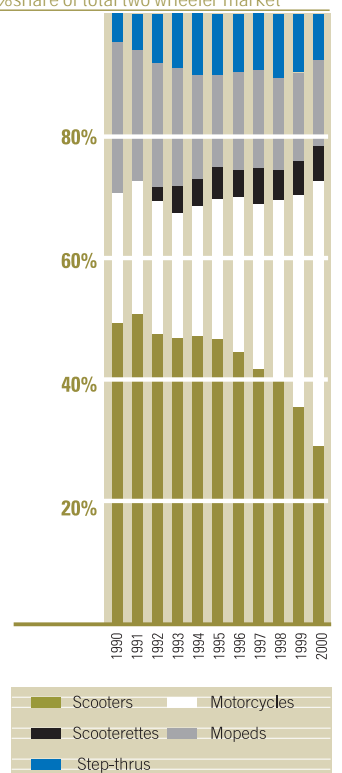
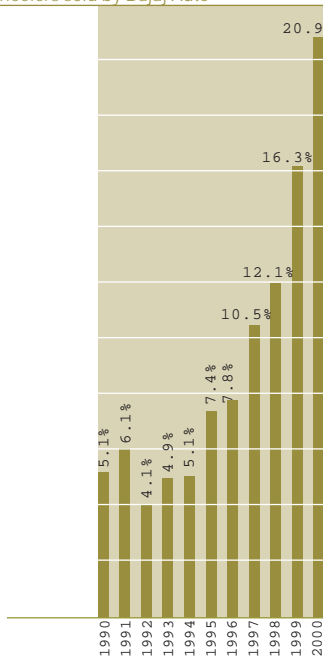


CHART F

Accelerating

Motorcycles as % of number of two wheelers sold by Bajaj Auto



produced at the Chakan plant. The Pulsar is scheduled for launch in the third quarter of 2000-01.

- ▼ The *Eliminator*. This will be a 175 cc four-stroke chopper style motorcycle with a five speed gearbox. It will produce 16 horsepower at 8,500 rpm. Developed by Kawasaki, the Eliminator is also slated for launch in the third quarter of 2000-01.

The company has a well-defined motorcycle strategy that will become apparent with every passing year. The company will continuously introduce new products, have a presence in every price band of this segment, use its financial strength to aggressively increase manufacturing capacity, and aim to be a major player in the motorcycle market.

Step-thrus

Bajaj Auto is the leader in this segment, and accounts for almost 64 per cent of the market. During the year under review, Bajaj Auto sold 176,194 units, versus 182,581 in 1998-99. In the second half of 1999-2000, the company introduced the M80 Major, which is an upgrade of the tried and tested M80. This was well received and in a shrinking overall market segment, helped Bajaj Auto increase its market share from 58.5 per cent in the first half of 1999-2000 to 68.4 per cent in the second half. The year 2000-01 will see the launch of a four-stroke version of the M80.

Three-wheelers

Bajaj Auto continues to dominate this market, with a share of 81 per cent. The problem with this market, however, is that it is by and large stagnant at around 215,000 vehicles per year. Much of this stagnancy is due to regulatory regimes of various state governments and municipal authorities,

which are the source of licensing for auto-rickshaws.

In order to grow this market and to reduce pollution, Bajaj Auto has environmentally re-engineered its three-wheelers. It has launched a range of four-stroke petrol and diesel models, and has recently introduced the CNG version. The LPG version is also under development. During the year under review, the company sold 171,977 three-wheelers, compared to 181,452 in 1998-99.

Operations

Chakan — the plant for the future

Commissioned during 1999-2000, nothing demonstrates Bajaj Auto's desire and ability to manufacture world class products more than its new, state-of-the-art manufacturing facility at Chakan. Situated around 20 kms away from its Akurdi plant, Chakan has a built up area of over 55,000 square metres. The plant has a targeted output of 600 vehicles per direct employee year, compared to 160 at Akurdi.

Created out of barren land, Chakan's super-clean epoxy painted floors, controlled air environment, flexible machining centers and lines, and fully computerised equipment blend harmoniously with its landscaped surroundings. Chakan sets the tone for Bajaj Auto's totally new ethos aimed at world class production quality and efficiency.

In the first instance, the plant has been producing two new products — the Saffire and the Sunny Spice. In 2000-01, the plant will also produce the Pulsar and the Spirit.

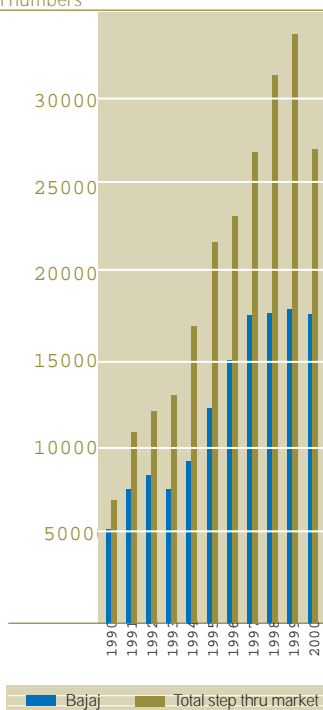
Capacities

During the year under review, Bajaj Auto has spent Rs.2,956 million on its plants at Akurdi,

CHART G

Stepping Up

Bajaj Auto's share of the Step thru market in numbers





Waluj and Chakan for improving productivity and quality, and enhancing capacities. Most of this investment was in creating flexible facilities, keeping in mind the current trend of reduced product life cycles in the market. Flexibility also facilitates quick improvements and upgrades in products. The installed capacity across the three plants is shown in Table 1.

However, this capacity is not enough, especially for motorcycles. Bajaj Auto is expanding its motorcycle capacity to 50,000 vehicles per month (600,000 per year) by September 2000, and then onto 70,000 per month (840,000 per year) by July 2001. This expansion is being process engineered by Kawasaki who will implement Kawasaki systems and controls. The company is also in the process of tying products with plants to optimise output and simplify production planning.

Productivity and quality improvements

Bajaj Auto has adopted Total Productive Maintenance (TPM), a process that continuously sets new standards for quality and productivity through the elimination of losses. Under the

TPM declaration

We at Bajaj Auto adopt "Total Productive Maintenance" as a means of creating a safe and participative work environment in which all employees target the elimination of losses in order to continuously enhance the capacity, flexibility, reliability and capability of its processes, leading to higher employee morale and greater organisational profitability.

TABLE 1 | Plant Capacities

Plant	Capacity as at 31 March 2000 in units per year
Akurdi	1,000,000
Waluj	1,000,000
Chakan	90,000
Total	2,090,000

guidance of the Japanese Institute of Plant Maintenance (JIPM), the company adopted TPM at its Akurdi plant on 11 March 2000. The exercise has started with a pilot project in the press and gear shops, and will be extended to other shops in Akurdi as well as plants in Waluj and Chakan in the coming years.

Bajaj Auto has continued its efforts to improve productivity through better utilisation of man and machine. These have occurred due to two factors: value engineering initiatives which were identified and implemented by members at the

cell level; and a focused off-loading of non-critical manufacturing activities. Efficiency improvement shows up in the steady decline in employee requirement per vehicle produced at Akurdi (Table 2).

Cost management

The Cell-level Cost Management (CCM) activity has resulted in a per vehicle saving of around 5 per cent in power consumption, 10 per cent in cutting tools consumption and around 12 per cent in direct consumables consumption. CCM was expanded during the year to cover direct material costs, so as to identify, measure and eliminate rejections.

Bajaj Auto also uses the target costing methodology. This procedure estimates and iterates vehicle cost at the design stage — which ensures that the costing of the final product is in line with pre-planned vehicle pricing and profitability. Started in 1996, target costing has helped to reduce final costs of Bajaj Auto’s new diesel version of the rear engine three-wheeler (called the RE-Diesel) by as much as 10 per cent. As the method has evolved, the initial costing estimates have improved considerably, leading to reductions in final costs of products like the Spirit and Legend by around 5 per cent.

Our partners — vendors and dealers

Over the last few years, Bajaj Auto has consciously increased the proportion of out-sourced components in its products. For one, this is often cheaper than producing in-house. For another, this helps the company to concentrate on what matters — assembly operations and the manufacture of precision components. Today, over 80 per cent of total material cost of a ‘typical’ Bajaj Auto vehicle consists of bought out components. Given this ratio, vendors naturally play a key role. The improvement in the quality of

Bajaj products reflects the ability of our vendors to enhance their manufacturing systems and quality standards.

In 1998-99, Bajaj Auto launched the pilot phase of an ambitious vendor development programme called Scorpio. It was aimed at improving quality of supplies, enhancing product development capability of vendors, and reducing costs by restructuring the vendor base. Last year and in 1999-2000, Scorpio targeted vendors of electricals, forgings and cutting tools. During 2000-01, Scorpio will be expanded to cover the entire range of raw materials, tools, and stores and spares. All initial indicators point to satisfactory progress.

Dealers are Bajaj Auto’s other major partners. The company feeds its 378 dealers through its three plants as well as from 12 depots spread across the country. An approach to having standardised dealer showrooms was launched a few years ago. As of now, 111 dealers have completed the process, with remaining expected to do so by the end of 2000-2001. The company has 1,304 authorised service centers across the country to provide efficient and effective after sales service within easy reach of the customer. Already, over 240 dealers communicate with the company through e-mail. During 2000-2001 a larger number will move on to the internet exchange that is being planned.

Finance

Bajaj Auto’s turnover for the year under review was Rs.42,155 million, compared to Rs.39,072 million in 1998-99 — a top line increase of 7.9 per cent in the course of a year. Sales from vehicles and parts for 1999-2000 accounted for Rs.37,051 million versus Rs.35,269 million in 1998-1999, and represented an increase of 5.1

TABLE 2 | Fewer Workers

Workers per vehicle; Akurdi	
	Worker per vehicle
April 1997	2.25
April 1998	2.19
April 1999	2.07
April 2000	1.59

per cent. The rest of the turnover was accounted for by 'Other Income', which grew by over 34 per cent from Rs.3,803 million in 1998-99 to Rs.5,104 million in 1999-2000.

Despite a fall in volumes by 0.8% — from 1,423,501 units in 1998-1999 to 1,412,598 units in 1999-2000, the value of sales registered a growth of 5.1%. This is attributed to the change in product mix in favour of motorcycles, which are relatively higher priced compared to traditional scooters and other two-wheelers. The year under review saw motorcycles account for 22.6 per cent of the value of total sales, compared to 18.9 per cent in 1998-99.

Analysis of sales

Table 3 gives the break-up of sales in volume as well as value across Bajaj Auto's various product categories.

The figures in Table 3 emphasise the discussion in the section on markets. The year under review has seen a sharp fall in the volume and value of sales of traditional scooters — which reflects the overall market shift from scooters to motorcycles on the one hand and sleeker scooterettes on the other. Bajaj Auto's volume of scooter sales has dropped by 8.8 per cent; and value has dropped by 5.5 per cent. Equally, the shift in market preferences helped the company to more than make up for the loss in scooters by a growth in the volume and value of scooterettes and motorcycles sales. The value growth in scooterette sales alone recouped 77 per cent of the loss on account of traditional scooters. And the rise in motorcycle sales was more than double that of the fall in the value of scooter sales. Had Bajaj Auto not faced acute capacity constraints in its Waluj plant in the last quarter of 1999-2000 — when the demand for motorcycles was at its

peak — the company could have notched a significantly higher sales figure.

TABLE 3 | Break up of Sales VALUE IN RS. MILLION

Product	1999-2000		1998-1999		% to total value	
	Units	Value	Units	Value	1999-2000	1998-1999
Scooters	740059	13824	811441	14636	37.3%	41.5%
Japanese motorcycles	255176	8360	200183	6680	22.6%	18.9%
Step-thrus	176194	3078	182581	3058	8.3%	8.7%
Scooterettes	69192	1269	47844	640	3.4%	1.8%
Three-wheelers	171977	8583	181452	8408	23.2%	23.8%
Total vehicles	1412598	35114	1423501	33422	94.8%	94.7%
Spare parts	NA	1937	NA	1847	5.2%	5.3%
Total sales	1412598	37051	1423501	35269	100.0%	100.0%



Summarised profit and loss account for 1999-2000

Before discussing what the changed product- and sales-mix has meant for the company's bottom line, it is useful to give a brief overview of Bajaj Auto's profit and loss account for the year under review. This is given in Table 4.

At first glance, the results for 1999-2000 look disappointing compared to the previous year. Operating profits have fallen by 9.5 per cent — from Rs.6,437 million in 1998-1999 to Rs.5,827 million for the year under review. Sceptics may only see the hefty Rs.1,400 million increase in non-operating income when accounting for the

higher pre- and post-tax profits relative to last year.

And yet, the very same figures tell the story of the beginnings of a major shift in sales strategy, brand building and market positioning for the changing two-wheeler environment. The clue is to be found in sales and after sales expenses. In 1998-99 this accounted for Rs.1,972 million. This year it has increased by Rs.533 million to Rs.2,505 million. Why so?

Almost 57 per cent of this increment is due to a rise in advertisement and brand building outlay, and another 35 per cent is on sales promotion programmes. The fact is that the days of selling two-wheelers without systematic advertisement campaigns and promotions are things of the past. Today's consumers have far more choices than before. In order to create market bridgeheads, Bajaj Auto will have to spend more on advertisement and brand awareness, buttressed by well targeted sales promotion campaigns. Of course, the per unit selling cost will fall as new models establish the required volumes.

The other determinant of the fall in operating profit is the change in product mix away from traditional scooters to motorcycles. The material cost element in Bajaj Auto's motorcycles is comparable to the industry while in traditional scooters it is far lower than the industry average. Also, the company's material cost for scooters is significantly lower than for its motorcycles. Hence, every substitution at margin from a Chetak or a Classic to a Caliber or a Boxer raises material costs. Indeed, much of the growth in material costs — from 57.5 per cent of operating income in 1998-99 to 58.9 per cent in 1999-2000 — is attributable to the change in product-mix in favour of motorcycles vis-a-vis traditional scooters.

In the medium term, this effect can be countered by two strategies. First, to use a

TABLE 4 Profit and loss for 1999-2000

compared to the previous year

In Rs. millions	1999-2000	1998-1999
Sales	37051	35269
Less: Excise duty	6078	5649
Net sales	30973	29620
Other operating income	1053	1152
Total Operating Income	32026	30772
Cost of materials, net of expenses capitalised	18864	17705
Share of material cost	58.9%	57.5%
Stores and tools	546	555
Share of stores and tools	1.7%	1.8%
Employee cost	2347	2309
Share of employee cost	7.3%	7.5%
Factory and administrative expenses	1937	1794
Share of factory and administrative expenses	6.1%	5.9%
Sales and after sales expenses	2505	1972
Share of sales and after sales expenses	7.8%	6.4%
Total expenditure	26199	24335
Operating profit	5827	6437
Operating profit as share of total operating income	18.2%	20.9%
Interest	41	46
Depreciation	1453	1327
Net operating profit	4333	5064
Non-operating income	4051	2651
Non-operating expenses	132	130
Profit before tax	8252	7585
Provision for taxation	2115	2180
Profit after tax	6137	5405
Prior years adjustments	211	123
Disposable surplus	6348	5528

combination of advertisement campaigns and cost-effective sales promotions to excite the traditional scooter market. And second, to build strong motorcycle brands which can then demand higher unit values for better quality and greater customer satisfaction. Even so, shareholders must appreciate that competition is about higher productivity, greater volumes, and about exerting pressures on margins. What is true for the rest of the world cannot be an exception for Bajaj Auto.

A positive element in the company's cost structure is the fall in employee cost — from 7.5 per cent of operating income in 1998-99 to 7.3 per cent during the year under review. Ongoing measures initiated to control costs through Cell-level Cost Management have also resulted in a fall in unit cost on account of stores and tools.

To comply with the revised accounting standards AS-2 issued by the Institute of Chartered Accountants, Bajaj Auto has changed its method of valuation of stocks from direct cost basis to full absorption basis. This has raised closing stock valuation, and hence profits, by Rs.142.2 million. Another difference in valuation incorporates changes in accounting of excise duty on the closing stock of finished goods. This, however, is fully revenue neutral and does not affect profits either way.

During the course of the year, Bajaj Auto capitalised a cumulative outlay of Rs.38.9 million on account of expenditure incurred during the construction phase of the Chakan project.

Cash flows

The summarised cash flow statement for the year in review is given in Table 5.

Long Term Debt

Bajaj Auto is debt-free and carries no interest bearing borrowings. The amount of Rs.3,864 million represents sales tax collected by the company under the Government of Maharashtra's package schemes of incentives for undertakings set up in identified backward zones. These schemes cover the Waluj and Chakan plant. Of this amount of Rs.3,864 million, the sales tax incentive for 1999-2000 amount to Rs.867 million. The accumulated sales tax incentives are interest free and repayable in five/six equal annual instalments after a period of ten/twelve years. Repayment commences from 1st May 2002.

Surplus funds

At the end of 1998-99, Bajaj Auto's surplus funds stood at Rs.20,897 million. This year, the surplus has risen to Rs.24,811 million. Given its size, it is important to explain the company's philosophy about managing this surplus.

In the Management Review of last year's annual report, it was written, "The guiding principle of the company's investment strategy has been that of prudence." This principle

TABLE 5 | Cash flow of Bajaj Auto | IN RS. MILLION

	1999-2000	1998-99
From operations		
Inflows:		
Cash from operating activities	3,315	3,298
Increase in Sales tax deferral	867	794
Sub-total	4,182	4,092
Outflows:		
Capital expenditure, net	(3,279)	(2,240)
Dividend paid	(949)	(953)
Repayment of Fixed deposits and debentures	(12)	(152)
Sub-total	(4,240)	(3,345)
Net Change (A)	(58)	747
From non-operating activities		
Inflows: Non-operating income	3,978	2,561
Outflows: Investments of surplus funds	(4,101)	(3,692)
Net change (B)	(123)	(1,131)
Total net change in cash: (A) + (B)	(181)	(384)

remains inviolate (Table 6). Subject to adequate safeguards for such shareholders' funds, Bajaj Auto's investment team has striven to increase returns on the investible surplus. As can be seen in Table 7, the strategy has paid off.

Wind Farm Project

Bajaj Auto has set up a wind-farm project of 19.6 MW at Vankusavade (district of Satara) in two phases of 9.8 MW each. The first phase was fully commissioned in March 2000 at a cost of Rs.445.7 million. The power generated from

annual report. The company has also continued the practice of reconciliation with the International Accounting Standards (IAS). The items for reconciliation and reasons for variation are fully explained in the relevant section of this report. The exercise has been reviewed by KPMG.

Cautionary statement

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

TABLE 6 | Investment of Bajaj Auto's surplus funds | IN RS. MILLION

	As at 31 March 2000	% to total	As at 31 March 1999	% to total
Govt securities and bank deposits	1981	8.0	1405	6.7
Mutual funds including UTI	2575	10.3	2130	10.2
Debentures and bonds	6392	25.8	6432	30.8
Preference shares	2231	9.0	1947	9.3
Inter-corporate deposits	4337	17.5	4958	23.7
Leased Assets	915	3.7	1274	6.1
Fixed income investments	18431	74.3	18146	86.8
Equity shares	6380	25.7	2751	13.2
Total	24811	100.0	20897	100.0

these windmills will feed into the grid of the Maharashtra State Electricity Board. The second phase is expected to be commissioned in June 2000.

The power generated will be used for captive consumption at Bajaj Auto's three plants. Moreover, the capital expenditure incurred by the company is entitled for sales tax and income tax benefits.

Reconciliation of accounts under US GAAP and IAS

This is the third year in succession that Bajaj Auto has reconciled its accounts according to US Generally Accepted Accounting Principles (GAAP), and has reported the results in its

TABLE 7 | Income from Investment of Surplus Funds | RS. MILLION

	1999-2000	1998-1999
Dividends	379	271
Interest on Debentures & Bonds	716	527
Interest on Government Securities	46	62
Interest on Inter-Corporate Deposits & Other Loans	562	522
Discounting Charges	-	12
Income from Units of Mutual Funds	228	231
Lease Rent	393	488
Lease Equalisation	72	3
Profit on Sale of Investment	1,434	274
Surplus on redemption of T-Bills	19	60
Interest received on Fixed Deposits	2	14
Other Interest	13	-
Income from investment of surplus funds	3864	2464
Interest on Tax refunds	179	99
Premium received - Tenancy rights	8	88
Total Non-operating Income	4,051	2,651





corporate governance

THE CHANGING FACE of Bajaj Auto's annual reports over the last few years represents a significant attempt at incorporating the best practices of corporate governance. Even before the publication of *Report of the Working Group on The Companies Act* (March 1997) and CII's *Desirable Corporate Governance: A Report*, (April 1998), Bajaj Auto had voluntarily introduced a number of additional disclosures in its annual report.

In last year's annual report, the company had measured its progress in corporate governance not only with reference to the CII code, but also disclosed information that went well beyond the CII recommendations.

The movement for better corporate governance in India recently got a fillip with the Securities and Exchange Board of India (SEBI) adopting most of recommendations of the report submitted by the Kumar Mangalam Birla Committee. Like the CII code, the SEBI provisions relate to listed companies. Unlike the CII code — which is, by its very nature, voluntary — SEBI has mandatory as well as voluntary clauses.

SEBI's provisions come into play in a time-tabled manner with effect from 31 March 2001. The first set of companies that have to follow the rules will be newly listed ones, and those that belong to Group A of the Bombay Stock Exchange and the NSE-50 index of the National Stock Exchange. The provisions will be monitored by the stock exchanges, which have been directed to incorporate appropriate changes in their listing agreements.

Although, strictly speaking, Bajaj Auto has a full year left to fully incorporate all the mandated aspects of the SEBI code, the company has decided to measure its corporate governance performance with the SEBI yardstick from this year itself. In what follows, the SEBI code and the corresponding CII recommendation are first stated, and then checked against Bajaj Auto's actual practice for the year 1999-2000.

Number of board meetings

During 1999-2000, the board of directors met seven times on the following dates: 11 May 1999, 17 July 1999, 13 September 1999, 20 October 1999, 21 January 2000, 14 March 2000 and 28 March 2000. The maximum time gap between any two meetings was not more than 3 months. In addition, on an urgent matter, one resolution was passed by the board of directors by circular on 10 December 1999.

SEBI The board meeting shall be held at least four times a year, with a maximum time gap of four months between any two meetings.

CII The full board should meet a minimum of six times a year, preferably at an interval of two months, and each meeting should have agenda items that require at least half a day's discussion.

Attendance record of directors

SEBI The attendance record of each director at the board meetings and the last AGM should be disclosed.

CII While re-appointing members of the board, companies should give the attendance record of the concerned directors. As a general practice, one should not re-appoint non-executive directors who have not attended even one half of the meetings.

TABLE 1 | Attendance Record | 1999-2000

Name of director	meetings attended	attended last AGM, 17 July '99
Rahul Bajaj	7	Yes
D.S. Mulla	7	Yes
Viren J. Shah*	3	Yes
Kantikumar R. Podar	3	Yes
Atul C. Kirloskar	5	Yes
Shekhar Bajaj	5	Yes
Madhur Bajaj	7	Yes
D.J. Balaji Rao	6	Yes
D.S. Mehta	6	Yes
J.N. Godrej	5	Yes
S.H. Khan	6	Yes

Note: Seven meetings were held in all.

*Ceased to be director with effect from 30 November 1999, attended 3 out of four meetings in his tenure.

Outside Directorships or Memberships of Board Committees

SEBI A director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director.

CII No single person should hold directorships in more than 10 listed companies. This ceiling excludes directorships in subsidiaries or associate companies.

Table 2 gives the outside directorships held by the directors of Bajaj Auto. The number of board committee memberships and chairmanships held by directors was well within the limits of 10 and 5 respectively.

TABLE 2 | Outside Directorship | 1999-2000

Name of director	in listed companies	in public limited companies
Rahul Bajaj	3	4
D.S. Mulla	8	12
Viren J. Shah*	1	1
Kantikumar R. Podar	6	7
Atul C. Kirloskar	7	16
Shekhar Bajaj	3	8
Madhur Bajaj	3	7
D.J. Balaji Rao	1	1
D.S. Mehta	5	14
J.N. Godrej	4	19
S.H. Khan	3	5

Note: *Ceased to be director with effect from 30 November 1999.

Information supplied to the board

The board of Bajaj Auto is presented with all the relevant and necessary information at their meetings, such as production, sales and capital expenditure budgets, review of product-wise and plant-wise business, staff matters including senior appointments and extensions, any legal proceedings by or against the company, foreign tours of whole-time directors, share transfer and demat compliance, quarterly financial results, details of any joint venture arrangements, etc.

SEBI Similar to the CII recommendation given below.

CII In the interest of good corporate governance, certain key information must be placed before the board and must form part of the agenda papers. This includes annual operating plans, budgets, internal audit reports, litigation, safety and pollution problems, loan defaults, appointment and removal of senior management personnel, labour problems, etc.

Composition of the board

As on date, Bajaj Auto has a board consisting of 10 directors. Mr. Viren J. Shah resigned with effect from 30 November 1999 to become the Governor of West Bengal. Six of the 10 directors are independent. Hence, the board of Bajaj Auto complies with the SEBI and the CII code. Moreover, the company has no nominee director from any bank or financial institution. Table 3 gives the data.

SEBI The board of directors shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board comprising non-executive directors. In case the board has a non-executive chairman, at least one-third of the board should comprise independent directors; and in case of an executive chairman, at least half of the board should comprise independent directors.

CII The company should have professionally competent and acclaimed non-executive directors who should constitute at least 30 per cent of the board if the chairman is a non-executive director, and at least 50 per cent of the board if the chairman and managing director is the same person.

TABLE 3 Composition of the Board of Directors | 1999-2000

Name of director	Promoter, executive, non-executive, independent*	Materially significant pecuniary or business relationship with the company
Rahul Bajaj	Promoter, executive	Not applicable Chairman and Managing Director
D.S. Mulla	Non-executive, independent	None
Viren J. Shah**	Non-executive	Joint venture with the Bajaj family in Mukand
Kantikumar R. Podar	Non-executive, independent	None
Atul C. Kirloskar	Non-executive, independent	None
Shekhar Bajaj	Promoter, non-executive	Director of vendor company
Madhur Bajaj	Promoter, executive, President	Not applicable
D.J. Balaji Rao	Non-executive, independent	None
D.S. Mehta	Executive	Not applicable
J.N. Godrej	Non-executive, independent	Director of vendor company but not materially significant
S.H. Khan	Non-executive, independent	None

Notes:

* According to SEBI, 'Independent Director' means a director who apart from receiving director's remuneration does not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the judgement of the board may affect independence of judgement of the director.

** Ceased to be a director with effect from 30 November 1999.

The business relationship of non-executive directors vis-a-vis the company is given in Table 3. It should be mentioned that Shekhar Bajaj and J N Godrej are, respectively, directors and shareholders of Bajaj Electricals Limited and Godrej & Boyce Manufacturing Company Limited. Both these are vendor companies of Bajaj Auto.

SEBI All materially relevant pecuniary relationship or transactions of the non-executive directors vis-a-vis the company should be disclosed in the annual report.

CII No specific comment.

Remuneration of directors

SEBI Remuneration of non-executive directors shall be decided by the board of directors. The following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the annual report:

- ▼ All elements of remuneration package of all directors, i.e. salary, benefits, bonuses, stock options, pension etc.
- ▼ Details of fixed component and performance linked incentives, along with the performance criteria.
- ▼ Service contracts, notice period, severance fees.
- ▼ Stock option details, if any — and whether issued at a discount, as well as the period over which accrued and over which exercisable.

CII No specific recommendation.

Table 4 gives full details of remuneration paid to each director. It also gives the relationships of the directors, where applicable. During 1999-2000 the company did not advance any loans to any of the directors.

Bajaj Auto does not have any pension plans in its package of remuneration for directors. The perquisites of the managing director and the president, however, include superannuation benefit under which these two directors are entitled to an annuity from LIC on their retirement.

There are no performance-linked incentives payable to any of the directors. At present, the company does not have any stock option plan as a part of remuneration package for any director.

Bajaj Auto has entered into agreements with its managing director and other whole-time directors, which cover their respective tenures, and lay down detailed terms of appointment.

TABLE 4 Remuneration Paid/Payable to Directors, and Relationship | 1999-2000

Director	Relationship with other directors	Sitting fees	Salaries and perquisites	Commission	Total Rupees
Rahul Bajaj	Cousin of Shekhar Bajaj & Madhur Bajaj	—	2,362,867	1,200,000	3,562,867
D.S. Mulla	None	18,000	—	180,000	198,000
Viren J. Shah*	None	6,000	—	60,000	66,000
Kantikumar R. Podar	None	6,000	—	60,000	66,000
Atul C. Kirloskar	None	10,000	—	100,000	110,000
Shekhar Bajaj	Cousin of Rahul Bajaj and Brother of Madhur Bajaj	10,000	—	100,000	110,000
Madhur Bajaj	Cousin of Rahul Bajaj & Brother of Shekhar Bajaj	—	1,268,755	480,000	1,748,755
D.J. Balaji Rao	None	16,000	—	160,000	176,000
D.S. Mehta	None	—	1,155,703	—	1,155,703
J.N. Godrej	None	14,000	—	140,000	154,000
S.H. Khan	None	12,000	—	120,000	132,000

Note: *: Ceased to be a director with effect from 30 November 1999

Three relatives of directors are employees of Bajaj Auto. These are:

1. Rajiv Bajaj, son of Rahul Bajaj, who is Vice President (Products). He was paid Rs. 1,002,834 as salary and perquisites for the year 1999-2000.
2. Sanjiv Bajaj, son of Rahul Bajaj, who is General Manager (Corporate Finance). He was paid Rs. 731,152 as salary and perquisites for the year 1999-2000.
3. Neelima Bajaj, daughter of Madhur Bajaj, who is Assistant Manager (Marketing Services). She was paid Rs. 110,908 as salary and perquisites for the year 1999-2000.

Remuneration Committee

Bajaj Auto does not have a formal remuneration committee. However, all decisions regarding the remuneration of executive and non-executive directors are taken by the entire board of directors. As of now, non-executive directors are paid sitting fees at the rate of Rs.2,000 for each meeting of the board or board-level committee attended by them.

In addition, with the approval of Central Government and shareholders, all non-executive directors are remunerated with a commission on net profits. This is based on their attendance in board and committee meetings held during the year. The board of directors of Bajaj Auto has put a cap of Rs.1.2 million per year on such commission, which is well below the statutory ceiling of 1 per cent of net profits.

SEBI In part mandated, and in part treated as a voluntary.

CII. No recommendation.

The remuneration of the managing director and other whole-time directors is fixed by the board, subject to ceilings mandated under Schedule XIII to the Companies Act, 1956, and also subject to the approval of shareholders in the annual general meeting. Further, when the remuneration of any whole-time director is being discussed or decided in a board meeting, the concerned director neither participates in the discussion, nor votes on the resolution. In such instances, their presence is not counted for the purpose of quorum.

Audit Committee

SEBI A qualified and independent audit committee shall be set up and:

- ▼ The audit committee shall have minimum three members, all being non-executive directors, with the majority of them being independent, and at least one director having financial and accounting knowledge.
- ▼ The chairman of the committee shall be an independent director.
- ▼ The chairman shall be present at the annual general meeting to answer shareholder queries.
- ▼ The audit committee should invite such of the executives as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, head of internal audit and when required, a representative of the external auditor shall be present as invitees for the meetings of the audit committee.
- ▼ The company secretary shall act as the secretary to the committee.
- ▼ The audit committee shall meet at least thrice a year. One meeting shall be held before finalisation of annual accounts

and one every six months. The quorum shall be either two members or one-third of the members of the audit committee, whichever is higher, and minimum of two independent directors.

- ▼ The audit committee shall have various powers such as investigating any activity, seeking information from employee etc., as detailed in the relevant clause of the listing agreement, and it shall play the accounts-and-audit related role as described in such an agreement.

CII Listed companies with either a turnover of over Rs.100 crores or a paid-up capital of Rs.20 crores—whichever is less—should set up Audit Committees within two years.

- ▼ Audit Committees should consist of at least three members, all drawn from a company's non-executive directors, who should have adequate knowledge of finance, accounts and basic elements of company law.
- ▼ To be effective, members of Audit Committees must be willing to spend more time on the company's work vis-à-vis other non-executive directors.
- ▼ Audit Committees should assist the board in fulfilling its functions relating to corporate accounting and reporting practices, financial and accounting controls, and financial statements and proposals that accompany the public issue

of any security—and thus provide effective supervision of the financial reporting process.

▼ Audit Committees should periodically interact with the statutory auditors and the internal auditors to ascertain the quality and veracity of the company's accounts as well as the capability of the auditors themselves.

▼ For Audit Committees to discharge their fiduciary responsibilities with due diligence, it must be incumbent upon management to ensure that members of the committee have full access to financial data of the company, its subsidiary and associated companies, including data on contingent liabilities, debt exposure, current liabilities, loans and investments.

Bajaj Auto has had an audit committee since 1987. The present committee consists of three directors: D.S. Mulla (chairman), D.J. Balaji Rao and J.N. Godrej, all of whom are independent directors. Mr. Balaji Rao has a strong financial and accounting background. The meetings of the audit committee are attended by other senior executives, namely, general manager (finance), general manager

(corporate finance) and senior manager (internal audit).

The company secretary acts as secretary to the committee.

During the year under review, the audit committee of the company met twice — on 11 May 1999 and 21 January 2000. The meeting on 11 May 1999 considered the audited annual accounts of the company for the year 1998-99 before adoption by the board. Both meetings were attended by all three members. It is proposed to increase the frequency of the committee meetings during the forthcoming year, so that at least three meetings are held in a year.

Apart from considering the audited annual accounts on 11 May 1999, the audit committee focused its attention on other topics. Some of these were: the level of outstandings of company's dealers, internal control systems at the company's new plant at Chakan, preparations for Y2K compliance and matters concerning inter-corporate deposits and investments.

Management discussion and analysis

This information is set out in a separate section included in this annual report.

SEBI A management discussion and analysis report should form part of the annual report. It should include matters such as industry structure and developments, opportunities and threats, segment-wise and product-wise performance, outlook, risks and concerns, etc.

CII No comments.

Disclosures by management to the board

SEBI Disclosures must be made by the management to the board with regard to all material financial and commercial transactions, where they have personal interest, which may have a potential conflict with the interest of the company at large.

CII No specific comments.

Among the materially significant related-party transactions are contracts or arrangement made by the company from time to time with other directors or interested companies.

For the year 1999-2000, these include the purchases of goods and services made by Bajaj Auto from (i) Bajaj Electricals Limited, (ii) Godrej and Boyce Manufacturing Company Limited, and (iii) Hind Musafir Agency Private Limited. All these contracts or arrangements are entered in a Register of Contracts under section 301 of the Companies Act, 1956, and the register is placed before every board meeting. Regarding the travel facilitation services availed from Hind Musafir Agency Private Limited, necessary Government approval has also been obtained, which is valid up to 31 December 2000.

Disclosure regarding appointment or re-appointment of directors

No new director is proposed to be appointed in the 55th Annual General Meeting of Bajaj Auto. D.S.Mulla and D.J.Balaji Rao are retiring by rotation, and are eligible for reappointment. Their brief particulars are:

D S Mulla, B.Sc Engineering (London University) is a Chartered Engineer of the UK and a Fellow of the Institute of Engineers of India. He has been on the board of directors of Bajaj Auto since 1970. He has extensive industry experience, and has been a consulting engineer and technical advisor to a number of machine tool and other engineering undertakings. He has also served as a consultant on the advisory committees of various banks and financial institutions, and on government bodies and panels. D.S.Mulla presently holds directorships/committee memberships in the following listed companies:

- ▼ Bajaj Auto Limited
- ▼ Balkrishna Industries Limited
- ▼ Graham Firth Steel Products (India) Limited
- ▼ Hindustan Hardy Spicer Limited
- ▼ Mukand Limited
- ▼ Mukand Engineers Limited.

D.J.Balaji Rao, B E (Mechanical) and Post Graduate Diploma holder in Industrial Engineering, has had extensive experience in various engineering companies such as Kamani Engineering Corporation and Associated Cement Company. He had a long career in various positions in ICICI and recently retired as managing director of Infrastructure Development Finance Company Limited. He presently holds directorships/committee membership in the following listed companies:

- ▼ Bajaj Auto Limited
- ▼ Peerless Shipping and Offshore Services Limited.

SEBI In case of an appointment of a new director or reappointment of a director the shareholders must be provided with the following information:

- ▼ a brief resume of the director;
- ▼ nature of his expertise in specific functional areas; and
- ▼ name of companies in which the person also holds the directorship and the membership of committees of the board.

CII. No specific recommendation.

In addition, Rahul Bajaj who has been proposed for his seventh five-year tenure as managing director of the company with effect from 1 April 2000 needs no elaborate introduction. An honours graduate in economics and law with an MBA from Harvard Business School, he had the distinction of leading Bajaj Auto to its present status. He is associated with a number of trade and industry organisations at national and international levels, including having been the president of Confederation of Indian Industry twice. Presently, he holds directorships/ committee memberships in the following listed companies:

- ▼ Bajaj Auto Limited
- ▼ Bajaj Auto Finance Limited
- ▼ Maharashtra Scooters Limited
- ▼ Mukand Limited.

Madhur Bajaj's present 5-year term as President and Whole time Director will expire on 5 November 2000. His reappointment for a fresh 5-year tenure commencing from 6 November 2000 with the designation as executive director will also come up for the approval of shareholders in the forthcoming Annual General Meeting. Madhur Bajaj, is an MBA from the Institute of Management Development, Lausanne, Switzerland. He took charge of Waluj (Aurangabad) plant of Bajaj Auto in 1988. He shifted to Pune effective from 1 July 1995. Presently he holds Directorship in the following listed companies.

- ▼ Bajaj Auto Limited
- ▼ Bajaj Auto Finance Limited
- ▼ Maharashtra Scooters Limited
- ▼ Bajaj Electricals Limited.

Communicating to shareholders through web-site

Bajaj Auto has its own web-site and all the vital information relating to the company and its performance is immediately put on the web-site for the benefit of the public at large. The company's web-site address is www.bajajauto.com.

SEBI. Information like quarterly results, presentation made by companies to analysts shall be put on company's web-site, or shall be sent in such a form so as to enable the stock exchange on which the company is listed to put it on its own web-site.

CII. No comments.

Investor grievances

Bajaj Auto has not formed any formal committee to look into investors' grievances. However, the share department of the company, under the supervision of the company secretary (who is also appointed as compliance officer) attends to any such queries or grievances from shareholders and investors in such matters. Moreover, all matters pertaining to investors, including their grievances and redress, are placed before the board of directors at its meetings.

During 1999-2000, Bajaj Auto received 23 shareholder/investor complaints through SEBI and two through the Department of Company Affairs/Registrar of Companies.

SEBI A board committee under the chairmanship of a non-executive director shall be formed to specifically look into the redressing of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. This committee shall be designated as 'Shareholders/Investors Grievance Committee'.

CII No specific recommendation for a committee.

Some of these were unrelated to the company. Even so, every one of these were looked into and fully resolved. Action taken by the company regarding each complaint was promptly intimated to SEBI and the Department of Company Affairs.

Share transfers

The power of share transfer has been delegated to the managing director of the company, and all transfers received are processed and approved on a weekly basis. In a period of long absence of managing director from company's headquarters, D.S. Mulla, an independent non-executive director, has been authorised to exercise these powers. Bajaj Auto has not appointed any registrar or share transfer agents.

SEBI To expedite the process of share transfers the board of the company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.

CII No recommendation.

Information on general body meetings

The last three annual general meetings of the company were held at the registered office of the company at Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time:

- ▼ 52nd AGM 26/7/1997, 12.15 p m
- ▼ 53rd AGM 25/7/1998, 11.30 a m
- ▼ 54th AGM 17/7/1999, 11.15 a m



Postal ballot

As of now, there is no enabling provision in the Companies Act by which shareholders who are unable to attend a meeting can cast their votes by postal ballot. As and when any such provision is incorporated, Bajaj Auto will review the matter, decide whether and to what extent postal ballot system should be adopted, and make appropriate amendments in the articles of association of the company if deemed necessary.

SEBI Shareholders who are unable to attend the meetings should be in a position to vote by postal ballot for key decisions such as alteration to memorandum of association, sale of an undertaking, etc. This is a non-mandatory requirement.

CII No comments.

Details of non-compliance

There was no non-compliance during the last three years by Bajaj Auto on any matter related to capital markets. Consequently, there were no penalties imposed nor strictures passed on the company by stock exchanges, SEBI or any statutory authority.

SEBI Details of non-compliance by the company, including penalties and strictures imposed by stock exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years must be disclosed to shareholders.

CII No specific comments, except that serious defaults and non-compliance must be disclosed to the board.

Circulation of half-yearly results

Results of the second quarter, which contain cumulative figures for the first half of the financial year, are advertised by Bajaj Auto in a large number of newspapers to ensure wide national circulation.

SEBI The half-yearly declaration of financial performance including summary of the significant events in last six-months should be sent to each household of shareholders. This is a non-mandatory recommendation.

CII No comments.

Report on corporate governance

This section of the report — together with the information given under 'Management Discussion and Analysis' and 'Additional Shareholder Information' — constitutes a detailed compliance report on corporate governance during 1999-2000. Bajaj Auto has been doing this for two consecutive years.

SEBI There shall be a separate section on corporate governance in the annual reports of company, with a detailed compliance report on corporate governance. Non-compliance of any mandatory requirement with reasons, and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted.

CII Has been voluntarily inducing listed companies to have a detailed corporate governance section in their annual report.

Auditor's certificate on corporate governance

This provision of the SEBI code will become applicable to Bajaj Auto for the year 2000-01, and must be reflected in next year's annual report. The company has already begun the process of implementation of corporate governance standards that adhere to SEBI's guidelines and, on occasions, go beyond them. As required, next year will see a detailed compliance certificate, duly certified by the company's statutory auditor.

SEBI There should be an auditor's certificate on corporate governance accompanying every annual report, as an annex to the Directors' Report.

CII Major Indian stock exchanges should gradually insist upon a compliance certificate signed by the CEO and the CFO of the listed company.



shareholder information

Annual General Meeting

Date 29 July 2000
 Time 12:15 p.m.
 Venue Registered office at Mumbai-Pune
 Road, Akurdi, Pune 411035

Dates of Book Closure

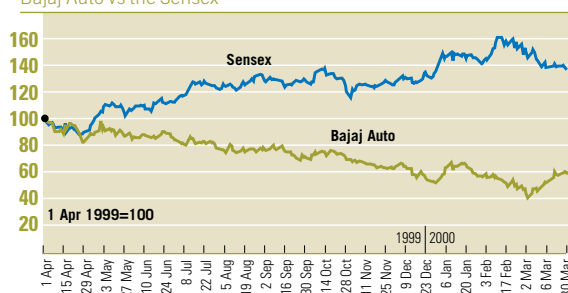
18 July 2000 to 29 July 2000, both days inclusive

Date of Dividend Payment

The board of directors had a meeting on 14 March 2000, where it announced an interim dividend for 1999-2000 at the rate of Rs.10 per share. All eligible shareholders recorded as on 13 April 2000 were paid this dividend on 26 April 2000. This interim dividend will be treated by the board of directors as the dividend payable for 1999-2000, upon declaration by shareholders at the ensuing annual general meeting.

CHART A

Stock Performance of Bajaj Auto Bajaj Auto vs the Sensex



* Source: Depository receipt activity report from Deutsche Bank.

TABLE 1 Monthly highs and lows of Bajaj Auto Shares | IN RUPEES

	on BSE		on NSE		on London Stock Exch (GDRs)*	
	High	Low	High	Low	High	Low
Apr-99	650.00	515.00	650.00	504.00	792.40	736.90
May-99	625.00	517.00	629.35	511.00	776.90	706.77
Jun-99	578.00	532.00	577.95	527.00	772.12	701.78
Jul-99	573.00	490.00	570.00	491.00	734.46	561.82
Aug-99	518.00	471.00	512.65	471.10	596.95	521.64
Sep-99	517.90	432.05	519.00	428.00	580.10	435.01
Oct-99	490.00	434.00	490.00	432.00	586.98	469.04
Nov-99	448.00	394.20	445.90	385.20	532.14	485.32
Dec-99	430.00	325.30	425.00	328.00	537.36	391.45
Jan-00	437.00	341.00	435.00	340.00	528.16	433.34
Feb-00	382.00	295.00	384.90	292.15	468.28	381.85
Mar-00	399.95	256.70	405.00	260.20	456.96	336.85

Stock Exchanges

Shares of Bajaj Auto Limited are listed on the Pune, Mumbai (The Stock Exchange, Bombay), Delhi and the National Stock Exchange. Global Depository Receipts (GDRs) of the company are listed on the London Stock Exchange.

Stock Code

1. The Stock Exchange, Bombay (BSE): 490
2. Reuters: BJAT.BO
3. Bloomberg: BJA IN
4. ISIN-INE118A01012

Stock Price Data

Table 1 gives the monthly highs and lows of Bajaj Auto's shares on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), and of its GDRs on the London Stock Exchange.

Chart A compares Bajaj Auto's daily closing prices at the Bombay Stock Exchange with the BSE Sensex.

Registrars and Transfer Agents

Bajaj Auto has no external registrar or share transfer agent. All such work is done in-house at the registered office of the company.

Share Transfer System

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The total number of shares transferred in the physical (non-dematerialised) segment during 1999-2000 was 4,214,963 compared to 10,610,810 in 1998-99.

Distribution of Shares

Tables 2 and 3 and Charts B and C give details about the shareholding pattern and the distribution of Bajaj Auto's shares.

Dematerialisation of Shares

During the year under review 13.52 million shares were dematerialised. This has increased the demat level of Bajaj Auto's shares at the National Securities Depository Limited (NSDL) from 31.6 million shares (26.5 per cent of the total) as at 11 May 1999 to 45.12 million (37.8 per cent) as at 31 March 2000. NSDL has ranked Bajaj Auto as one of the top ten performers in terms of timely disposal of the demat requests.

The company has also entered into an agreement with the other depository, namely the Central Depository Services of India Limited (CDSL), and

TABLE 2 | Shareholding pattern | 31 MAR 2000

	Number of shares	%
Promoter and associates	50921843	42.65
Foreign institutional investors	11996371	10.05
Public financial institutions	8159601	6.83
GDRs	6514014	5.46
Mutual funds	1015870	0.85
Nationalised and other banks	956534	0.80
NRIs and OCBs	609560	0.51
Others	39217021	32.85
Total	119390814	100.00

TABLE 3 | Distribution of Shareholding

Number of shares as on 31 March 2000	Number of shareholders	Shares held in each class
1 to 100	23058	1257530
	50.75%	1.05%
101 to 500	14034	3390206
	30.89%	2.84%
501 to 1000	3282	2327413
	7.22%	1.95%
1001 to 5000	3626	7863504
	7.98%	6.59%
5001 to 10000	678	4718597
	1.49%	3.95%
10001 & above	758	96480233
	1.67%	80.81%
In transit in NSDL system	1	3353331
		2.81%
Total	45437	119390814
	100.00%	100.00%

CHART B |

Shareholding Pattern

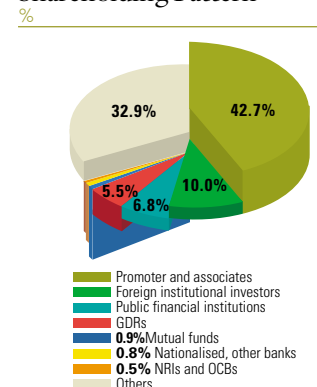
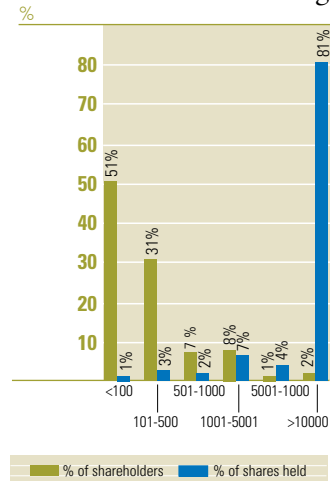


CHART C |

Distribution of Shareholding



has gone live on the CDSL system from 25 April 2000. Shareholders now have the choice to dematerialise their shares through either NSDL or CDSL.

GDRs

In November 1994, Bajaj Auto had issued 4,342,676 GDRs at the rate of one GDR equal to one share. In 1997-98, 2,171,338 bonus GDRs were issued in the proportion of one bonus GDR for every two GDRs held. So far, none of the GDR holders has withdrawn from the depository.

Plant Location

Bajaj Auto's plants are located at :

- 1) Mumbai-Pune Road, Akurdi, Pune 411035
- 2) Bajaj Nagar, Waluj, Aurangabad 431136
- 3) MIDC, Plot No A1, Mahalunge Village, Chakan 410501

Investor Correspondence

Shareholders can correspond at the registered office of the company at Akurdi, Mumbai-Pune Road, Pune 411035. The e-mail address is: *all@bajajauto.co.in*. The company also has a website: *www.bajajauto.com*



bajaj auto highlights

		Rs in millions			
	1999-2000	1998-99	1997-98	1996-97	1995-96
Income					
Sales and Other Income	42,156	39,072	35,041	34,541	29,320
Gross Profit after Interest but before Depreciation & Tax	9,705	8,912	8,327	7,949	6,688
Net Profit	6,349	5,528	4,626	4,400	4,168
Dividends & Corporate Dividend Tax	1,325	1,060	1,051	876	796
Assets Employed					
Net Fixed Assets	11,143	9,218	6,829	6,039	5,597
Technical Know-how	4	7	7	10	12
Investments	19,524	14,591	11,432	9,944	6,802
Net Working Capital	6,327	6,698	5,496	3,753	3,723
Total	36,998	30,514	23,764	19,746	16,134
Financed by					
A. Borrowed Funds					
(i) Cash Credit & Commercial Paper	1,016	411	127	72	104
(ii) Debentures	-	-	148	149	149
(iii) Foreign Currency Loans	-	-	-	-	35
(iv) Sales Tax Deferral	3,864	2,996	2,202	1,739	1,485
(v) Others	77	90	105	179	278
Total	4,957	3,497	2,582	2,139	2,051
B. Shareholders' Funds					
(i) Shareholders' Investment	52	52	52	52	52
(ii) Bonus shares	1,142	1,142	1,142	744	744
(iii) Reserves	30,847	25,823	19,988	16,811	13,287
Total	32,041	27,017	21,182	17,607	14,083
Others					
Gross Fixed Assets	21,216	18,023	15,725	13,603	12,183
Contribution to Country's Exchequer	7,403	7,538	7,107	6,959	6,223
Exports	1,378	1,584	1,408	1,582	1,895
Employee Cost	2,347	2,309	2,198	1,986	1,727

bajaj auto highlights | (CONTD.)

		1999-2000	1998-99	1997-98	1996-97	1995-96
Production						
Two-wheelers	Nos.	1,259,248	1,202,150	1,161,743	1,256,833	1,151,523
Three-wheelers	Nos.	173,223	179,615	192,739	182,341	150,508
Employees						
	Nos.	17,213	18,585	18,589	21,273	22,891
Equity Shares Data						
Sales & other income per equity share	Rs.	353	327	293@	434	368
Earnings per equity share	Rs.	53	46	39@	55	52
Cash earnings per equity share	Rs.	65	57	51@	70	62
Book value of equity share	Rs.	268	226	177@	221	177
Market Price: Bombay Stock Exchange						
(a) High	Rs.	650	690	969	1121	876
(b) Low	Rs.	257	483	474@	661	602
Dividend	%.	100	80	80@	100	100
Dividend Cover (including Corporate Dividend tax)	Times	4.8	5.2	4.4	5.0	5.2
Ratios						
<u>Gross Profit</u>	%	23.02	22.81	23.77	23.01	22.81
<u>Sales and Other Income</u>						
<u>Net Profit</u>	%	19.82	20.46	21.84	24.99	29.60
<u>Net Worth</u>						
<u>Net worth</u>	%	59	59	58	59	57
<u>Total Assets</u>						
<u>Long term Debt</u>	Times	0.12	0.11	0.11	0.11	0.12
<u>Net worth</u>						

@ After bonus issue in the ratio of 1:2.



directors' report

1. Introduction

- 1.1 The directors present their fifty-fifth annual report and the audited statements of accounts for the year ended March 31, 2000.
- 1.2 The total vehicle sales were fractionally lower at 1.412 million units during the year under review as against 1.423 million units last year, which has so far been the highest ever performance.

2. Operations

	1999-2000 (Nos.)	1998-1999 (Nos.)
2.1 Production		
a) Scooters	757,965	790,066
out of which ckd packs	(164,447)	(167,464)
b) Motorcycles	254,847	194,039
out of which ckd packs	(1,420)	(785)
c) Scooterettes	69,475	38,211
out of which ckd packs	(nil)	(15)
d) Step- thru's	176,961	179,834
out of which ckd packs	(1,000)	(1,800)
e) Three-wheelers	173,223	179,615
out of which ckd packs	(138)	(1,804)
Total	1,432,471	1,381,765

3. Financial Results

	1999-2000 Rs in Millions	1998-1999 Rs in Millions
Sales and other income	42,156	39,072
Gross profit before interest and depreciation	9,746	8,958
Interest	41	46
Profit before depreciation	9,705	8,912
Depreciation	1,453	1,327
Profit before taxation	8,252	7,585
Provision for taxation	2,115	2,180
Balance profit	6,137	5,405
Disposable surplus after adjustment for earlier years	6,348	5,528
Transfer to contingency reserve	—	18
Proposed / interim dividend (inclusive of dividend tax)	1,325	1,060
Balance carried to general reserve	<u>5,023</u>	<u>4,450</u>

- 3.1 The earning per share for the year 1999-2000 was Rs. 53.17 and cash earning per share was Rs.65.35 as against Rs.46.31 and Rs.57.42 respectively for the previous year.

4. Dividend

- 4.1 At their meeting held on March 14, 2000, the directors announced an interim dividend at Rs.10/- per share (i.e. 100%) for the year 1999-2000. The interim dividend was paid to all the shareholders in April 2000. The amount of dividend and the tax thereon at 11% aggregated to Rs.1,325 million. The directors do not recommend any additional dividend and the interim dividend already paid should be taken as final dividend for the year ended March 31, 2000.

5. Buy-Back of Shares

- 5.1 The directors at their meeting held on March 28, 2000, decided to buy back, subject to the approval of shareholders, around 18 million equity shares representing approximately 15% of the total number of shares comprised in the paid-up share capital of the company at a price not exceeding Rs.450 per share.
- 5.2 The main object of buy-back is to utilise a portion of the surplus cash to buy back shares at a price below its conservatively computed intrinsic value. This offers a reasonably attractive exit option to those shareholders wishing to do so while ensuring that the buy-back price is value enhancing to those shareholders who prefer to retain ownership of their stock.
- 5.3 The buy-back proposal is being placed before the shareholders for their approval in the annual general meeting. The directors will thereafter take appropriate decisions on the method of buy-back and the time-table for the same.

6. Expansion

- 6.1 The third manufacturing plant of the company at Chakan near Pune was inaugurated on 20 October 1999. In the current year the plant will manufacture Saffire, Sunny Spice, Spirit and Pulsar.
- 6.2 The first phase of the capacity creation at Chakan of 300,000 vehicles per year is likely to be completed in 2000-2001. The second phase envisages an additional capacity of 420,000 vehicles per year.
- 6.3 Akurdi and Waluj plants already have an annual capacity of one million units each.

7. Competition and Market Share

- 7.1 The company recognises the changing market preference from scooters to motorcycles and has taken appropriate steps to align its product portfolio and manufacturing capacities with the same. The market shares in the individual product segments have undergone marginal changes with an overall drop from 38.92% to 34.99%
- 7.2 In the three wheeler segment, the company has taken steps to develop environment friendly 4 stroke, petrol, diesel and alternative fuel vehicles. The CNG powered RE autorickshaw has recently received the ARAI certification and was cleared by Delhi RTO authorities for registration. The company plans to introduce this vehicle in the Delhi market soon.

8. Research & Development and Technology Absorption

- 8.1 From April 1, 2000 began the new era of stringent emission norms for vehicles as notified by the Central Government. All products of the company comfortably meet these norms – while 2-stroke vehicles were fitted with catalytic convertors well ahead of the April deadline, the 4-stroke products were already compliant.
- 8.2 The sophisticated 175 cc 4-stroke engine fitted on three-wheelers has been developed indigenously by the company's R & D. A patent has also been applied for adaptation of a 4-stroke engine on front engine three-wheeler.
- 8.3 The company has also developed a three wheeler with a 4-stroke engine fuelled by Compressed Natural Gas (CNG) and a pilot batch has already been manufactured, Substantial work on the development of a three-wheeler vehicle working on LPG has also been done.
- 8.4 Other new products—like the cute Sunny Spice, the irresistible Saffire, the handsome Fusion, and a highly fuel efficient 4 stroke step thru motorcycle—as well as a range of Japanese motorcycles including a new 100cc one, an upgraded Caliber, 2 sporty street bikes and the chopper type Eliminator are just being or will be launched in the current year.
- 8.5 The company continued to receive and assimilate technology inputs from its foreign partners - Kawasaki, Kubota and Tokyo R & D of Japan and Cagiva of Italy.

- 8.6 Expenditure on research and development during the year under review was :

	(Rs. in millions)	
	1999-2000	1998-1999
a. Capital	25.2	78.4
b. Recurring	316.2	236.0
c. Total research and development expenditure as a percentage of total sales, net of excise duty	1.10	1.06

9. Conservation of energy

- 9.1 The company continues to identify and implement various initiatives for the conservation of energy like the use of energy saving devices in production shops, installation of high mast lighting systems that light larger areas at lower costs than the conventional lighting equipment, utilisation of waste heat recovery from incinerators for thermic fluid heating system for paint shops, etc.
- 9.2 The company has undertaken a project for generation of wind energy at Vankusavade near Satara and is installing 56 windmills over two phases at a total investment of Rs.900 millions. The first phase of 28 windmills was completed in March 2000. The total power generated annually from both phases should exceed 350 million units and will be available to the 3 plants through the MSEB distribution network. The company is eligible to receive various state government incentives for setting up this project.

10. Foreign exchange earning & outgo

- 10.1 The year under review saw a decline in company's exports from Rs.1,584 million in 1998-99 to Rs. 1,378 million i.e.by 13%. Exports during the year consisted of 32,730 two and three wheelers (including CKD packs) as against 40,603 two and three wheelers (including CKD packs) last year.
- 10.2 Among the major export destinations, Sri Lanka, Egypt and Sudan performed consistently while adverse economic conditions affected the performance in Latin American markets. The ban on 2-stroke three wheelers in Bangladesh also contributed to the reduced volumes. The company plans to re-enter this important market with its new range of environmentally friendlier three wheelers in the current year.

directors' report

- 10.3 The total foreign exchange earned by the company during the year under review was Rs.1,430 million as against Rs.1,647 million earned during the last year.
- 10.4 The total foreign exchange outgo during the year under review was Rs.2,358 million towards import of raw materials, components, machinery spares, capital equipment and other expenditure, as against Rs. 2,621 million during the last year. An amount of Rs. 52 million was paid to ICICI as custodian of the depository for GDR holders by way of dividend for 1998-99. This amount is to be remitted to the depository for distribution among GDR holders.
- 10.5 The litigation initiated by SIAM, the company's erstwhile distributor in Italy against Piaggio and later extended by Piaggio for claiming compensation from Bajaj Auto, for alleged infringement of trademark and unfair competition, is still continuing.

11. Rural development

- 11.1 During the year, the company continued its rural development activities through Jankidevi Bajaj Gram Vikas Sanstha (JBGVS). JBGVS makes concentrated efforts for the integrated development of 25 villages in Khed and Maval Talukas of Pune district and 6 villages in Gangapur and Paithan Talukas of Aurangabad district. Stress is laid on active participation by the villagers and development of local leadership, with JBGVS acting as a catalyst. All previously reported programmes were continued during the year under review and the following were the highlights of additional activities:
- JBGVS, in association with Council for Advancement of People's Action and Rural Technology (CAPART) supported a programme for dairy development in village Saindane Thakarwadi in Khed Taluka and for watershed development in Karla area of Maval Taluka.
 - Drinking water schemes were implemented with government support in 3 villages; none of the villages where JBGVS works are now tanker-fed in summer.
 - 32 students of the College of Agriculture, Pune were attached for 6 months to 5 villages where JBGVS works for gaining practical knowledge as well as imparting modern technology to the villagers.

12. Industrial Relations

- 12.1 The wage settlement dated September 28, 1996 for daily-rated workmen at Waluj, Aurangabad expired on February 29, 2000. Industrial Court, Aurangabad has granted recognition to Bharatiya Kamgar Sena, BAL

Waluj Unit on November 3, 1999. The negotiations with the recognised union for wage and other benefits and for the company's demands for higher productivity, etc. have commenced.

- 12.2 Relations with staff and workmen at Akurdi, Waluj and Chakan plants continued to be peaceful and cordial.

13. Directors

- 13.1 Viren J Shah, your director for over 22 years resigned on November 30, 1999 consequent to his appointment as Governor of West Bengal. The directors place on record their appreciation for the services rendered by Shri Shah during his long stint with the Company.
- 13.2 D S Mulla and D J Balaji Rao retire from the board by rotation and being eligible offer themselves for reappointment.
- 13.3 Rahul Bajaj who has already served six five-year tenures with the Company has been reappointed by the board as Managing Director for the seventh five-year tenure commencing from April 1, 2000. A resolution for his appointment and remuneration as set out therein is proposed for shareholders' approval in the annual general meeting.
- 13.4 Madhur Bajaj's present 5-year term as President and Whole time Director will expire on November 5, 2000. He is being proposed for a reappointment for a further term of 5 years commencing from November 6, 2000 with the designation as Executive Director. A resolution for his reappointment and remuneration as set out therein is proposed for shareholders' approval in the annual general meeting.

14. Reconciliation of Accounts under US GAAP and IAS

- 14.1 The directors continue to review the accounts in their presentation under:
- Generally Accepted Accounting Principles (GAAP) in the US and
 - International Accounting Standards (IAS)

A statement of reconciliation of significant differences in shareholders' equity and net income as at and for the years ended on March 31, 2000 and 1999 between Indian Generally Accepted Accounting Standards (Indian GAAS), US GAAP and IAS, notes to reconciliation and an independent Accountants' Review Report are set out in this annual report.

15. Statutory Disclosures

- 15.1 A statement relating to subsidiary company, Bajaj Auto Holdings Ltd pursuant to section 212 of the Companies Act, 1956 is attached to the Balance Sheet.
- 15.2 Particulars of employees required under section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the statement attached.
- 15.3 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 paras 8, 9 and 10 above.
- 15.4 A cash flow statement for the year 1999-2000 is attached to the Balance Sheet.
- 15.5 The business systems, hardware, machines, equipment, process control and embedded systems of the company rolled over to the year 2000 smoothly and are functioning normally.

16. Corporate Governance

- 16.1 Pursuant to clause 49 added to the listing agreement with stock exchanges, a separate section titled "Corporate Governance" has been included in this annual report.

17. Auditors' Report

- 17.1 With reference to notes 10,11,13(a) and 17 to the accounts referred to by the auditors in their report to the members, the directors wish to state that the said notes are self-explanatory.

18. Auditors

- 18.1 You are requested to appoint 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,



Date : May 16, 2000

CHAIRMAN

annexure 1

Information as per section 217 (2A)(b)(ii) read with the Companies (particulars of employees) rules, 1975 and forming part of Director's report for the year ended 31st March, 2000.

S.NO	NAME	DESIGNATION/ NATURE OF DUTIES	GROSS REMUNERATION (RUPEES)	QUALIFICATIONS	AGE (YEARS)	TOTAL EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT AND DESIGNATION
1	2	3	4	5	6	7	8	9
1	Agarwal P K	Sr Manager (Sales Support)	603,719	B Tech (Elec)	55	33	20-05-1986	Auto Meters Ltd, Marketing Manager
2	Agrawal C K	Deputy General Manager (PPC)	890,677	B E (Mech), MMS	52	31	03-02-1969	—
3	Athale S M	Sr Manager (E&T - Motorcycles)	672,760	DPT,B Sc	50	27	02-11-1984	Bajaj Tempo Ltd Asst Manager
4	Bajaj Madhur	President & Wholetime Director	1,748,755	B Com, MBA	47	20	21-06-1986	Bajaj International Pvt Ltd Chief Executive
5	Bajaj Rahul	Chairman & Managing Director	3,562,867	BA (Hons.), LLB, MBA (Harvard)	62	40	01-04-1970 Stationed as Director - Managing Agents at Pune from 01-01-1965	Bajaj Tempo Ltd Dy Gen Manager
6	Bajaj Rajiv	Vice President (Products)	1,002,834	B E (Mech), M Sc (M S E)	33	9	19-12-1990	—
7	Bajaj Sanjiv	General Manager (Corporate Finance)	731,152	BE (Mech), M Sc (M S E), MBA (Harvard)	30	5	01-08-1994	—
8	Balaraman T M	Deputy General Manager (Product Engg.)	699,457	BSc (Engg), M. Tech	53	31	13-06-1992	Automotive Research Asso. of India Dy. Director R & D
9	Banerjee N K	General Manager (Corporate Affairs)	1,358,338	BA (Hons) ECON ASC (LONDON)	59	38	01-02-1993	ICI (India) Ltd Deputy General Manager (Corp Relations)
10	Basu T	Deputy General Manager (Electric Vehicles)	670,550	B Tech	55	32	15-01-1990	Jaihind Industries Ltd Manager. (Elec. Div)
11	Bhadesher A S	Sr Manager (Motorcycle Project)	742,955	LME	52	36	16-12-1984	Bajaj Tempo Ltd Asst Manager (Body Shop)
12.	Bhan Pyarelal G	Dept. Manager (ME-Toolroom)	621,699	FIE, AMIE, DME	51	29	27-12-1986	HMT Ltd Kashmir Manager
13	Bhargava R S	Deputy General Manager (Quality Control)	843,318	BE (Mech), PGDIEM	58	34	22-06-1986	Mahindra Owen Ltd Manager Planning
14	Bhargava Ramesh	General Manager (International Marketing)	1,507,694	M Sc, PGDIT	48	23	08-04-1994	Hero Motors Sr. Gen. Manager (Export)
15	Chiplonkar S J (Mrs)	Dept Mgr (Product Engg.)	635,139	BE (Elec & Tele), DBM	47	25	15-10-1993	Telco Manager (Development)
16	Chitnis A B	Deputy General Manager (Administration)	707,949	BE (Elec), BE (Mech), DBM, MIE	55	33	18-11-1977	Trinity Engineers P Ltd Plant Engineer
17	D'Sa K P	Deputy General Manager (Finance)	1,036,091	B Com, ACA, AICWA	46	21	05-09-1978	—
18	Dani S P	Sr Manager (Personnel)	655,831	MA (Soc.), MA (SW), LLB	57	33	07-06-1967	—
19	Dattawadkar S B	Sr Manager (3 Wheelers)	623,504	DME,DEE, AMIE	56	36	01-07-1973	Ammunition Factory Supervisor A Grade
20	Deshpande C Y	Deputy General Manager (Product Engg.)	631,589	BE (Mech)	48	25	17-03-1995	LML Limited Dy. General Manager
21	Deshpande S M	Sr Manager (Elect Lab)	776,927	DEE	59	37	16-03-1964	MSEB, Sub Engineer
22	Dhoot N N	Deputy General Manager (Project Mgmt)	1,178,213	DAE	59	36	01-12-1984	—
23	Ghose D	Deputy General Manager (Product Engg.)	612,523	B.Tech. (Hons)	47	25	21-10-1991	Telco, Pune Chief Development Engineer
24	Gopalkrishnan S	Deputy General Manager (Spare Parts)	645,303	B.Tech, PGDM	50	25	25-10-1996	Brakes India Ltd Manager (Parts & Services)
25	Gupta Arvind	General Manager (Mfg. Engg)	1,362,490	B.E. (Mech.) DIM	53	29	30-04-1991	Telco Pune Dy. Div. Mgr. (Projects)
26	Gupta R S	General Manager (Motorcycle Project)	1,188,310	B.E.(Mech)	58	36	02-11-1989	Telco (Jamshedpur) Dy. Divn. Manager
27	Gupta Ranjit	Vice President (Materials)	2,793,258	Inter SC, MIME, AMIPE, FIEE	57	34	19-03-1988	Maruti Udyog Ltd. General Manager
28	Hingorani N H	Vice President (Purchase)	2,188,337	B.E. (Mech)	51	28	01-03-1997	LML Ltd. Executive Director (Commercial)
29	Iyer N V	General Manager (Engg. Support)	1,378,138	B.Sc (Engg), DIIP	57	34	10-03-1997	Ashok Leyland General Manager (Prod. Engg.)
30	Jagannathan M	Sr Manager (Internal Audit)	705,487	B. Com, Inter CA	55	27	05-04-1983	VIP Industries Ltd Asst Manager Audit

annexure 1 (CONTD.)

S.NO	NAME	DESIGNATION/ NATURE OF DUTIES	GROSS REMUNERATION (RUPEES)	QUALIFICATIONS	AGE (YEARS)	TOTAL EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT AND DESIGNATION
1	2	3	4	5	6	7	8	9
31	Jain R A	Executive Director	1,563,725	B.E. (Elec), BE (Mech.)	66	41	02-08-1962	Kirloskar Pneumatic Co. Ltd. Development Engineer
32	Joshi N J	Company Secretary	1,528,072	M. Com ACS	59	39	26-12-1973	CTR Mfg. Industries Ltd. Asst. Company Secretary
33	Kachru V K	Sr Manager (Heat Treatment)	641,756	B. Sc (Met Engg)	55	32	01-06-1968	—
34	Kane Vijay A	Sr. Mgr (Veh - Scooters)	643,708	ME (Mech), DBM	50	27	30-09-1984	Gajra Gears Pvt Ltd Plant Engineer
35	Keyyath M D	PS To Managing Director	619,800	B Com, LLB, DBM	45	26	19-05-1978	The Rajabhadur Motilal Poona Mills Ltd, Sr Steno
36	Khopkar A G	Deputy General Manager(MIS)	842,046	B.E. (Mech), PGDM	45	18	29-03-1994	AL Information Technology Ltd Systems Manager
37	Kothari S N	Deputy General Manager (Materials)	922,322	B.E. (Mech.), MMS, DBM	54	30	14-07-1980	Telco Engineer, Auto Materials
38	Kulkarni S S	Deputy General Manager (Mfg.Engg--Akrudi)	917,321	B.E. (Mech.), MDBA, DME	53	30	01-12-1975	Cooper Engg. Ltd. Suptd. Machine Shop
39	Laddha G B	General Manager (Finance)	1,787,541	B.Com, AICWA	56	36	18-08-1969	Bajaj Tempo Ltd. Costing Officer
40	Mahajan M L	Deputy General Manager (Quality Control)	759,436	ME(Auto),BE(Mech),DB&IM	60	37	10-08-1984	Girnar Scooters Ltd Dy.Gen Manager (Tech)
41	Mali V D	Deputy General Manager(Mfg Engg)	688,793	DME	59	40	07-09-1984	Sandvik Asia Ltd Project Superintendent
42	Malshe K N	General Manager (Corporate)	1,307,434	B Tech PGDM	47	21	01-03-1988	Stallion Shoos Ltd Regional Manager Mktg
43	Mani L K S	PS To General Manager (Corp Affairs)	838,651	S S L C	56	37	09-04-1963	—
44	Marathe S R	General Manager (Product Engg.)	1,570,211	ME(Mech)	50	27	15-06-1990	TVS Suzuki Ltd Member R&D
45	Mehta D S	Wholetime Director	1,155,703	B Com, FCA, ACS	63	39	16-07-1986	Mukand Iron & Steel Works Ltd Secretary
46	Mengane N G	Deputy General Manager (Motorcycle, Moped & 3 Whlr. Div.)	1,015,754	D M E	55	33	16-05-1980	David Brown Greaves Ltd Shift Engineer
47	Naik M M	Deputy General Manager (Service)	747,672	B E(Mech) MMS	59	34	04-06-1973	Ruston & Hornsby (I) Ltd Asst Tool Room Engineer
48	Nair K P Dr.	General Manager (Quality Assurance)	1,162,024	BE(Mech), M Tech, Auto, MSc (Auto) P HD (Auto)	55	31	20-04-1997	Elgi Equipments Ltd Director-Technical
49	Nanda C R	Deputy General Manager (Concurrent Eng)	622,151	DIT., MSc	48	22	01-01-1997	Datar Switchgear Ltd. General Manager (CAD-CAM Systems)
50	Nulkar V G	Deputy General Manager(Export)	714,806	D M E	50	30	20-05-1981	Swastik Rubber Products Ltd Export Manager
51	Panchal D K	Sr Manager(Materials)	643,618	S S C	58	40	14-10-1959	Bajaj Tempo Ltd Foreman
52	Pandit Prakash H	Sr Manager (Central Maintenance)	653,824	DCE	54	25	05-01-1975	Shastri Const.Pvt.Ltd Site Engineer
53	Panse D V	Sr Manager (Quality Control)	783,947	B Tech	51	30	20-10-1984	Precision Bearing (I) Ltd Chief Metallurgist
54	Paranjape M B	Sr Manager (QC Services)	674,513	DME	59	37	14-11-1962	—
55	Parthasarathy B	Deputy General Manager(Costing)	760,855	B.Com, FICWA, FCS	55	34	10-11-1989	Brakes India Limited Manager(Cost Accounts)
56	Prasad B H K	Deputy General Manager (FE-Services)	676,325	BE(Mech),PGTD	51	26	27-12-1989	Hero Honda Motors Ltd Sr.Divn Manager (T/R)
57	Prasad M S H	Deputy General Manager (Machine Tool Division)	707,770	BE(Mech), BSc, MBA	53	27	29-08-1993	H M T (Hyderabad) Asst GM (Design)
58	Raghavan V S	Deputy General Manager (Corporate Finance)	993,712	B Sc, ACA, MAC I	47	20	09-03-1984	Self Employed as Chartered Accountant
59	Rao B P	General Manager (Human Resource Development)	1,478,397	B.A.,PGDPM, PGDT&D	48	24	02-05-1997	Fujitsu-ICIM Ltd Vice-President (HR)
60	Rao C H	Sr Manager (E&T - Scooters)	636,362	DME	51	30	01-01-1987	Associated Bearing Co Ltd, Asst.Manager

annexure 1 (CONTD.)

S.NO	NAME	DESIGNATION/ NATURE OF DUTIES	GROSS REMUNERATION (RUPEES)	QUALIFICATIONS	AGE (YEARS)	TOTAL EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT AND DESIGNATION
1	2	3	4	5	6	7	8	9
61	Rao P M	Deputy General Manager(Materials)	871,264	L M E	58	37	23-03-1964	Central Distributors Ltd Technical Assistant
62	Rao S P	Deputy General Manager (Product Engg.)	750,123	BE(Mech), MS(Engg)	52	28	01-01-1993	Telco Manager (Development)
63	Rao V M	General Manager (Akurdi)	1,510,830	B E(Mech), B E (Elec)	58	36	10-08-1974	David Brown Greaves Ltd Head Of Indl Engg Deptt
64	Rath P K	General Manager (Chakan)	1,704,196	B.Sc.(Hons), B.Sc.(Engg)	53	31	25-09-1996	STI India Ltd. Vice President
65	Ravichandran R L	Vice President (Business & Product Development)	2,513,483	B.Com, PGDBM	50	30	27-01-1998	TVS Suzuki Ltd. Vice-President(Marketing & Sales)
66	Rege S R	General Manager (Maharashtra Scooters Ltd)	1,338,029	BE(Mech),M Tech, MMS, MIE, MIS, ME	61	36	14-01-1985	Godrej & Boyce Mfg Co Pvt Ltd Asst Plant Manager
67	S.Narayana Prasad	Deputy General Manager (Scooter, Step-thru & 3 wheeler)	634,689	BE(Elec)	56	36	30-08-1998	BPL Refrigerations, Bangalore Gen Manager
68	Sarin V K	Dept Manager	610,643	DME	55	35	06-11-1989	Kay International Pvt Ltd Works Manager
69	Sasidharan E K	Deputy General Manager (Central Maintenance)	865,368	B Sc(Engg)(Mech)	58	34	01-11-1968	National Machinery Mfgs Jr Engr
70	Saxena Ashok	Deputy General Manager (Product Engg.)	893,027	BE(Mech)	49	26	02-03-1991	Kinetic Engg Ltd Purchase Manager
71	Sharma D K	General Manager (Production)	1,338,925	D M E	59	38	09-03-1975	Tata Exports Plant Manager Maint
72	Sharma M L	Deputy General Manager (Corporate Personal)	951,837	B Com, MA , LL B	64	43	12-04-1962	Indian Oxygen Ltd Accounts Clerk
73	Shrivastava Pradeep	Deputy General Manager (Production-Chakan)	837,375	B Tech,PGDM	40	14	25-04-1986	Tata Engineering & Locomotive Co Ltd Asst Engineer
74	Sole Sudhir W	Sr. Manager (Motorcycle Project)	855,563	BE(Mech)	50	26	20-03-1974	Vanaz Engg Ltd Jr.Engr.
75	Talapatra A S	Deputy General Manager (Tool Engineering)	760,232	L M E	54	34	02-09-1968	The Raja Bahadur Motilal Pooa Mills Ltd., (Engg Divn), Asst. Engineer
76	Thadani P B	Dept Manager (Finance)	661,701	BA, CA	41	15	01-01-1989	Maharashtra Scooters Ltd Dy Manager (Audit)
77	Tripathi C P	Vice President (Waluj)	2,547,295	B Tech, B Sc, DIIP	58	34	22-01-1996	Escorts Ltd Chief GM (Mat & Prod)
78	Upadhyaya K K	General Manager (Machine Tool Division)	1,488,535	BE(Mech)	63	36	17-06-1991	HMT Ltd (Bangalore) Chief Of Horz Boring Divn
79	Venkatachalam A R	Deputy General Manager (Prod Support)	785,577	B Tech	43	20	06-04-1998	Wipro Ltd Waluj,Aurangabad General Manager (Operations)

B) EMPLOYED FOR THE PART OF THE YEAR

1	*Bhoir J K	Sr Manager(Maint-Service)	266,502	B E (Elect)	61	37	26-08-1979	Walchandnagar Ind Ltd Asst Manager Maint
2	Chander KP	General Manager (MTD)	236,733	B.Tech (Mech)	45	23	19-01-2000	WIDIA India Ltd.Bangalore General Manager (SPM)
3	*Chopra L C	Sr.Assistant	407,779	B.Com	53	34	13-08-1965	—
4	*Gabbar Singh	Peon	356,167	Non Matric	52	30	09-08-1969	—
5	*Hongekar G L	Opn Mgr(Sp Mktg)	166,290	DME, PDAE	61	36	01-07-1964	Tech. Dev. Estt. Vehicle Wing Jr. Scientific Asst. Gr-ii
6	*Jacob C K	Sr Manager(2W Sales)	508,663	BE, PGDM	42	19	25-06-1995	Bajaj Tempo Ltd. Sr Manager (Mktg)
7	*Janak Lal	Watchman	342,135	—	54	31	26-12-1967	—
8	*John Morris	Painter	395,950	Matric	56	36	01-03-1963	—
9	*Karunakaran V	Regional Sales Manager	148,744	B.A.	38	16	15-06-1992	Usha International Ltd Sales Manager
10	*Maheshwari G	Sr Clerk	367,501	B.Com	48	26	15-09-1973	—
11	*Monga S K	Sr Assistant	406,517	B.A.	52	28	18-02-1971	—

annexure 1 | (CONTD.)

S.NO	NAME	DESIGNATION/ NATURE OF DUTIES	GROSS REMUNERATION (RUPEES)	QUALIFICATIONS	AGE (YEARS)	TOTAL EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT AND DESIGNATION
1	2	3	4	5	6	7	8	9
12	*Nair R V	Dept Mgr(Product Engg.)	41,962	B Tech, M. Design	32	7	22-03-1992	IIT, Powai, Mumbai Design Associate
13	*Prem Kumar	Mechanic	361,808	Matric	57	32	16-05-1967	—
14	*Sahasrabudhe G N	Sr.Mgr (Kaizen)	285,197	DEE, DAE, MIAE	61	36	23-07-1964	—
15	Srinivas K	Deputy General Manager (Human Resource Development)	206,319	BE (Elect), DMS	38	17	07-01-2000	Gilbert Tweed Mgmt Group Pvt Ltd Chief Executive Officer
16	*Srinivasan L K	Clerk II	316,186	B Com	48	24	05-05-1975	—
17	*Tribhuvannath	Peon	378,057	7th Std.	53	33	14-07-1966	—
18	*Verma H C	Typist Clerk - I	354,081	B Com	50	26	28-08-1973	—
19	*Walia A K	Sr.Assistant	369,995	B Sc	49	27	19-07-1972	—

* These employees have left the service

Notes :

- 1) Gross remuneration includes Salary, Bonus, Allowances, Commission, cost of other perquisites calculated on the basis of rules prescribed in this behalf by the Department of Company Affairs and Company's contribution to Provident Fund, Superannuation Fund and other Funds.
- 2) All employees have adequate experience to discharge the responsibilities assigned to them.
- 3) The nature of employment in all cases is contractual. Appointment of Rahul Bajaj is for a period of five years with effect from April 1, 1995. Appointment of Madhur Bajaj is for a period of five years with effect from November 6, 1995. Appointment of D S Mehta is for a period of five years with effect from February 6, 1998
- 4) The services of employees are terminable by either side by giving three months' notice, except employees mentioned at Sr. Nos. 35 & 43 under 'A' whose services are terminable by either side by giving one month notice.
- 5) None of the employees mentioned above is a relative of any Directors of the Company, other than Madhur Bajaj (Sr. No. 4 under 'A') who is the brother of Shekhar Bajaj, Director of the Company and Rajiv Bajaj (Sr. No. 6 under 'A') and Sanjiv Bajaj (Sr. No 7 under 'A') who are the sons of Rahul Bajaj, Chairman and Managing Director of the company.

report of the auditors to the members

We have audited the attached Balance Sheet of BAJAJ AUTO LIMITED, as at 31st March, 2000 and also the annexed Profit and Loss Account of the Company for the year ended on that date annexed thereto:

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order;
- (2) Further to our comments in Annexure referred to in paragraph 1 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 the Books of the Company;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
 - (d) In our opinion, the Profit and Loss Account and the Balance Sheet read with Note No.17 relating to non-applicability of Accounting Standard AS 15 issued by the Institute of Chartered Accountants of India, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the Accounts, read with Note No.10- relating to provision of excise duty on closing stock of finished goods as per revised guidance Note on "Accounting Treatment of Excise Duty" and Note No.11 relating to change in basis of valuation of inventories in accordance with revised Accounting Standard AS-2 "Valuation of Inventories" and its effect on year-end inventories and Profit for the year as detailed in the note, Note No.13(a) relating to the manner of disclosure of details of Investments in Schedule 7 relating to Investments annexed to the Accounts, for which approval of Government is awaited, and read together with other relevant notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2000; and
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Y. C. Amin
Partner

MUMBAI: 16th May, 2000.

Statement referred to in Paragraph 1 of the Auditors' Report of even date to the Members of BAJAJ AUTO LIMITED on the Accounts for the year ended 31st March,2000.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

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| <p>i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all the assets have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us, discrepancies noticed on such physical verification were not significant and the same have been properly dealt with in the Books of Account;</p> <p>ii) None of the fixed assets have been revalued during the year;</p> <p>iii) (a) The stocks of finished goods, stores, spare parts, raw materials, components and auto spare parts have been physically verified by the management at reasonable intervals during the year and / or at the close of the year;</p> <p>(b) As explained to us, the procedures of physical verification of Stocks referred to in (a) above followed by the management are, in our opinion, reasonable and adequate in relation with the size of the Company and the nature of its business;</p> <p>(c) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of stocks referred to in (a) above, as compared to book records and the same have been properly dealt with in the books of account;</p> <p>(d) We have examined and verified the stock verification records of the Company and also wherever necessary, we have physically verified the stocks and taken assistance from the technical staff of the Company. On the basis of such examination and verification, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year; except the changes stated in Note No.10 & 11 in Schedule 14 to the Accounts;</p> <p>iv) The rate of interest and other terms and conditions on which unsecured loans have been taken from companies listed in the register maintained under Section 301 of the Companies Act,1956, are, in our</p> | <p>v) Loans and Advances in the nature of loans given by the Company:</p> <p>(a) The rate of interest and other terms and conditions on which unsecured loans have been granted to Companies listed in the register maintained under Section 301 of the Companies Act,1956, are, in our opinion, not prima facie prejudicial to the interest of the Company. No loans, secured or unsecured, have been granted to firms or other parties listed in the said register. As explained to us, there are no companies under the same management within the meaning of Section 370(1-B) of the Companies Act,1956;</p> <p>(b) (1) A sum of Rs.47.000 Million was outstanding as on 1st April,1999 against unsecured loans repayable on demand given to Bajaj Auto Holdings Limited, the Company's wholly owned subsidiary and a further loan amounting to Rs.151.500 Million has been given during the year, total loans of Rs.137.500 Million have been demanded and received during the year. Interest is being recovered regularly;</p> <p>(2) Employees and other parties to whom loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment of interest where applicable, except in the case of certain parties for which the Company has taken legal and other reasonable steps to secure recovery of the principal and interest;</p> <p>vi) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipments and other assets and also for the sale of goods and auto spare parts;</p> |
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annexure to auditors' report

- | | |
|--|---|
| <p>vii) According to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered during the year in the register maintained under Section 301 of the Companies Act, 1956, aggregating to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials or prices at which transactions for similar goods have been made with other parties. As explained to us, there were no transactions during the year for supply of services with any party listed in above referred register;</p> | <p>xiii) According to the records of the Company, the Provident Fund dues and the Employees' State Insurance dues, wherever applicable, have been regularly deposited during the year with the appropriate authorities;</p> |
| <p>viii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials, components, auto spare parts or finished goods and necessary provision for the loss arising on the items so determined, have been made in the books of account of the Company;</p> | <p>xiv) According to the records of the Company, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable;</p> |
| <p>ix) In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the public;</p> | <p>xv) On the basis of (i) the examination of the Books of Account, (ii) the vouchers produced to us for our verification, (iii) the explanations given and representations made to us on our inquiries and (iv) the check and control relating to authorising the expenditure on the basis of contractual obligations to the employees, accepted business practices having regard to the Company's needs and exigencies, we have not come across any expenses charged to revenue, which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses;</p> |
| <p>x) In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no by-products;</p> | <p>xvi) The Company does not fall within the meaning of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985;</p> |
| <p>xi) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business;</p> | <p>xvii) In respect of the trading activities of the Company which form an insignificant part of its income, there were no damaged goods during the year.</p> |
| <p>xii) We have broadly reviewed the Books of Account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;</p> | <p style="text-align: right;">For and on behalf of
DALAL & SHAH
Chartered Accountants</p> <p style="text-align: right;">Y. C. Amin
Partner</p> |

MUMBAI: 16th May, 2000.

balance sheet | AS AT 31ST MARCH

		2000		1999
	Schedule	Rupees	Rupees	Rupees
I. Sources of Funds				
1. Shareholders' Funds				
a) Capital	1	1,193,908,140		1,193,908,140
b) Reserves & Surplus	2	<u>30,846,870,016</u>		<u>25,823,520,903</u>
			32,040,778,156	<u>27,017,429,043</u>
2. Loan Funds				
a) Secured Loans	3	1,015,826,193		410,820,636
b) Unsecured Loans	4	<u>3,940,894,688</u>		<u>3,086,138,283</u>
			4,956,720,881	<u>3,496,958,919</u>
			<u>36,997,499,037</u>	<u>30,514,387,962</u>
II. Application of Funds				
1. Fixed Assets				
a) Gross Block		20,411,482,261		17,171,866,754
b) Less: Depreciation		<u>10,323,442,917</u>		<u>8,982,862,545</u>
c) Net Block	5	10,088,039,344		8,189,004,209
d) Lease Adjustment Account-Plant & Machinery		249,963,537		177,876,264
		<u>10,338,002,881</u>		<u>8,366,880,473</u>
e) Capital Work in progress, expenditure to date (including Machinery in transit Rs. 653,634,990/- [Previous year Rs 1,284,182/-] and Expenditure during construction period Rs. NIL [Previous year Rs. 27,158,988/-])		<u>804,447,900</u>		<u>851,246,155</u>
			11,142,450,781	<u>9,218,126,628</u>
2. Technical Know-how	6		4,389,420	7,326,024
3. Investments	7		19,523,606,622	14,590,585,166
4. Current Assets, Loans & Advances				
a) Inventories		2,611,260,130		1,775,006,193
b) Sundry Debtors		1,857,986,491		2,146,638,979
c) Cash and Bank Balances		359,840,420		540,774,159
d) Other Current Assets		512,285,533		812,445,984
e) Loans and Advances		<u>18,389,424,031</u>		<u>16,695,247,740</u>
		<u>23,730,796,605</u>		<u>21,970,113,055</u>
Less: Current Liabilities and Provisions	9			
a) Liabilities		6,594,414,495		4,212,072,482
b) Provisions		<u>10,809,329,896</u>		<u>11,059,690,429</u>
		<u>17,403,744,391</u>		<u>15,271,762,911</u>
Net Current Assets			6,327,052,214	<u>6,698,350,144</u>
			<u>36,997,499,037</u>	<u>30,514,387,962</u>
Total				
Notes forming part of the Accounts 14				

As per our attached report of even date

Rahul Bajaj

Chairman & Managing Director

For and on behalf of Dalal & Shah
Chartered Accountants

D.J. Balaji Rao
D.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan
Kantikumar R. Podar
Shekhar Bajaj
J.N. Godrej

Directors

Y.C. Amin
Partner

N.J. Joshi
Secretary

Mumbai: 16th May, 2000

profit and loss account FOR THE YEAR ENDED 31ST MARCH

		2000		1999
Schedule	Rupees	Rupees	Rupees	
Income				
Sales including Excise Duty	37,051,501,389		35,269,122,910	
Other Income	5,096,526,610		3,715,164,779	
Premium on surrender of Tenancy Rights	7,500,000		87,668,577	
		42,155,527,999	39,071,956,266	
Expenditure				
Materials	19,153,298,457		17,933,858,686	
Excise Duty	6,078,289,309		5,649,340,324	
Other Expenses	7,466,279,353		6,759,659,840	
Interest	41,274,232		45,913,472	
Depreciation	1,453,067,618		1,326,996,151	
	34,192,208,969		31,715,768,473	
Less: Expenses, included in above items, capitalised	289,019,942		228,984,570	
		33,903,189,027	31,486,783,903	
Profit before Taxation		8,252,338,972	7,585,172,363	
Provision for Taxation [including Rs.3,100,000/- for Wealth tax (previous year Rs. 3,200,000/-)]		2,115,000,000	2,180,000,000	
Profit for the year		6,137,338,972	5,405,172,363	
Excess Depreciation in earlier year written back		—	1,155	
Tax adjustments relating to earlier years		239,758,045	146,229,013	
		6,377,097,017	5,551,402,531	
Expenses relating to earlier years		28,509,868	22,971,289	
		6,348,587,149	5,528,431,242	
Transfer to Contingency Reserve		—	17,500,000	
Transfer to General Reserve		5,023,349,113	4,450,740,813	
Interim Dividend - Since paid	1,193,908,140		—	
Corporate Dividend Tax thereon	131,329,896		—	
		1,325,238,036	—	
Proposed Dividend		—	955,126,512	
Corporate Dividend Tax thereon		—	105,063,917	
		—	1,060,190,429	
Balance carried to Balance Sheet		—	—	
Notes forming part of the Accounts	14			

As per our attached report of even date

Rahul Bajaj

Chairman & Managing Director

For and on behalf of Dalal & Shah
Chartered Accountants

D.J. Balaji Rao
D.S. Mulla
D.S. Mehta
Madhur Bajaj

Directors

Y.C. Amin
Partner

N.J.Joshi
Secretary

S.H. Khan
Kantikumar R. Podar
Shekhar Bajaj
J.N. Godrej

Mumbai: 16th May, 2000

Schedule 1 Share Capital

As at
31 st March 1999

	Rupees	Rupees
Authorised:		
150,000,000 Equity Shares of Rs. 10 each	1,500,000,000	1,500,000,000
Issued:		
119,390,814 Equity Shares of Rs 10 each	1,193,908,140	1,193,908,140
Subscribed:		
119,390,814 Equity Shares of Rs 10 each	1,193,908,140	1,193,908,140
Total	1,193,908,140	1,193,908,140

Notes

- Includes **114,174,388** Equity Shares of Rs 10/- each allotted as fully paid Bonus Shares by way of capitalisation of Share Premium Account and Reserves.
- Includes **4,342,676** Shares issued by way of Euro Equity Issue represented by Global Depository Shares evidencing Global Depository Shares at a price of **U.S.\$ 25.33** per Share (inclusive of premium).

Schedule 2 Reserves and Surplus

As at
31 st March 1999

	Rupees	Rupees	Rupees
Debenture Redemption Reserve:			
As per last account		—	71,300,000
Less: Transferred to General Reserve		—	71,300,000
		—	—
Security Premium Account (Share Premium Account):			
As per last account		2,892,103,727	2,892,103,727
Contingency Reserve:			
As per last account	17,500,000		—
Set aside this year	—		17,500,000
		17,500,000	17,500,000
General Reserve:			
As per last account	22,913,917,176		17,024,897,893
Add: Debenture Redemption Reserve, transferred	—		71,300,000
Add: Excess on recomputaion of depreciation	—		1,366,978,470
Set aside this year	5,023,349,113		4,450,740,813
		27,937,266,289	22,913,917,176
Total		30,846,870,016	25,823,520,903

Schedule 3 Secured Loans

As at
31 st March 1999

	Rupees	Rupees	Rupees
3,509,968 16% Secured Non-Convertible Redeemable Debentures of Rs. 100 each, to be redeemed after seven years i.e. on 31st December, 1998 [see note 9]	—		350,996,800
Less:			
(i) 176,853 16% (Previously 15%) Debentures repurchased but not cancelled, to be reissued	—		17,685,300
(ii) 2,241,643 16% (Previously 15%) Debentures redeemed on the date of redemption on exercise of an option by Debentureholders	—		224,164,300
(iii) 408,799 16% (Previously 15%) Debentures redeemed on non-exercise of any option by Debenture holders (including 22,736 Debentures pending surrender of Debenture Certificates by Debentureholders)	—		40,879,900
	—		282,729,500
	—		68,267,300
Add: 743,531 16% Debentures re-issued (including 566,678 16% Debentures out of the Debentures redeemed as above)	—		74,353,100
	—		142,620,400
Less: 16% Debentures repurchased during the year NIL [Previous year 51,821]	—		5,182,100
	—		137,438,300
Less: Redeemed during the year	—		137,438,300
			—
From Banks, against hypothecation of Stores, Raw Materials, Finished Goods, Stock in Process and Book Debts		1,015,826,193	410,820,636
Total		1,015,826,193	410,820,636

Schedule 4 Unsecured Loans

As at
31 st March 1999

	Rupees	Rupees
Sales Tax Deferral Liability under Package Scheme of Incentive 1983, 1988 and 1993	3,863,553,673	2,996,467,878
Fixed Deposits	77,341,015	89,670,405
Total	3,940,894,688	3,086,138,283

Schedule 5 Fixed Assets

Particulars	Gross Block (a)				Depreciation					Net Block	
	As at 31st March, 1999	Additions	Deductions and Adjustments	As at 31st March, 2000	Upto 31st March, 1999	Adjustments on Recomputation	Deductions and Adjustment	For the year (e)	Upto 31st March, 2000	As at 31st March, 2000	As at 31st March, 1999
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land Freehold	7,408,820	9,645,000	(f)	17,053,820	—	—	—	—	—	17,053,820	7,408,820
Land Leasehold (b)	384,349,757	—	4,205,728	380,144,029	—	—	—	—	—	380,144,029	384,349,757
Building (c)	1,368,390,866	499,271,123	2,321,039	1,865,340,950	437,321,724	—	569,006	44,562,034	481,314,752	1,384,026,198	931,069,142
Water-pumps, Reservoirs and Mains	42,474,842	8,423,477	—	50,898,319	17,348,706	—	—	1,463,966	18,812,672	32,085,647	25,126,136
Plant & Machinery	9,675,095,282	2,067,485,759	125,550,441	11,617,030,600	5,505,417,802	—	98,002,912	656,443,631	6,063,858,521	5,553,172,079	4,169,677,480
Dies & Jigs	1,423,410,991	489,613,837	5,504,056	1,907,520,772	693,071,856	—	416,497	128,597,387	821,252,746	1,086,268,026	730,339,135
Electric Installations	252,174,656	92,486,319	175,305	344,485,670	159,463,472	—	—	7,918,277	167,381,749	177,103,921	92,711,184
Factory Equipment	549,458,593	68,381,004	3,504,038	614,335,559	313,548,959	—	3,281,537	38,087,839	348,355,261	265,980,298	235,909,634
Furniture & Fixtures	297,493,051	26,514,658	2,798,610	321,209,099	155,621,984	—	1,410,639	20,594,810	174,806,155	146,402,944	141,871,067
Electric Fittings	66,267,337	15,600,752	—	81,868,089	38,406,832	—	—	6,365,789	44,772,621	37,095,468	27,860,505
Vehicles & Aircraft	267,013,589	46,385,168	19,235,343	294,163,414	73,313,852	—	10,354,503	19,773,122	82,732,471	211,430,943	193,699,737
Leased Assets:											
Plant & Machinery	2,611,372,335	—	—	2,611,372,335	1,515,009,883	—	—	431,702,800	1,946,712,683	664,659,652	1,096,362,452
Dies & Moulds	226,956,635	78,295,505	(807,465)	306,059,605	74,337,475	—	—	99,105,811	173,443,286	132,616,319	152,619,160
As at 31st March, 2000	Total	17,171,866,754	3,402,102,602	162,487,095	20,411,482,261	8,982,862,545	—	114,035,094	1,454,615,466	10,323,442,917	10,088,039,344
As at 31st March, 1999	Total	15,615,716,421	1,627,888,944	71,738,611	17,171,866,754	9,070,758,572	1,366,978,470	48,074,855	1,327,157,298	8,982,862,545	8,189,004,209

- a) At cost, except leasehold land which is at cost, less amounts written off.
- b) Lease Deeds in respect of 50 hectares are still under execution.
- c) Includes Premises on ownership basis **Rs. 87,370,463/-** [Previous year Rs. 78,088,939/-] and cost of shares in Co-operative Society **Rs. 750/-** [Previous year Rs. 500/-] Sale deeds in respect of Premises (At Delhi) of the value of Rs. 925,044/- is under execution.
- d) Includes Depreciation amounting to **Rs. 1,547,848/-** [Previous year Rs. 161,147/-] on the assets used during construction period of Chakan Plant transferred to "Expenditure during Construction Account", and capitalised.
- e) Refer Para 2(B) of Statement on Significant Accounting Policies annexed to the Accounts.
- f) Out of this **Rs. 1,731,796/-** pertaining to Chakan Plant Leasehold Land has been transferred to "Expenditure during Construction Account" and capitalised.

Schedule 6 Technical Know-How

As at
31 st March 1999

	Rupees	Rupees
As per last account	7,326,024	7,357,000
Add: Cost of technical know-how acquired during the year	—	2,905,630
	<u>7,326,024</u>	<u>10,262,630</u>
Less: Written off	2,936,604	2,936,606
Total	<u>4,389,420</u>	<u>7,326,024</u>

Schedule 7 Investments, at cost

(Unless otherwise stated)

As at
31 st March 1999

	Rupees	Rupees	Rupees
In Government and Trust Securities			
Quoted			
* 12.08% Government of India Compensation (Project Exports to Iraq) Bonds, 2001 of the face value of Rs.65,300,000 (previous year face value of Rs.55,300,000)	59,894,499		48,636,832
* 11.10% Government of India Stock 2003 of face value of Rs.100,000,000	102,769,163		—
* 11.98% Government of India Stock 2004 of face value of Rs.100,000,000	108,487,472		—
* 12% Government of India Stock 2008 of face value of Rs.200,000,000	223,363,611		—
* 11.99% Government of India Stock 2009 of face value of Rs.150,000,000	161,151,308		—
* 12.29% Government of India Stock 2010 of face value of Rs.250,000,000	277,541,967		—
* 12.32% Government of India Stock 2011 of face value of Rs.250,000,000	275,809,835		—
* 12.40% Government of India Stock 2013 of face value of Rs.150,000,000	176,798,055		—
* 11.83% Government of India Stock 2014 of face value of Rs.400,000,000	440,053,555		—
50,000,000 (90,357,390) Units of Rs.10 each of Unit Trust of India under Unit Scheme 1964	732,585,229		1,342,665,155
* 10,000,000 (—) Units of Rs.10 each of Unit Trust of India under Monthly Income Plan 1999	100,000,000		—
Other	<u>213,723,381</u>		<u>1,376,469,577</u>
		2,872,178,075	2,767,771,564
Unquoted :			
6 Years National Savings Certificates of the Face Value of Rs. 11,500 (Previous year Rs.76,500)	11,500		76,500
4,480 (5,360) Units of Rs.100 each of Unit Trust of India under Venture Capital Unit Scheme 1990 Vecaus II (880 Units redeemed during the year)	<u>448,000</u>		<u>536,000</u>
		459,500	612,500
Carried Over		<u>2,872,637,575</u>	<u>2,768,384,064</u>

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		2,872,637,575	2,768,384,064
In Fully Paid Preference Shares				
Unquoted				
500,000	13.5% Redeemable Cumulative Non Convertible Preference Shares of Rs.100 each in The Arvind Mills Ltd.	50,000,000		50,000,000
300,000	13% Redeemable Cumulative Preference Shares of Rs.100 each in Atul Limited	30,000,000		30,000,000
—	(100,000) 15% Non-Convertible Cumulative Redeemable Preference Shares of Rs.100 each in Atco Industries Limited	—		10,000,000
50,000	(-) 13% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100 each in Aurangabad Electricals Private Limited	5,000,000		—
3,000,000	11% Cumulative Non-participating Redeemable Preference Shares of Rs.10 each in Bajaj Electricals Limited	30,000,000		30,000,000
300,000	12% Redeemable Non Convertible Cumulative Preference Shares of Rs.100 each in Birla VXL Limited	30,000,000		30,000,000
200,000	11% Cumulative Redeemable Preference Shares of Rs.100 each in BSES Limited	20,230,000		20,230,000
2,000,000	(-) 10.5% Cumulative Redeemable Preference Shares of Rs.10 each in Dani Trading and Investments Limited	20,000,000		—
300,000	12% Non Convertible Cumulative Redeemable Preference Shares of Rs.100 each in The Dhampur Sugar Mills Limited	30,000,000		30,000,000
—	(200,000) 13% Redeemable Cumulative Preference Shares of Rs.100 each in Duncans Industries Limited	—		20,000,000
100,000	15% Cumulative Redeemable Preference Shares of Rs.100 each in Elbee Services Limited	10,000,000		10,000,000
8,000,000	(-) 10.5% Cumulative Redeemable Preference Shares of Rs.10 each in Geetanjali Trading and Investments Private Limited	80,000,000		—
—	(300,000) 12% Redeemable Cumulative Preference Shares of Rs.100 each in Global Tele-Systems Limited	—		30,000,000
1,200,000	(-) 12% Redeemable Cumulative Preference Shares of Rs.100 each in Global Wireless Technology Limited	120,000,000		—
3,000,000	16% Redeemable Cumulative Preference Shares of Rs.10 each in Good Value Marketing Company Limited	30,000,000		30,000,000
	Carried Over	455,230,000		290,230,000
	Carried Over		2,872,637,575	2,768,384,064

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		2,872,637,575	2,768,384,064
In Fully Paid Preference Shares (contd.)				
Unquoted (contd.)	Brought Over	455,230,000		290,230,000
750,000	14.5% Cumulative Redeemable Preference Shares of Rs. 100 each in Himachal Futuristic Communications Limited	72,800,000		72,800,000
250,000	(-) 12% Cumulative Redeemable Preference Shares of Rs.100 each in Himachal Futuristic Communications Limited	25,000,000		—
500,000	12.5% Redeemable Cumulative Preference shares of Rs.100 each in Hotel Leelaventure Limited	49,242,500		49,242,500
25,000,000	11% Redeemable Cumulative Non convertible Preference shares of Rs.10 each in ICICI Limited	250,000,000		250,000,000
25,000,000	10.5% Redeemable Cumulative Non convertible Preference shares of Rs.10 each in ICICI Limited	250,000,000		250,000,000
5,000,000	(-) 10% Redeemable Cumulative Non convertible Preference shares of Rs.10 each in ICICI Limited	51,125,000		—
20,661,200	10.5% Redeemable Cumulative Preference Shares of Rs.10 each in IFCI Limited, Formerly - The Industrial Finance Corporation of India Limited	206,612,000		206,612,000
—	(140,000) 13.5% Cumulative Redeemable Preference Shares of Rs.100 each in Khandwala Securities Limited	—		14,000,000
140,000	(-) 12% Cumulative Redeemable Preference Shares of Rs.100 each in Khandwala Securities Limited	14,000,000		—
170,000	13.5% Cumulative Redeemable Preference Shares of Rs.100 each in KJMC Financial Services Limited	17,000,000		17,000,000
100,000	13.5% Cumulative Redeemable Preference Shares of Rs.100 each in KJMC Financial Services Limited	10,000,000		10,000,000
2,000,000	(-) 12% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each in Kopran Limited	20,000,000		—
7,000,000	(-) 12% Optionally Convertible Cumulative Preference Shares of 100 each in Kopran Drugs Limited	74,675,000		—
—	(150,000) 16.5% Redeemable Cumulative Preference Shares of Rs.100 each in Leela Scottish Lace Limited	—		15,000,000
400,000	(-) 12% Non Convertible Redeemable Preference Shares of Rs.100 each in Makan Investments & Trading Company Limited	40,000,000		—
2,000,000	13.5% Redeemable Cumulative Preference Shares of Rs.10 each in Marvel Industries Limited	20,000,000		20,000,000
	Carried Over	1,555,684,500		1,194,884,500
	Carried Over		2,872,637,575	2,768,384,064

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		2,872,637,575	2,768,384,064
In Fully Paid Preference Shares (contd.)				
	Brought Over	1,555,684,500		1,194,884,500
100,000	(-) 12% Cumulative Redeemable Preference Shares of Rs.100 each in Mastek Limited	10,000,000		—
—	(200,000) 11.25% Cumulative Redeemable Preference Shares of Rs.100 each in MIRC Electronics Limited	—		20,000,000
—	(200,000) 13.5% Redeemable Cumulative Preference Shares of Rs.100 each in Morepen Laboratories Limited	—		20,000,000
—	(2,000,000) 16% Cumulative Redeemable Non Convertible Preference Shares of Rs.10 each in Nicco Uco Financial Services Limited (Series 'A')	—		20,000,000
100,000	14.75% Cumulative Redeemable Preference Shares of Rs.100 each in Pentafour Products Limited - balance after part redemption	5,000,000		10,000,000
100,000	16% Redeemable Cumulative Preference Shares of Rs.100 each in The Pharmaceutical Products of India Limited	10,000,000		10,000,000
5,000,000	11% Cumulative Redeemable Preference Shares of Rs.10 each in Rallis India Limited	50,000,000		50,000,000
1,000,000	10% Cumulative Redeemable Non Convertible Preference Shares of Rs.100 each in Reliance Industries Limited	100,000,000		100,000,000
—	(300,000) 13.5% Non-Convertible Redeemable Cumulative Preference Shares of Rs.100 each in Search Chem Industries Limited	—		30,000,000
10,000,000	11.5% Cumulative Redeemable Preference Shares of Rs.10 each in SICOM Limited	100,000,000		100,000,000
5,000,000	11% Cumulative Redeemable Preference Shares of Rs.10 each in SICOM Limited	50,000,000		50,000,000
300,000	14.5% Redeemable Cumulative Non Convertible Preference Shares of Rs.100 each in Southern Petrochemical Industries Corporation Limited	29,955,000		29,955,000
500,000	17% Redeemable Non Convertible Cumulative Preference Shares of Rs.100 each in Sterling Holiday Resorts (India) Limited	50,000,000		50,000,000
—	(50,000) 14% Cumulative Redeemable Preference Shares of Rs.100 each in Sun Earth Ceramics Limited	—		5,000,000
100,000	(-) 13% Cumulative Redeemable Preference Shares of Rs.100 each in Sun Earth Ceramics Limited	10,000,000		—
	Carried Over	1,970,639,500		1,689,839,500
	Carried Over		2,872,637,575	2,768,384,064

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		2,872,637,575	2,768,384,064
In Fully Paid Preference Shares (contd.)				
	Brought Over	1,970,639,500		1,689,839,500
	— (5,000,000) 13% Cumulative Redeemable Preference Shares of Rs.10 each in Sushmita Holdings Limited	—		50,000,000
10,000,000	(-) 13% Cumulative Redeemable Preference Shares of Rs.10 each in Sushmita Holdings Limited	100,000,000		—
1,000,000	11% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each in Tata Finance Limited	97,000,000		97,000,000
300,000	10.5% Cumulative Redeemable Preference Shares of Rs.100 each in Titan Industries Limited	30,000,000		30,000,000
—	(75,000) 13.75% Cumulative Redeemable Preference Shares of Rs.100/- each in United Shippers Limited	—		7,500,000
750,000	(-) 12.25% Redeemable Cumulative Preference Shares of Rs.10/- each in United Shippers Limited (Series I)	7,500,000		—
750,000	(-) 12.25% Redeemable Cumulative Preference Shares of Rs.10/- each in United Shippers Limited (Series II)	7,500,000		—
300,000	(-) 10.75% Redeemable Cumulative Preference Shares of Rs.100/- each in Usha Beltron Limited	30,000,000		—
—	(5,000,000) 13.5% Cumulative Redeemable Preference Shares of Rs.10 each in Vibhadeep Investments & Trading Limited	—		50,000,000
200,000	15% Cumulative Redeemable Preference Shares of Rs.100/- each in Viral Filaments Limited - balance after part redemption	19,500,000		20,000,000
			2,262,139,500	1,944,339,500
In Fully Paid Equity Shares				
	Trade Quoted			
4,693,800	(4,536,800) Shares of Rs.10 each in Bajaj Auto Finance Limited	180,786,257		175,457,632
2,742,848	Shares of Rs.10 each in Maharashtra Scooters Limited	2,400,000		2,400,000
			183,186,257	177,857,632
	Carried Over		5,317,963,332	4,890,581,196

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		5,317,963,332	4,890,581,196
In Fully Paid Equity Shares (contd.)				
In Subsidiary Company				
Unquoted				
24,500	Shares of Rs.100 each in Bajaj Auto Holdings Limited—a Wholly Owned Subsidiary		2,450,000	2,450,000
Other Quoted				
2,026,301	(1,650,084) Shares of Rs.10 each in Bajaj Tempo Limited	427,096,857		336,277,727
300,000	(-) Shares of Rs.10 each in DSQ Bio-tech Limited	246,193,208		—
105,000	(40,000) Shares of Rs.10 each in Global Tele-Systems Limited	135,845,016		5,341,390
42,968,473	(18,258,248) Shares of Rs.10 each in ICICI Limited, (including 300,000 received on conversion of 12.5% Fully Convertible Debentures)	2,714,729,953		879,178,316
1,288,046	(338,046) Shares of Rs.10 each in The Tata Iron & Steel Company Limited	228,826,229		70,144,922
	Other	<u>2,320,693,118</u>		<u>1,161,492,601</u>
			6,073,384,381	2,452,434,956
Unquoted				
1	Share of Rs.100 in The Poona District Motor Transport Co-operative Society Limited	100		100
21,700	(-) Shares of Rs.10 each in Cadila Healthcare Limited	5,425,000		—
—	(24,000) Shares of Rs.100 each in Catalyst Finance Limited	—		2,400,000
200	(-) Shares of Rs.10 each in Cinevista Communications Limited	60,000		—
565,000	Shares of Rs.10 each in Durovalves India Private Limited	5,650,000		5,650,000
—	(24,000) Shares of Rs.100 each in Econium Investments & Finance Limited	—		2,400,000
300,000	Shares of Rs.10 each in Endurance Systems India Private Limited	3,000,000		3,000,000
—	(24,000) Shares of Rs.100 each in Fusion Investments & Financial Services Limited	—		2,400,000
	Carried Over	<u>14,135,100</u>		<u>15,850,100</u>
	Carried Over		<u>11,393,797,713</u>	<u>7,345,466,152</u>

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
Brought Over			11,393,797,713	7,345,466,152
In Fully Paid Equity Shares (contd.)				
Other (contd.)				
Unquoted (contd.)				
Brought Over		14,135,100		15,850,100
34,341	(-) Shares of Rs.10 each in GESCO Corporation Limited (Shares received on account of holding of 343,408 shares of ertswile The Great Eastern Shipping Company Limited, pursuant to its demerger)	1,129,766		—
98,221	(-) Shares of Rs.10 each in Kanco Enterprises Limited (Shares received on account of holding of 151,110 shares of ertswile Bengal Tea & Fabrics Limited, pursuant to its demerger)	5,870,263		—
300,000	Shares of Rs.10 each in Kowa Spinning Limited	5,250,000		5,250,000
—	(24,000) Shares of Rs.100 each in Lineage Investments Limited	—		2,400,000
1,026,000	(855,000) Shares of Rs.10 each in Monotona Tyres Limited	10,260,000		8,550,000
—	(24,000) Shares of Rs.100 each in Primus Investments & Finance Limited	—		2,400,000
600,000	Shares of Rs.10 each in SICOM Limited	48,230,988		48,230,988
235,000	Shares of Rs.10 each in Sukumar Estates Limited	35,984,588		35,984,588
			120,860,705	118,665,676
In Debentures and Secured Premium Notes				
Fully Paid				
Quoted				
	Other		863,517,514	869,943,715
Unquoted				
500,000	16% Redeemable Secured Non Convertible Debentures of Rs.100 each of Ashima Limited balance Non Convertible Portion of Rs.33.34 each after second redemption	16,833,095		33,666,190
2,302	15% Secured Redeemable Partly Convertible Debentures of Rs.400 each of Ballarpur Industries Limited - balance Non Convertible Portion of Rs.120 each, after third redemption	130,178		390,534
—	(10,000) 19.5% Secured Redeemable Non-Convertible Debentures of Rs.5,000 each of Binani Industries Limited - balance fully redeemed during the year	—		36,937,500
	Carried Over	16,963,273		70,994,224
	Carried Over		12,378,175,932	8,334,075,543

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		12,378,175,932	8,334,075,543
In Debentures and Secured Premium Notes (contd.)				
	Fully Paid (contd.)			
	Unquoted (contd.)			
	Brought Over	16,963,273		70,994,224
1,000	(-) 13.25% Redeemable Non Convertible Debentures of Rs.100,000 each of Citicorp Finance (India) Limited	99,979,800		99,979,800
500	18.75% Secured Redeemable Non Convertible Debentures of Rs.100,000 each of Core Healthcare Limited, balance after part redemption	45,500,000		45,500,000
100,000	18% Non Convertible Debentures of Rs.100 each of Goodearth Organic (India) Limited	9,500,000		9,500,000
100	11% Secured Redeemable Non Convertible Debentures of Rs.1,000,000 each of Gujarat Industries Power Company Limited	99,975,000		99,975,000
1,000	15.25% Secured Redeemable Non-Convertible Debentures of Rs.50,000 each of Gujarat Industries Power Company Limite	49,500,000		49,500,000
2,788,354	18% Secured Redeemable Non-Convertible Debentures of Rs.45 each of Gujarat Industries Power Company Limited	149,750,733		—
243,000	16.5% Secured Redeemable Partly Convertible Debentures of Rs.200 each of Hindustan Construction Company Limited - balance Non Convertible portion of Rs.155 each	33,052,065		33,052,065
20	15.25% Secured Redeemable Non-Convertible Debentures of Rs.500,000 each (Series III) of Indo Gulf Corporation Limited	10,000,000		10,000,000
2,500,000	16% Secured Non-Convertible Debentures of Rs.100 each of Information Technology Park Limited	250,000,000		250,000,000
1,000	15% Bonds of Rs.100,000 each of Madhya Pradesh Electricity Board	100,000,000		100,000,000
20,000	18% Secured Non Convertible Debentures of Rs.1,000 each of Mafatlal Finance Limited	20,000,000		20,000,000
690	Unsecured Redeemable Non Convertible Debentures of Rs.3,625 each of Mahadev Industries Limited (Scheme C-Deep Discount Debenture)	2,501,250		2,501,250
1,000,000	15% Secured Non Convertible Debenture of Rs.100 each of Nishkalp Investments & Trading Company Limited	100,000,000		100,000,000
500,000	14% Secured Non Convertible Debenture of Rs.100 each of Nishkalp Investments & Trading Company Limited	50,000,000		—
	Carried Over	1,036,722,121		891,002,339
	Carried Over		12,378,175,932	8,334,075,543

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		12,378,175,932	8,334,075,543
In Debentures and Secured Premium Notes (contd.)				
Fully Paid (contd.)				
	Unquoted (contd.)	Brought Over	1,036,722,121	891,002,339
300,000	18% Secured Redeemable Non-Convertible Debentures of Rs.100 each of Punjab Wireless Systems Limited	30,000,000		30,000,000
500	10.25% (Non Taxable) Secured Redeemable Non Convertible Debentures of Rs.500,000 each of Reliance Telecom Limited	250,000,000		250,000,000
100,000	20% Non Convertible Debentures of Rs.100 each - Series-1 of Shaan Interwell (India) Limited	6,490,272		10,000,000
500,000	(1,000,000) Secured Fully Convertible Debentures of Rs.20 each of Shriram Transport Finance Company Limited	10,452,887		20,902,886
—	(3,200) Exchangeable Premium Bonds of Rs.100,000 each of Tata Industries Limited	—		308,100,000
			1,333,665,280	1,510,005,225
In Bonds				
	Other Fully Paid Quoted			
* 400,000	(500,000) 9% Tax Free Secured Redeemable Non Convertible Bonds of Rs.1,000 each of Indian Railway Finance Corporation Limited - Series 5A (2000)	388,554,641		485,693,303
* 220,000	9% Tax Free Secured Redeemable Non Convertible Bonds of Rs.1,000 each of Indian Railway Finance Corporation Limited - Series 6A (2001)	199,299,639		199,299,639
* 250,000	(150,000) 10.5% Tax Free Secured Redeemable Non Convertible Bonds of Rs.1,000 each of Indian Railway Finance Corporation Limited - Series 12A (2004)	247,282,055		138,750,000
* 2,079	10.5% Tax Free 10 23(g) Secured Redeemable Non Convertible Bonds of Rs. 100,000 each of Konkan Railway Corporation Limited - Series 6D (2006)	207,900,000		207,900,000
* 200,000	10.5% Tax Free Secured Redeemable Non Convertible Bonds of Rs. 100,000 each of Konkan Railway Corporation Limited - Series 2C (2004)	200,000,000		—
* 6,000	Secured Redeemable Non Convertible Bonds of Rs.50,000 each of Sardar Sarovar Narmada Nigam Limited, Type C, Infrastructure I	300,000,000		—
	Carried Over	1,543,036,335		1,031,642,942
	Carried Over		13,711,841,212	9,844,080,768

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

As at
31 st March 1999

		Rupees	Rupees	Rupees
	Brought Over		13,711,841,212	9,844,080,768
In Debentures and Secured Premium Notes (contd.)				
Fully Paid (contd.)				
	Brought Over	1,543,036,335		1,031,642,942
	Unquoted (contd.)			
*	2,000 (-) 11.25% Unsecured Redeemable Bonds in the nature of Promissory Notes of ICICI Limited of face value of Rs.100,000 each - Series BPNQ 299	200,163,288		—
*	2,000 11.5% Secured Redeemable Non Convertible Infrastructure Bonds of Maharashtra State Road Development Corporation Limited of face value of Rs.100,000 each - Series I	200,000,000		200,000,000
*	20,000 14% Omni Bonds in the nature of Promissory Note of The Industrial Development Bank of India of face value of Rs.10,000 each (2005)	198,740,000		198,740,000
	Other	<u>1,860,825,562</u>		<u>2,571,336,584</u>
			4,002,765,185	4,001,719,526
In Mutual Fund Units				
	Quoted			
11,173,907.982	(8,026,695.526) Units of Rs.10 each in DSP Merrill Lynch Mutual Fund under Bond Fund Growth - Regular	145,172,719		100,000,000
17,320,644.217	(-) Units of Rs.10 each in Prudential ICICI Mutual Fund under Balanced Fund - Dividend	198,050,000		—
	Other	<u>1,165,161,030</u>		<u>590,978,290</u>
			1,508,383,749	<u>690,978,290</u>
	Unquoted			
250	Units of Rs.5,000 each of Auto Ancillary Fund		<u>1,250,000</u>	<u>1,250,000</u>
			19,224,240,146	14,538,028,584
	Less: Provision for diminution in value of Investments		<u>104,133,524</u>	<u>22,443,418</u>
			<u>19,120,106,622</u>	<u>14,515,585,166</u>
Application Money for Investment in Shares and Bonds				
			403,500,000	75,000,000
			<u>19,523,606,622</u>	<u>14,590,585,166</u>

	Book Value as at		Market Value as at	
	31st March	31st March	31st March	31st March
	2000	1999	2000	1999
	Rupees	Rupees	Rupees	Rupees
Quoted	<u>15,493,168,683</u>	<u>10,960,263,512</u>	* 18,788,766,463	* 10,518,403,889
Unquoted	<u>3,626,937,939</u>	<u>3,555,321,654</u>		
Total	<u>19,120,106,622</u>	<u>14,515,585,166</u>		

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

Notes to Investment Schedule

1. The following Investments are in the process of being transferred in the name of the Company

(a) Equity Shares

Name of the Company	Face Value Rupees	No. of Shares
Atco Industries Limited	10	800
Bajaj Hindustan Limited	10	1,400
Bajaj Tempo Limited	10	223,099
Cybertech Systems & Software Limited	10	200
Data Soft Applications Limited	10	100,000
DSQ Software Limited	10	900
Electrolux Kelvinator Limited	10	200,000
Essar Steels Limited	10	100
FDC Limited	10	900
IFCI Limited - Formerly The Industrial Finance Corporation of India Limited	10	100
MIRC Electronics Limited	10	1,000
Mukand Limited	10	1,300
Nilkamal Plastics Limited	10	100
Nirma Limited	10	3,300
Sharp Industries Limited	10	14,260
Shree Rama Multi-Tech Limited	10	20,700
Sterlite Industries (India) Limited	10	600
SUL India Limited	10	149,950
Tata Finance Limited	10	300
Tata Tea Limited	10	50
Torrent Pharmaceuticals Limited	10	2,100
Uniflex Cables Limited	10	100
Vakrangee Software Limited	10	25,800
VJIL Consulting Limited	10	25,000
Zandu Pharmaceuticals Limited	100	305
Zuari Industries Limited	10	50

(b) Trust Securities

Name	Face Value Rupees	No. of Units
Unit Trust of India - Mastergain - 1992	10	53,300
Unit Trust of India - Master Plus Unit Scheme - 1991 (Masterplus)	10	1,400

(c) Mutual Fund Units

Name	Face Value Rupees	No. of Units
Morgan Stanley Growth Fund	10	262,000

(d) Preference Shares

Name	Face Value Rupees	No. of Shares
12% Koprana Drugs Limited	100	500,000

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

Notes to Investment Schedule (contd.)		
2.	Trust Securities - Units, Shares and Debentures held by the Broker spending clearance of objection regarding transfer forms	
(a)	Trust Securities	
	Name	Face Value Rupees
		No. of Units
	Unit Trust of India Mastergain 1992	10
	Unit Trust of India - Master Plus Unit Scheme - 1991 (Masterplus)	10
		6,400
		9,800
(b)	Equity Shares	
	Name of the Company	Face Value Rupees
		No. of Units Shares
	Atco Industries Limited	10
	Austin Engineering Company Limited	10
	Bajaj Hindustan Limited	10
	Bajaj Tempo Limited	10
	Bank of Rajasthan Limited	10
	Cummins India Limited	10
	Cybertech Systems & Software Limited	10
	DSQ Software Limited	10
	ITC Limited	10
	ICICI Limited	10
	MIRC Electronics Limited	10
	Mukand Limited	10
	Peerless Shipping & Oilfield Services Limited	10
	Reliance Petroleum Limited	10
	Sharp Industries Limited	10
	Silverline Technologies Limited	10
	Tamilnadu Petroproducts Limited	10
	Torrent Pharmaceuticals Limited	10
	Vakrangee Software Limited	10
	Wockhardt Limited	10
		200
		8,200
		14
		3,869
		200
		5
		300
		200
		100
		350
		450
		2,434
		600
		200
		100
		500
		100
		200
		100
		200
(c)	Debentures	
	Name of the Company	Face Value Rupees
		No. of Debentures
	16% Mangalore Refinery & Petrochemical Corporation Limited	76
		400
(d)	Mutual Fund Units	
	Name	Face Value Rupees
		No. of Units
	Morgan Stanley Growth Fund	10
		14,100
3.	Certificates for the following are yet to be received/ credited to our Demat Account with ANZ Grindlays Bank	
	Name	Face Value Rupees
		No. of Shares/Units
	Aurobindo Pharmaceuticals Limited	10
	Cadila Healthcare Limited	10
	Cybertech Systems & Software Limited	10
	Mahadeo Corporation (India) Limited	10
	The Great Eastern Shipping Company Limited	10
	Unit Trust of India - Mastershares	10
		75,000
		21,700
		121,255
		300
		228
		180

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

Notes to Investment Schedule (contd.)			
4.	Following Shares were in the process of Dematerialisation after being transferred in the name of the Company		
	Name	Face Value Rupees	No. of Shares/Units
			Date of Receipt in Demat
	Exide Industries Limited	10	926
	Global Tele-Systems Limited	10	400
	ICICI Limited	10	811,627
	Kopran Limited	10	11,000
	Kopran Drugs Limited	10	5,500
	Nilkamal Plastics Limited	10	800
	Pidilite Industries Limited	10	4,000
	Reliance Capital Limited	10	100
	Reliance Industries Limited	10	3
	Tamilnadu Petroproducts Limited	10	300
	The Great Eastern Shipping Company Limited	10	100
	Torrent Pharmaceuticals Limited	10	200
	Wockhardt Limited	10	200
			15.04.2000
5.	Securities for the following are yet to be received from Brokers against purchases during the year		
	Name of the Company	Face Value Rupees	No. of Shares/Units
	Bajaj Tempo Limited	10	7,350
	Global Tele-Systems Limited	10	15,000
	ICICI Limited	10	431,880
	Mukand Limited	10	100
	Shree Rama Multi-Tech Limited	10	159,300
	Spectra Industries Limited	10	10,000
6.	Following Investments were purchased and sold during the year		
(a)	Equity Shares		
	Name of the Company	No. of Equity shares	Purchase Cost Rupees
			Sale Proceeds Rupees
	Aftek Infosys Limited	50,000	9,875,925
	Amtek Auto Limited	3,100	114,731
	Aurobindo Pharma Limited	75,000	74,341,485
	Bank of Baroda	25,000	1,304,950
	Bengal Tea & Fabrics Limited	600	3,690
	BFL Software Limited	9,800	9,799,936
	Century Textiles & Industries Limited	80,450	2,930,519
	Cybertech Systems & Software Limited	219,496	121,699,170
	Cummins India Limited	6,550	2,468,051
	Digital Equipments (India) Limited	139,800	79,886,872
	DSQ Software Limited	286,900	80,483,998
	Essel Packaging Limited	8,110	4,477,937
	Global Tele-Systems Limited	390,000	205,796,144
	Goldstone Technologies Limited	20,000	1,591,800
	Hughes Software Limited	4,900	3,087,000
	ICICI Banking Corporation Limited	275,100	17,723,609
	Kale Consultants Limited	4,450	534,000
	Mastek Limited	5,000	6,613,125
	MIRC Electronics Limited	15,000	5,432,918
	Nestle India Limited	5,000	2,762,950
	NIIT Limited	17,000	38,097,027
	Peerless Shipping & Oilfield Services Limited	100,000	12,113,958
	Pentamedia Graphics Limited	5,000	4,619,950
	Polaris Software Lab Limited	6,900	1,449,000
	Priyadarshini Cement Limited	10,000	332,000
			288,600

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

Notes to Investment Schedule (contd.)			
(a)	Equity Shares(contd.)		
	Name of the Company	No. of Equity shares	Purchase Cost Rupees
			Sale Proceeds Rupees
	Ranbaxy Laboratories Limited	30,000	19,580,482
	Rohta India Limited	30,000	4,952,400
	Satyam Computer Services Limited	25,000	26,122,900
	Silverline Technologies Limited	89,600	20,454,239
	Snowcem India Limited	20,000	2,279,150
	Sonata Software Limited	10,000	4,509,836
	Tata Finance Limited	187,800	10,628,619
	Wellwin Industries Limited	100,000	26,135,030
	Wipro Limited	22,000	24,473,805
	Zee Telefilm Limited	5,000	24,390,824
(b)	Debentures		
	Name of the Company	Quantity Nos	Purchase Cost Rupees
			Sale Proceeds Rupees
	Reliance Petroleum Limited - TOCD	1,544,000	102,728,271
			95,315,010
(c)	Mutual Fund Units		
	Name	Quantity Nos	Purchase Cost Rupees
			Sale Proceeds Rupees
	DSP Merrill Lynch - Liquidity Fund	9,009,252.502	100,000,000
	J M GSEC Mutual Fund	14,647,150.153	150,000,000
	J M Debt Fund Growth Fund	8,277,734.550	100,000,000
	Kothari Pioneer Infotech Fund	2,365,107.248	89,003,422
	Kothari Pioneer Treasury Management Fund	108,159.612	125,772,521
	Kothari Pioneer Blue Chip Fund - Dividend Option	3,890,293.717	98,250,000
			85,222,330
(d)	Bonds		
	Name	Quantity Nos	Purchase Cost Rupees
			Sale Proceeds Rupees
	13.5% Maharashtra Krishna Valley Development Corporation Limited	650	64,566,450
	Zero Coupon ICICI Limited	10,000	94,675,000
			100,000,000
7.	The following Investments have been purchased and sold during the year, before transferring the same in the name of the Company		
(a)	Trust Securities		
	Name	Quantity Nos	Purchase Cost Rupees
			Sale Proceeds Rupees
	Unit Trust of India - UTI UGS 2000	50	731
			637
(b)	Equity Shares		
	Name of the Company	Quantity Nos	Purchase Cost Rupees
			Sale Proceeds Rupees
	BPL Limited	2,400	1,075,000
	Britannia Industries Limited	100	147,690
	Cummins India Limited	250	94,200
	Cybermate Infotech Limited	100,000	5,026,250
	Goldstone Technologies Limited	20,000	2,067,200
	Gujarat Flourochemicals Limited	100	5,819
	HCL Infosystems Limited	10,000	4,657,580
	India Cement Limited	25,000	1,021,250
			2,238,750

Schedule 7 Investments, at cost (CONTD.)

(Unless otherwise stated)

Notes to Investment Schedule (contd.)			
(b)	Equity Shares		
	Name of the Company	Quantity Nos	Purchase Cost Rupees
			Sale Proceeds Rupees
	Indian Aluminium Company Limited	6,000	554,280
	Jindal Strips Limited	200	7,923
	MIRC Electronics Limited	6,950	2,317,617
	NEPC Micon Limited	5,000	16,140
	Peerless Shipping & Oilfield Services Limited	25,000	3,028,490
	Tata Finance Limited	150,000	8,489,312
	Torrent Pharmaceuticals Limited	3,648	1,867,594
	Trent Limited	10,000	2,206,675
	VXL Instruments Limited	25,000	3,679,586
8.	The following Government Securities have been purchased and sold during the year, through SGL Accounts with Bank of America and Citibank N.A., Mumbai.		
	Particulars	Purchase Cost Rupees	Sale Proceeds Rupees
	Zero Coupon Government of India Loan, 2000	311,130,250	322,003,350
	11.15% Government of India Loan, 2002	207,306,875	209,861,042
	11.19% Government of India Loan, 2005	154,902,167	158,587,417
	11.40% Government of India Loan, 2000	466,472,500	471,105,833
	11.47% Government of India Loan, 2001	50,981,861	52,691,722
	11.55% Government of India Loan, 2005	52,971,667	53,138,125
	11.15% Government of India Loan, 2001	53,410,625	53,469,792
	11.68% Government of India Loan, 2006	211,061,333	217,135,333
	11.90% Government of India Loan, 2007	270,840,694	272,833,333
	11.98% Government of India Loan, 2004	160,739,611	161,921,417
	11.99% Government of India Loan, 2009	582,699,525	600,714,875
	12.00% Government of India Loan, 2008	279,493,056	280,348,333
	12.29% Government of India Loan, 2010	55,576,047	54,954,069
	12.32% Government of India Loan, 2011	275,250,665	275,660,222
	12.50% Government of India Loan, 2004	377,600,972	387,468,889
	14 Days Treasury Bill	56,372,802	56,447,399
	91 Days Treasury Bill	277,866,245	278,783,000
	182 Days Treasury Bill	397,159,320	399,098,630
	364 Days Treasury Bill	4,865,213,252	4,949,577,279
9.	National Savings Certificates of the face value of Rs.11,500 deposited with Government Department		
10.	Following Investments held in the name of the Company are refused by respective Companies for dematerialisation as the same are now found to be defective		
	Equity Shares		
	Name of the Company	No.Of Shares	Face Value Rupees
			Cost Rupees
	The Great Eastern Shipping Co Limited	200	10
	Larsen & Toubro Limited	250	10
	Tata Chemicals Limited	249	10
	The Tata Iron & Steel Company Limited	100	10
	Unit Trust of India - Master Plus Unit Scheme - 1991 (Masterplus)	1,600	10
			26,224
*11.	Quoted Investments for which quotations are not available have been included in market value at the face value/paid up value, whichever is lower, as the quotations are not available		
12.	Units of Unit Trust of India have been included in market value at the Repurchase value		
13.	See note '13' in Schedule '14' to the Accounts		

Schedule 8 Current Assets, Loans and Advances

As at
31st March 1999

	Rupees	Rupees	Rupees	Rupees
(a) Inventories				
Stores and spares, at cost		57,904,758		41,359,900
Tools		315,763,132		227,388,020
Stock-in-trade, at cost or market value whichever is lower:				
Raw Materials		1,139,465,447		934,348,124
Work-in-progress (including factory made components Rs. 24,427,970/- Previous Year Rs. 15,427,946/-)		283,840,907		193,986,236
Finished Goods		469,175,047		62,919,043
Auto Spare parts, etc.		308,335,699		284,475,391
		<u>2,574,484,990</u>		<u>1,744,476,714</u>
Stock of slow moving Raw Materials, at estimated realisable value		26,099		107,467
As valued and certified by Managing Director		2,574,511,089		1,744,584,181
Goods in transit, at cost to date		<u>36,749,041</u>		<u>30,422,012</u>
			2,611,260,130	<u>1,775,006,193</u>
(b) Sundry Debtors, Unsecured				
Outstanding for a period exceeding six months:				
Good	11,331,800			8,522,741
Doubtful	9,341,963			7,278,519
Less: Provision	<u>9,341,963</u>			<u>7,278,519</u>
		11,331,800		8,522,741
Other, Good		<u>1,846,654,691</u>		<u>2,138,116,238</u>
			1,857,986,491	<u>2,146,638,979</u>
(c) Cash and Bank Balances				
Cash on hand (including cheques on hand Rs. 24,386,213/- Previous Year Rs 7,242,831/-)		26,579,425		8,405,184
Remittances in transit		—		2,856,623
Cheques in hand with banks as collecting agencies in terms of an arrangement		199,239,739		300,727,350
Balances with scheduled banks:				
* In current account		92,661,846		154,410,541
In margin deposits		5,985,325		—
In fixed deposits		35,016,000		73,167,500
Interest accrued on fixed deposits		358,085		1,206,961
		<u>134,021,256</u>		<u>228,785,002</u>
			359,840,420	<u>540,774,159</u>
Carried Over			<u>4,829,087,041</u>	<u>4,462,419,331</u>

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

			As at 31st March 1999
	Rupees	Rupees	Rupees
Brought Over			4,462,419,331
(d) Other Current Assets		4,829,087,041	
Dividend and interest receivable on Investments			
Good	111,336,888		46,225,028
Doubtful	486,470		172,550
Less: Provision	486,470		172,550
	—		—
		111,336,888	46,225,028
Debentures & Bonds Redemption Money receivable		93,702,583	409,427,611
Interest receivable on Loans etc			
Good	254,304,038		331,974,819
Doubtful	82,487,790		61,287,275
Less: Provision	82,487,790		61,287,275
	—		—
		254,304,038	331,974,819
Lease Rent Receivable		52,942,024	24,818,526
			512,285,533
(e) Loans and Advances, unsecured good (Unless otherwise stated)			812,445,984
Loan to Bajaj Auto Holdings Limited the wholly owned subsidiary		61,000,000	47,000,000
Loan to Others: (including Rs 40,000,000/- Against pledge of shares. Previous Year Rs 89,547,650/-)			
Good	2,497,309,547		2,185,709,751
Doubtful	56,240		56,240
Less: Provision	56,240		56,240
	—		—
		2,497,309,547	2,185,709,751
Deposits with Joint Stock Companies: (including Rs 1,006,034,920/- against pledge of securities Previous Year Rs. 1,197,261,399/-)			
Good	1,778,631,406		2,725,339,324
Doubtful	193,470,222		174,728,850
Less: Provision	193,470,222		174,728,850
	—		—
		1,778,631,406	2,725,339,324
Due from the wholly owned subsidiary		12,086	—
Advances recoverable in cash or in kind or for value to be received			
Good	2,026,079,581		1,184,824,314
Doubtful	21,049,524		11,246,963
Less: Provision	21,049,524		11,246,963
	—		—
		2,026,079,581	1,184,824,314
Balances with Customs & Central Excise Departments		220,369,548	60,187,626
Sundry Deposits		97,639,491	93,840,148
Tax paid in Advance		11,708,382,372	10,398,346,577
		18,389,424,031	16,695,247,740
Total		23,730,796,605	21,970,113,055

* including for sale proceeds of Fractional Bonus Coupons **Rs. 5,595/-** as per Contra (Previous Year Rs. 5,595/-)

Schedule 9 Current Liabilities and Provisions

		As at 31 st March 1999
	Rupees	Rupees
(a) Liabilities		
Acceptances		744,888,703
Sundry Creditors:		
Due to Small Scale Industrial Undertakings [See note 19]	203,492,158	102,215,416
Other	<u>3,363,426,845</u>	<u>2,805,129,542</u>
		3,566,919,003
Advances against Orders		144,248,370
Interim Dividend payable-since paid		1,193,908,140
Unclaimed Dividends		16,602,439
Deposit from Dealers and others		918,483,580
Unclaimed amount of sale proceeds of fractional coupons of Bonus Shares		5,595
Due to Debentureholders on account of Debentures Redeemed in 1991 [See note 9]		
(i) Unencashed cheques issued by the Company	1,103,649	1,135,779
(ii) Debenture certificates yet to be surrendered	<u>2,084,100</u>	<u>2,164,100</u>
	3,187,749	3,299,879
Debentures Redeemed in 1998 [See note 9]		
Unencashed Cheques issued by the Company	<u>4,591,260</u>	<u>13,424,757</u>
		7,779,009
Overdrawn Current Account Balances as per Books only		—
Interest accrued but not due on loans		1,579,656
		<u>6,594,414,495</u>
		4,212,072,482
(b) Provisions		
Provision for Taxation	10,678,000,000	9,999,500,000
Provision for Corporate Dividend Tax on Interim Dividend	131,329,896	—
Proposed Dividend	—	955,126,512
Provision for Corporate Dividend Tax on Proposed Dividend	<u>—</u>	<u>105,063,917</u>
		10,809,329,896
		11,059,690,429
Total		<u>17,403,744,391</u>
		15,271,762,911

Schedule 10 Other Income

	Rupees	Rupees	Previous Year Rupees
Workshop Receipts		4,420,347	2,604,680
Technical Know-how		43,866,301	45,777,672
Dividends [Gross-Tax deducted Rs. Nil Previous Year Rs.896/-]			
From Subsidiary	1,225,000		11,025,000
From Trade Investments	16,827,696		15,084,736
Other	360,397,166		245,433,336
		378,449,862	271,543,072
Interest [Gross-Tax deducted Rs.237,677,655/- Previous Year Rs.99,801,902/-]			
On Government Securities	46,396,724		61,545,275
On Debentures and Bonds	715,722,373		527,083,525
Other	895,819,620		800,620,041
		1,657,938,717	1,389,248,841
Discounting charges on Bills purchased		—	12,132,226
Income From Units of Mutual Funds [Gross-Tax deducted Rs.Nil Previous Year Rs. 46,141,472 /-]		228,037,349	230,723,465
Leasing Business :			
Lease Rent	392,974,150		488,060,783
Add: Lease Equalisation	72,087,273		2,853,764
		465,061,423	490,914,547
Rent		5,186,568	5,687,467
Insurance Claims		10,509,269	3,789,316
Export Incentives		203,093,616	229,568,396
Miscellaneous Receipts		483,222,619	507,736,264
Surplus on Sale of Assets		37,420,607	27,417,960
Profit on Sale of Investments,net		1,433,375,361	274,497,212
Surplus on Redemption of Securities,Treasury Bills etc. on maturity		19,419,926	60,415,151
Bad Debts recovered		32,858	—
Sundry Credit balances appropriated		4,006,317	1,918,654
Provisions for Doubtful Debts and Advances written back		10,290,900	4,527,488
Provisions no longer required		112,194,570	156,662,368
Total		5,096,526,610	3,715,164,779

Schedule 11 Materials

		Previous Year
	Rupees	Rupees
(a) Raw materials and components consumed		
Stocks at commencement [including slow moving Rs.107,467/ Previous Year Rs. 23,495/-]	934,455,591	933,738,052
Purchases	<u>18,692,846,357</u>	<u>16,405,655,027</u>
	19,627,301,948	17,339,393,079
Less: Stocks at close [including slow moving Rs.26,099 /- Previous Year Rs.107,467/-]	<u>1,139,491,546</u>	<u>934,455,591</u>
	18,487,810,402	16,404,937,488
(b) Finished Goods purchases		
Two Wheelers/Trailers	541,639	622,033
Auto Spare-Parts	533,859,280	533,889,507
Machinery for resale	—	2,890,559
	<u>534,400,919</u>	<u>537,402,099</u>
(c) Conversion and Machining Charges	571,149,069	481,064,908
(d) Excise duty on year end inventory of Finished Goods [see note 10]	79,909,050	—
(e) (Increase)/Decrease in Stocks		
Stocks at close:		
Work in progress [including factory made components Rs.24,427,970/- Previous Year Rs.15,427,946/-]	283,840,907	193,986,236
Finished Goods	469,175,047	62,919,043
Auto Spare Parts	308,335,699	284,475,391
	<u>1,061,351,653</u>	<u>541,380,670</u>
Less: Stocks at commencement:		
Work in progress [including factory made components Rs. 15,427,946/- Previous Year Rs.30,045,165/-]	193,986,236	207,546,061
Finished Goods	62,919,043	561,361,658
Auto Spare Parts	284,475,391	282,927,142
	<u>541,380,670</u>	<u>1,051,834,861</u>
	(519,970,983)	510,454,191
Total	<u>19,153,298,457</u>	<u>17,933,858,686</u>

Schedule 12 Other Expenses

			Previous Year
	Rupees	Rupees	Rupees
Stores,spares and tools consumed		546,303,585	555,214,013
Power,fuel and water		679,639,155	652,615,063
Repairs:			
Buildings and Roads	91,541,314		132,008,022
Machinery	371,919,578		358,946,289
Other	35,962,679		37,632,013
		499,423,571	528,586,324
Employees' Emoluments:			
Salaries,wages,bonus etc.	1,871,407,990		1,846,376,742
Contribution to Provident and other funds and schemes	245,907,337		246,850,697
Welfare expenses [see note 14(a)]	229,463,503		215,688,110
		2,346,778,830	2,308,915,549
Rent		18,512,908	14,787,096
Rates and taxes		8,261,663	8,435,053
Insurance		28,188,796	21,664,399
Auditors' remuneration		3,695,497	2,573,925
Directors' fees and travelling expenses		102,563	74,551
Managing Director's remuneration			
Salary	600,000		600,000
Commission	1,200,000		1,200,000
		1,800,000	1,800,000
Wholetime Directors' remuneration			
Salary	1,500,000		1,500,000
Commission	480,000		480,000
		1,980,000	1,980,000
Commission to Non Executive Directors		920,000	600,000
Miscellaneous expenses		648,631,261	563,625,878
Electricity service connection charges written off		20,690,000	—
Packing,forwarding etc.		390,526,050	381,986,924
Advertisement		902,410,398	600,302,381
Vehicle service charges and other expenses		593,216,756	580,310,712
Commission and Discount		138,164,389	137,621,977
Incentives and Sales Promotion		345,849,968	161,945,674
Royalty		109,491,898	69,174,865
Donations [see note 14 (b)]		14,065,000	11,824,638
Bad debts and other irrecoverable debit balances written off		8,257,076	6,071,302
Sundry credit balances previously appropriated,now paid		1,250,701	200,434
Premium on Redemption of Debentures		—	759,915
Loss on assets sold,demolished,discarded and scrapped		8,605,934	4,886,864
Provision for Doubtful Debts and Advances		62,412,712	117,580,143
Provision for Diminution in value of Investments		81,690,106	22,443,418
Amount written off against Technical Know-how		2,936,604	2,936,606
Amount written off against leasehold land		2,473,932	742,136
Total		7,466,279,353	6,759,659,840

Schedule 13 Interest

		Previous Year
	Rupees	Rupees
Interest		
Debentures	—	16,493,648
Fixed Loans	9,714,589	11,905,722
Other	31,559,643	17,514,102
Total	41,274,232	45,913,472

Schedule 14 Notes forming part of the Accounts

		As at 31st March 2000	As at 31st March 1999
		Rupees	Rupees
1.	(A) Contingent liabilities not provided for in respect of:		
	(i) Sales Bills Discounted	71,932,867	81,316,705
	(ii) Claims against the Company not acknowledged as debts	2,146,604,111	1,319,156,933
	(iii) Guarantees given by Company's Bankers	4,858,010	13,523,700
	(iv) Guarantees given by the Company to Housing Development Finance Corporation Ltd. - for loans to employees	94,975,064	80,698,181
	(v) Excise and Customs demand - matters under dispute	751,162,442	712,329,123
	(vi) Claims for refund of Excise Duty, if any, against Excise Duty Refund received in the earlier year	55,638,819	55,638,819
	(vii) Customs Duty on imports at concessional rates of duty	19,802,451	19,802,451
	(viii) Tax matters under dispute - Appeal by Company	948,463,379	888,968,245
	Appeal by Department	429,466,957	190,203,490
		<u>1,377,930,336</u>	<u>1,079,171,735</u>
	(B) Uncalled liability on partly paid Investments	—	1,858,000
2.	Estimated amounts of contracts remaining to be executed on Capital Account and not provided for	1,870,894,403	1,023,824,916
3.	Payments to Auditors :		
		Auditors	Cost Auditors
		1999-2000 Rupees	1998-99 Rupees
		1998-99 Rupees	1999-2000 Rupees
	(i) As Auditors	2,520,000	1,890,000
	(ii) In other capacity:		
	For tax audit	472,500	315,000
	For Provident Fund & Other Certificates	462,926	156,503
	Sub-Total	<u>3,455,426</u>	<u>2,361,503</u>
	(iii) For expenses	240,071	212,422
	Total	<u>3,695,497</u>	<u>2,573,925</u>
		147,000	147,000
		—	—
		—	—
		147,000	147,000
		5,733	9,190
		152,733	156,190
4.	C.I.F Value of Imports, Expenditure and Earnings in Foreign Currencies:	1999-2000 Rupees	1998-99 Rupees
	(a) C.I.F. Value of Imports *		
	(i) Raw materials:		
	Steel and Non-Ferrous Material Components	343,160,855	874,588,681
		812,300,994	559,657,699
		<u>1,155,461,849</u>	<u>1,434,246,380</u>
	(ii) Machinery Spares	67,356,212	77,780,048
	(iii) Capital Goods	741,852,572	825,496,945
	* Excluding C.I.F. Value of Stores, Tools, etc Rs 81,832,739/- (Previous Year Rs. 68,154,658/-)		
	(b) Expenditure in foreign currencies:		
	(i) Travelling expenses	7,074,073	10,618,330
	(ii) Royalty, net of tax	87,567,029	55,323,447
	(iii) Technical Consultancy, net of tax	85,651,058	58,150,040
	(iv) Commission on Exports	1,878,328	4,356,925
	(v) Research and Development Expenses, under an arrangement	21,202,263	25,891,429
	(vi) Advertisement and publicity	89,042,748	29,580,824
	(vii) Other matters	19,484,962	31,568,145
	(c) Earnings in foreign currencies:		
	(i) F.O.B. Value of exports	1,378,076,113	1,579,257,821
	(ii) F.O.B. Value of exports - goods traded in	118,629	4,709,864
	(iii) Interest	3,178,816	2,434,141
	(iv) Others	49,269,524	60,891,584

Schedule 14 Notes forming part of the Accounts (CONTD.)

		1999-2000	1998-1999		
		Rupees	Rupees		
5.	Total Exports during the year				
	Exports in Foreign Currency	1,378,076,113	1,579,257,821		
	Exports in Foreign Currency - goods traded in	118,629	4,709,864		
	Sales to Recognised Export House - for Exports	—	107,139		
		<u>1,378,194,742</u>	<u>1,584,074,824</u>		
6.	Managerial Renumeration:	Rupees	Rupees		
(a)	Computation of Managerial Remuneration				
	Profit as per Profit and loss Account		6,137,338,972		
	Add: Managing Director's Remuneration (including perquisites)	2,458,008			
	Wholetime Director's Remuneration(including perquisites)	2,454,711			
	Commission to Non-Executive Directors	920,000			
	Depreciation	1,453,067,618			
	Provision for Taxation	<u>2,115,000,000</u>			
			<u>3,573,900,337</u>		
			<u>9,711,239,309</u>		
	Less: Section 350 Depreciation	1,994,775,949			
	Excess of Sales price over cost of assets sold	3,717,965			
	Provision for doubtful debts and advances written back	10,290,900			
	Provisions no longer required	112,194,570			
	Profit on sale of Investments, net	1,433,375,361			
	Premium on surrender of Tenancy Rights	<u>7,500,000</u>			
			<u>3,561,854,745</u>		
	Profit on which commission is payable		<u>6,149,384,564</u>		
(i)	Managing Directors Commission:				
	Commission @ 1% on Rs.6,149,384,564/-		<u>61,493,846</u>		
	Maximum Commission payable as determined by the Board of Directors		<u>1,200,000</u>		
(ii)	Commission to Wholetime Director - Shri Madhur Bajaj				
	Commission @ 1% on Rs.6,149,384,564/-		<u>61,493,846</u>		
	Maximum Commission payable as determined by the Board of Directors		<u>480,000</u>		
(iii)	Commission to Non-Executive Directors				
	Commission @ 1% on Rs.6,149,384,564/-		<u>61,493,846</u>		
	Maximum Commission restricted to Rs.20,000/- per meeting attended, per person, subject to an overall ceiling of Rs.1,200,000/-		<u>920,000</u>		
(b)	The Profit & Loss Account also includes payments and provisions on account of the Managing Director and Wholetime Directors as under				
		Managing Director		Wholetime Directors	
		1999-2000	1998-99	1999-2000	1998-99
		Rupees	Rupees	Rupees	Rupees
(i)	Salary	600,000	600,000	1,500,000	1,500,000
(ii)	Commission	1,200,000	1,200,000	480,000	480,000
(iii)	Leave Encashment	200,000	—	—	—
(iv)	Contribution to Provident Fund, Superannuation & Gratuity	212,000	212,000	292,000	292,000
(v)	Other perquisites	246,008	282,689	182,711	334,246
		<u>2,458,008</u>	<u>2,294,689</u>	<u>2,454,711</u>	<u>2,606,246</u>
(c)	Estimated monetary value of perquisite in form of:				
	Unfurnished Accommodation	204,800	184,800	100,800	100,800
	Furniture at Residence	886,859	886,738	324,947	324,477
	Personal use of Company's car	13,200	13,200	24,000	24,000
		<u>1,104,859</u>	<u>1,084,738</u>	<u>449,747</u>	<u>449,277</u>

Schedule 14 Notes forming part of the Accounts (CONTD.)

	1999-2000		1998-1999		
7. Details of raw materials consumption, goods traded in and machinery spares consumption					
(i) Raw materials (including components) consumed:					
	Unit	Qty	Rupees	Qty	Rupees
(a) Ferrous Metal	M.T.	49,460	1,226,465,183	54,237	1,368,925,269
	Mtrs.	97,680	1,700,383	422,748	27,645,080
	Nos.	524		623	
(b) Non-Ferrous Metal	M.T.	16,082	1,264,826,907	15,092	1,122,606,717
	Mtrs.	1,203		1,511	
	Nos.	12		10	
(c) Tyres & tubes	Nos.	6,984,683	993,253,839	6,805,119	960,961,999
(d) Other Components			14,415,229,112		12,412,747,722
(e) Others			586,334,978		512,050,701
Total			<u>18,487,810,402</u>		<u>16,404,937,488</u>
(ii) Imported and indigenous raw material consumption (including components):					
		Rupees	Percentage	Rupees	Percentage
(a) Imported (including Customs Duty and other related charges)		1,544,106,481	8.35	1,742,993,035	10.62
(b) Indigenous		16,943,703,921	91.65	14,661,944,453	89.38
Total		<u>18,487,810,402</u>	<u>100.00</u>	<u>16,404,937,488</u>	<u>100.00</u>
(iii) Imported and indigenous machinery spares consumed:					
		Rupees	Percentage	Rupees	Percentage
(a) Imported (including Customs Duty and other related charges)		88,634,758	45.11	104,853,689	45.96
(b) Indigenous		107,847,905	54.89	123,311,939	54.04
Total		<u>196,482,663</u>	<u>100.00</u>	<u>228,165,628</u>	<u>100.00</u>
(iv) Details of goods traded in-Purchases					
		Nos.	Rupees	Nos.	Rupees
Two Wheelers		20	541,639	29	598,233
Trailers		—	—	1	23,800
Machinery		—	—	1	2,890,559
			541,639		3,512,592
Auto Spare Parts			533,859,280		533,889,507
Total			<u>534,400,919</u>		<u>537,402,099</u>

Schedule 14 Notes forming part of the Accounts (CONTD.)

	1999-2000		1998-1999	
	Nos.	Rupees	Nos.	Rupees
8. Details of Licensed & Installed Capacity, Production, Stocks and Turnover:				
Class of Goods:				
(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)	2,090,000		2,000,000	
(iii) Production	1,432,471		1,381,765	
(iv) Stocks:				
At commencement				
Two & Three-Wheelers (including Motor Cycles)	4,303	62,852,119	46,048	561,199,941
Goods Traded in				
Two Wheelers	3	66,924	7	142,110
Trailers	—	—	1	19,607
Auto Spare Parts (c)	—	284,475,391	—	282,927,142
Total		<u>347,394,434</u>		<u>844,288,800</u>
At Close				
Two & Three-Wheelers (including Motor Cycles)	24,098	469,126,777	4,303	62,852,119
Goods Traded in				
Two Wheelers	2	48,270	3	66,924
Auto Spare Parts (c)	—	308,335,699	—	284,475,391
Total		<u>777,510,746</u>		<u>347,394,434</u>
(v) Turnover (d)				
Two & Three-Wheelers (including Motor Cycles)	1,412,598	35,113,685,115	1,423,501	33,421,021,339
Goods Traded in				
Two Wheelers	21	541,876	33	677,354
Trailers	—	—	2	52,864
Machinery	—	—	1	4,709,864
Auto Spare Parts (including factory made parts)	—	1,937,274,398	—	1,842,661,489
Total		<u>37,051,501,389</u>		<u>35,269,122,910</u>
(vi) Other:				
Dismantled, Scrapped	26		9	
Lost in Transit-Insurance Claim Lodged	51		—	
Free of Charge for Sales Promotion	1		—	
(vii) Details of c.k.d.packs included in above:				
Stocks at commencement	2		2	
Production	167,005		171,868	
Turnover:				
Maharashtra Scooters Ltd.	163,500		166,860	
Export	3,427		5,008	
Converted into CBU Vehicle	2		—	
Stocks at Close	78		2	
(II) Special Purpose Machine Tools				
(i) Licensed Capacity (a)	80		80	
(ii) Installed Capacity (b)	40		40	
(iii) Production	32		36	
(iv) Capitalised	32		36	

Schedule 14 Notes forming part of the Accounts (CONTD.)

8. Details of Licensed & Installed Capacity, Production, Stocks and Turnover (Contd.):

Notes

- (a) Licensed Capacity stated above is as per the Original Licence held by the Company, however, the Company's products are exempt from Licencing requirements under New Industrial Policy in terms of notification no. s.o. 477 (E) dated 25th July, 1991.
- (b) As certified by the General Manager (Manufacturing Engineering) and being a technical matter, accepted by the Auditors as correct.
- (c) Stocks at Commencement and at Close include stock of factory made Auto Spare Parts of value **Rs.81,418,109/-** and **Rs.116,164,576/-** respectively (Previous Year Rs. 82,356,121/- and Rs. 81,418,109/- respectively).
- (d) Includes **92 Nos.** Capitalised at cost **Rs. 2,461,004/-** (Previous Year 64 Nos.: Rs. 1,614,401/-).

9. (i) 3,509,968 16 % Secured Non-Convertible Redeemable Debentures of Rs. 100 each, originally issued in terms of Trust Deed dated 23rd August, 1985, have, in terms of Supplemental Agreement by way of modification dated 5th July, 1993 been modified as to increase in rate of interest and extension of period of redemption, to be redeemed on 31st December, 1998 at a premium of Rs. 5/- per Debenture secured against: (i) first legal mortgage of all immovable properties both present and future situated at Village Vithalpura, Dist. Panchmahal, Gujarat and a floating charge on the other assets of the company at Village Vithalpura, Dist. Panchmahal, Gujarat, subject to a prior charge in favour of the Company's bankers over Bankers goods, (ii) equitable mortgage of the immovable property of the Company's Division at Akurdi, Dist. Pune (present and future) excluding Land and Buildings at P.C.N.T.D.A., Nigdi, Pune, specifically hypothecated Diesel Generating Sets, Capital Equipment and Computer system to ICICI and (iii) hypothecation of all tangible movable assets of the company (save and except book debts) including all movable Plant and Machinery, Machinery Spares and Stores, Tools and Accessories and other movables both (present and future) pertaining to the Company's Division at Akurdi, Dist. Pune, subject to prior charge on specified movables in favour of Company's bankers for working capital facilities.
- (ii) The charge on the above securities extends to amount remaining outstanding and due to Debentureholders of 15% Secured Non-Convertible Debentures redeemed in 1991 on account of (a) unencashed cheques issued by the company (b) Debenture Certificates yet to be surrendered and due to Debentureholders of 16% Secured Non-Convertible Debentures redeemed in 1998 on account of unencashed cheques issued by the company.
- (iii) With the redemption of Secured Debentures on 31st December,1991 and 31st December,1998, the Company has, in consultation with Central Bank of India, Trustees for debentureholders, initiated steps for satisfaction of charge referred above.

10. Excise Duty in respect of goods manufactured by the Company and remaining in stock hitherto accounted at the time of removal of goods from the factory for sale and/or captive consumption has, this year, been provided in the accounts, as required by revised guidance note on " Accounting Treatment of Excise Duty " issued by the Institute of Chartered Accountants of India . This change in accounting policy has no impact on the Profit for the year.

11. Hitherto the Company was valuing closing stocks of Raw Materials , Stores, etc. at procurement cost and Work in Progress & Finished Goods at cost arrived at on direct variable cost basis (i.e material cost plus direct expenses). From this year to comply with the revised Accounting Standard (AS-2) 'Valuation of Inventories' issued by the Institute of Chartered Accountants of India, Company has valued closing stock of Raw Materials , Stores etc. at procurement cost plus freight , octroi etc. and Work in Progress & Finished Goods at the cost arrived at on full absorption basis. This change has resulted in value of closing stocks of Raw Materials, Stores, Work in Progress and Finished Goods being higher by **Rs 142,275,545/-** having its consequent effect on profit for the Year to the same extent.

12. Expenditure during Construction period-Chakan plant included in Capital work in progress:	1999-2000	1998-1999
	Rupees	Rupees
Items of Expenditure:		
As per last Account	27,158,988	—
Stores, spares and tools consumed	—	16,847,860
Power, Fuel & Water	5,362,937	3,614,031
Repairs :		
Machinery	439,868	18,452
Other	—	30,728
	439,868	49,180
Employee's Emoluments	1,245,160	1,034,003
Insurance	371,776	287,145
Miscellaneous Expenses	1,029,709	1,800,779
Amount written off against Leasehold Land	1,731,796	3,463,593
Depreciation	1,547,848	161,147
	<u>38,888,082</u>	<u>27,257,738</u>
Less:		
Other Income		
Interest	—	47,493
Miscellaneous scrap sales	—	51,257
	—	98,750
	<u>38,888,082</u>	<u>27,158,988</u>
Less : Capitalised during the year		
Buildings	4,979,775	—
Waterpumps, Reservoirs and Mains	384,557	—
Plant and Machinery	29,937,800	—
Electric Installations	3,585,950	—
	<u>38,888,082</u>	<u>—</u>
Total	<u>—</u>	<u>27,158,988</u>

Schedule 14 Notes forming part of the Accounts (CONTD.)

13. Investments:

- (a) Disclosure of details of Investments in Investment Schedule-annexed to the Accounts is made in accordance with the approvals received for the last three years from the Department of Company Affairs, Ministry of Law, Justice & Company Affairs, Government of India, under Section 211(4) of the Companies Act, 1956.
The application for approval of above referred disclosure for the year 1999-2000 is pending with the government, permission for which is awaited.
- (b) Investments made by the Company being of long term nature, Diminution in the value of Investments are generally, not considered to be of a permanent nature, however, provision of **Rs.81,690,106/-** (previous year Rs.22,443,418/-) for such Diminution, as considered necessary by the management, has been made in the Accounts.

14. (a) Welfare expenses include Rs.850,000/- being the contribution to a Fund created for the welfare of the employees.

(b) Donations include Rs.5,000,000/- given to a Political party – All India Congress Committee.

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

16. In order to obtain Import Licences under Export Promotion Capital Goods Schemes of the Government of India, company has given an undertaking to fulfill certain quantified export obligations. Non fulfillment of such obligations entails Government to confiscate capital goods imported under the said Licences and other penalties under the above referred scheme. As on 31st March, 2000, Company is not in default under the scheme.

17. The Company extends the benefit of encashment of leave to its employees while in service as well as on retirement. As the Company does not have any defined retirement benefit scheme in this respect, Accounting Standard AS-15 issued by the Institute of Chartered Accountants of India is not considered applicable. Encashment of leave accumulated while in service is at the option of employee and is accounted for, as and when claimed, hence not provided for .

18. Year 2000 (Y2K) Compliance status:

The Company's Business systems, hardware, machines, equipment, process control and embedded systems have rolled over to year 2000 smoothly and are functioning normally.

19. (a) This disclosure is based on the information available with the Company regarding the status of the Suppliers as defined under the "Interest on Delayed Payments to Small Scale and Ancilliary Industrial Undertakings Act, 1993."

(b) There are no dues to any party over Rs.1 lakh outstanding for more than thirty days.

(c) Unpaid interest as on 31st March,2000 **Rs. Nil.**(previous year Rs. Nil.)

20. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules "1" to "14"

As per our attached report of even date

Rahul Bajaj

Chairman & Managing Director

For and on behalf of Dalal & Shah
Chartered Accountants

D.J. Balaji Rao

D.S. Mulla

D.S. Mehta

Directors

Madhur Bajaj

S.H. Khan

Y.C. Amin

N.J.Joshi

Kantikumar R. Podar

Partner

Secretary

Shekhar Bajaj

J.N. Godrej

Mumbai: 16th May, 2000

Annexure referred to in Note 15 in Schedule 14 to the Accounts for the year ended 31st March, 2000

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 based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money

2. Fixed Assets and Depreciation

- (A) Fixed Assets:
Fixed Assets are carried at cost of acquisition or construction or at manufacturing cost in the case of Company manufactured assets, less accumulated depreciation (except freehold land) and amortisation. Also refer para 6.
- (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.

Assets	Rate on Straight Line Method	
	Over the primary period of lease %	As Specified in Schedule XIV %
Plant & Machinery		
Co-generation System	16.00	* 5.28
High Efficiency Boiler	16.67	* 5.28
Others	20.00	4.75
Dies and Moulds		
Primary period 3 years	33.33	11.31
Primary period 5 years	20.00	11.31

* at the rates applicable to Continuous Process machinery

- (C) Other Fixed Assets:
- i) 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.
 - ii) Depreciation on additions is being provided on prorata basis from the month of such additions.
 - iii) 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.
 - iv) Depreciation on additions on account of increase in rupee value due to revalorisation of foreign currency loan is being provided at respective rates of depreciation of related assets with retrospective effect from the date of addition of said asset.

3. Technical know-how fees:

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

4. Investments:

Investments are valued at cost of acquisition.

Investments made by the Company are of a long term nature and hence diminution in value of quoted Investments are not considered to be permanent. Management, however, makes suitable provision where considered necessary

5. Inventories:

- i) Finished stocks, Factory made auto spare parts and Work-in-progress are valued at full absorption cost or net realisable value whichever is lower. Finished stocks lying in the factory premises, Branches, Depots are valued inclusive of excise duty . For change & effect see note 10 in schedule 15 to the Accounts.(*)
- ii) Stores and Tools are valued at cost or net realisable value whichever is lower.(*)
- iii) Raw materials and Bought out Auto spare parts are valued at procurement cost inclusive of freight and octroi or net realisable value, whichever is lower. Cost is arrived at on weighted average basis except that of slow moving which are valued at estimated realisable value.(*)
- iv) Machinery spares and maintenance material are charged out as expense in the year of purchase.
- v) Goods in transit are stated at actual cost upto the date of Balance Sheet.
- *vi) For change and effect see note no. 11 in Schedule 15 to the Accounts.

6. Exchange fluctuations:

- i) Foreign Currency loans for financing fixed assets outstanding at the close of financial year are revalored at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in rupee liability due to fluctuations in rates of exchange is adjusted to the cost of assets acquired through these loans.
- ii) Current Assets and Liabilities in Foreign Currency outstanding at the close of the Financial year are valued at the contracted and/or appropriate exchange rate at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Profit and Loss Account.

7. Sales:

- (a) Export sales are accounted on the basis of the dates of the Mate's Receipt.
- (b) Benefit on account of entitlement to import goods free of duty under the " Duty Entitlement Pass Book under the Duty Exemption Scheme" is being accounted in the year of export.

8. Leasing Business:

- (a) Lease Rental income is recognised on accrual basis.
- (b) The Company follows the recommendations of the Institute of Chartered Accountants of India contained in the 'Guidance Note on Accounting for Lease', for finance lease. Accordingly a matching annual charge is made to the Profit and Loss Account representing recovery of net investment of leased Assets. The said charge is calculated by deducting Finance Income for the year (arrived at by applying the rate of interest implicit in the lease to the net investment in the lease during the year) from the lease rentals in respect of finance leased assets. This annual charge comprises of book depreciation [as per policy stated in para 2(B) (b)] and a lease equalisation charge when the annual lease charge is more than the book depreciation. When the annual charge is less than book depreciation, a lease equalisation charge credit is taken. The balance standing in the Lease Adjustment Account has been adjusted in the net book value of leased assets.

9. Research & Development Expenditure:

Research & Development Expenditure is charged to revenue under the natural heads of account in the year in which it is incurred and R&D expenditure on Fixed Assets is treated in the same way as expenditure on other fixed assets. Payments for R&D work by outside agency is being charged out upto the stage of completion.

10. Retirement Benefits:

- (a) Gratuity:
Payment for present liability of future payment of gratuity is being made to approved Gratuity Funds which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India.
- (b) Superannuation:
Contribution to superannuation fund is being made as per the Scheme of the Company.
- (c) Provident Fund Contributions are made to Company's Provident Fund Trust.
- (d) Contribution to Employees Pension Scheme 1995 are made to Government Provident Fund Authority.

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.	4656
State Code	11
Balance Sheet date	31st March,2000

II. CAPITAL RAISED DURING THE YEAR ENDED 31st MARCH, 2000:

	<u>Rs. in '000s</u>
Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—
Others	—
Total	<u>—</u>

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31ST MARCH, 2000:

Total liabilities	36,997,499
Total assets	36,997,499

Sources of Funds:

Paid-up capital	1,193,908
Reserves and surplus	30,846,870
Secured loans	1,015,826
Unsecured loans	3,940,895
Total	<u>36,997,499</u>

Application of Funds:

Net Fixed Assets	11,142,451
Investments	19,523,607
Net Current Assets	6,327,052
Misc.Expenditure-Technical Know-how	4,389
Total	<u>36,997,499</u>

IV. PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2000:

	<u>Rs. in '000s</u>
i) Turnover (sale of products and other income)	42,155,528
ii) Total Expenditure	33,903,189
iii) Profit before tax	8,252,339
iv) Profit after tax	6,137,339
v) Accrual for earlier years	211,248
vi) Net Profit	6,348,587
vii) Earning per share Rs.(See Note 2)(Face Value Rs.10/-)	53.17
viii) Dividend Rate (%)	100

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (CONTD.)**V. PRODUCTS OF THE COMPANY:**

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

- Notes**
1. The above particulars should be read along with the balance sheet as at 31st March, 2000, the profit and loss account for the year ended on that date and the schedules forming part thereof.
 2. Earning per share is arrived at by dividing the Net Profit [Item IV(vi)] by total number of shares issued and subscribed as at the end of the year.

Rahul Bajaj Chairman & Managing Director

D.J. Balaji Rao
D.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan
Directors

Mumbai: 16th May, 2000
N.J. Joshi
Secretary

Kantikumar R. Podar
Shekhar Bajaj
J.N. Godrej

cash flow statement

		1999-2000	1998-1999
	Rupees	Rupees	Rupees
I) Cash Flow from Operating Activities			
A) Profit before Taxation		8,252,338,972	7,585,172,363
B) Adjustments			
Add			
i) Depreciation	1,453,067,618		1,326,996,151
ii) Amount written off against Technical know-how	2,936,604		2,936,606
iii) Amount written off against Leasehold land	2,473,932		742,136
iv) Loss on Assets Sold, Demolished, Discarded and Scrapped	8,605,934		4,886,864
v) Provision for Diminution in Value of Investments	81,690,106		22,443,418
vi) Provision for Doubtful Debts, Advances	62,412,712		117,580,143
vii) Premium on Redemption of Debentures	—		759,915
viii) Excess Depreciation in earlier year written back	—		1,155
		<u>1,611,186,906</u>	<u>1,476,346,388</u>
		9,863,525,878	9,061,518,751
Less			
i) Investment and Other Non-operating Income included in above:			
Dividends	378,449,862		271,543,072
Interest on Debenture and Bonds	715,722,373		527,083,525
Interest on Government Securities	46,396,724		61,545,275
Interest on Inter-Corporate Deposits and Others	562,157,766		521,783,730
Discounting Charges	—		12,132,226
Income from Units of Mutual Funds	228,037,349		230,723,465
Lease Rent	392,974,150		488,060,783
Lease Equalisation	72,087,273		2,853,764
Profit on Sale of Investments, net	1,433,375,361		274,497,212
Surplus on Redemption of Securities, Treasury Bills, etc. on maturity	19,419,926		60,415,151
Interest received on Fixed Deposits	2,085,011		14,632,032
Interest on Tax refunds	179,095,898		98,564,284
Other Interest	13,265,675		—
Premium received - Tenancy rights	7,500,000		87,668,577
	<u>4,050,567,368</u>		<u>2,651,503,096</u>
ii) Surplus on Sale of Assets	37,420,607		27,417,960
iii) Expenses relating to earlier years	28,509,868		22,971,289
iv) Income Tax, Wealth Tax and Dividend Tax paid	2,611,841,667		2,382,386,638
v) Provision for Doubtful Debts and Advances written back	10,290,900		4,527,488
		<u>(6,738,630,410)</u>	<u>(5,088,806,471)</u>
		3,124,895,468	3,972,712,280
	carried forward		

cash flow statement | (CONTD.)

	1999-2000		1998-1999
	Rupees	Rupees	Rupees
brought forward		3,124,895,468	3,972,712,280
C) (Increase)/Decrease in Current Assets			
i) Inventories	(836,253,937)		558,886,029
ii) Sundry Debtors	286,589,044		(879,613,106)
iii) Other Current Assets and Loans and Advances	(1,048,004,959)		(1,108,714,563)
	(1,597,669,852)		(1,429,441,640)
Increase/(Decrease) in Current Liabilities			
i) Liabilities	1,182,541,557		471,053,243
ii) Cash Credit from Banks	605,005,557		283,418,346
	1,787,547,114		754,471,589
		189,877,262	(674,970,051)
NET CASH FLOW FROM OPERATING ACTIVITIES		3,314,772,730	3,297,742,229
II) Investment Activities			
i) (Increase)/Decrease in Investment, net	(5,014,711,562)		(3,180,693,594)
ii) Capital Expenditure	(3,355,304,347)		(2,282,334,668)
iii) Sales Proceeds of Assets/Adjustment to Gross block	76,340,590		45,613,862
iv) Technical know-how	—		(2,905,630)
v) (Increase)/Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Auto Holdings Ltd and Bills purchased	913,966,546		(511,173,356)
	(7,379,708,773)		(5,931,493,386)
vi) Investment and other Non-operating Income included in above			
Dividends	378,449,862		271,543,072
Interest on Debenture and Bonds	715,722,373		527,083,525
Interest on Government Securities	46,396,724		61,545,275
Interest on Inter-Corporate Deposits and Others	562,157,766		521,783,730
Discounting Charges	—		12,132,226
Income from Units of Mutual Funds	228,037,349		230,723,465
Lease Rent	392,974,150		488,060,783
Profit on Sale of Investments, net	1,433,375,361		274,497,212
Surplus on Redemption of Securities, Treasury Bills, etc.on maturity	19,419,926		60,415,151
Interest received on Fixed Deposits	2,085,011		14,632,032
Interest on Tax refunds	179,095,898		98,564,284
Other Interest	13,265,675		—
Premium received - Tenancy rights	7,500,000		—
	3,978,480,095		2,560,980,755
NET CASH FLOW FROM INVESTING ACTIVITIES		(3,401,228,678)	(3,370,512,631)
Carried forward		(86,455,948)	(72,770,402)

cash flow statement | (CONTD.)

	1999-2000	1998-1999
	Rupees	Rupees
brought forward	(86,455,948)	(72,770,402)
III) Financing Activities		
i) Payment of Secured Loans	—	(137,456,800)
ii) Repayment of Fixed Deposits	(12,329,390)	(15,157,697)
iii) Increase in Unsecured Loans -Sales tax deferral liability	867,085,795	794,616,888
iv) Dividend Paid	(949,234,196)	(953,548,047)
NET CASH FLOW FROM FINANCING ACTIVITIES	(94,477,791)	(311,545,656)
NET CHANGE IN CASH & CASH EQUIVALENTS	(180,933,739)	(384,316,058)
Cash and Cash Equivalents as at 01.04.1999 [Opening Balance]	540,774,159	925,090,217
Cash and Cash Equivalents as at 31.03.2000 [Closing Balance]	359,840,420	540,774,159

Rahul Bajaj Chairman & Managing Director
D.J. Balaji Rao
D.S. Mulla
D.S. Mehta Directors
Madhur Bajaj
S.H. Khan
Kantikumar R. Podar
Shekhar Bajaj
J.N. Godrej

N.J. Joshi
 Secretary

Mumbai: 16th May, 2000

AUDITORS' CERTIFICATE

To,
The Board of Directors,
Bajaj Auto Limited,
Akurdi, Pune 411 035.

We have examined the above Cash Flow Statement of Bajaj Auto Limited for the year ended 31st March, 2000. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 16th May, 2000 to the members of the Company and reallocation required for the purpose are as made by the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Y. C. Amin
Partner

Mumbai: 16th May, 2000

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

1. Name of the Subsidiary	:	Bajaj Auto Holdings Limited.
2. Financial year of the Subsidiary ended on	:	31st March,2000
3. Holding Company's interest : Equity Share Capital	:	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	:	Profit Rs.9,950,366/-
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	:	Profit Rs.246,241,856/-
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	:	Rs.79,162,500/-

Rahul Bajaj Chairman & Managing Director

D.J. Balaji Rao
D.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan
Kantikumar R. Podar
Shekhar Bajaj
J.N. Godrej

Directors

N.J.Joshi
Secretary

Mumbai: 16th May, 2000

reconciliations of accounts under US GAAP and IAS

Independent Accountants' Review Report

The Board of Directors
Bajaj Auto Limited

We have reviewed the accompanying Reconciliations of Significant Differences in Shareholders' Equity and Net Income Between Indian Generally Accepted Accounting Standards ("Indian GAAS"), US Generally Accepted Accounting Principles ("US GAAP") and International Accounting Standards ("IAS") of Bajaj Auto Limited as of March 31, 2000 and 1999 and for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these Reconciliations is the representation of the management of Bajaj Auto Limited.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the Reconciliations taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying Reconciliations in order for the reconciling amounts to be in conformity with US GAAP and IAS.

As discussed in Note 5 to the Reconciliations, the Company changed its method of computing depreciation in the year 1999.

KPMG

Mumbai: 16 May 2000

Reconciliations of Significant Differences in Shareholders' Equity and Net Income Between Indian Generally Accepted Accounting Standards ("Indian GAAS"), US Generally Accepted Accounting Principles ("US GAAP") and International Accounting Standards ("IAS")

	(Rs in millions)		(US Dollars in thousands)*	
	31 March		31 March	
	2000	1999	2000	1999
1. Reconciliation of shareholders' equity				
Shareholders' equity as per Indian GAAS	32,041	27,018	731,196	616,568
US GAAP adjustments				
Consolidation of subsidiary	64	53	1,460	1,209
Equity method of accounting	825	704	18,827	16,066
Amortisation of investment in debt securities	8	52	182	1,186
Unrealised investment gains/(losses), net of tax effect	2,383	(129)	54,382	(2,944)
Impairment of investments	(132)	(94)	(3,012)	(2,145)
Fixed assets and depreciation	(25)	124	(570)	2,830
Non-monetary exchange of asset	(88)	(88)	(2,008)	(2,008)
Deferred income taxes	(1,166)	(999)	(26,609)	(22,798)
Proposed dividend (including dividend tax thereon)	—	1,060	—	24,190
Total adjustments as per US GAAP	1,869	683	42,652	15,586
Shareholders' equity as per US GAAP	33,910	27,701	773,848	632,154
IAS adjustments				
Proposed dividend (including dividend tax thereon)	—	(1,060)	—	(24,190)
Additional unrealised investment gains/(losses), net of tax effect				
- on current investments	232	61	5,294	1,392
- on longterm investments	(2,383)	(64)	(54,382)	(1,460)
Total adjustments as per IAS	(2,151)	(1,063)	(49,088)	(24,258)
Shareholders' equity as per IAS	31,759	26,638	724,760	607,896

* Exchange rate used for conversion of rupees into dollars is Rs 43.82 per US Dollar

Reconciliations of Significant Differences in Shareholders' Equity and Net Income Between Indian Generally Accepted Accounting Standards ("Indian GAAS"), US Generally Accepted Accounting Principles ("US GAAP") and International Accounting Standards ("IAS") (Cont'd)

	(Rs in millions)		(US Dollars in thousands) *	
	1999-2000	1998-1999	1999-2000	1998-1999
2 Reconciliation of net income				
Net income as per Indian GAAS	6,349	5,528	144,888	126,152
US GAAP adjustments				
Consolidation of subsidiary	11	4	251	91
Equity method of accounting	121	93	2,761	2,122
Amortisation of investment in debt securities	(44)	(5)	(1,004)	(114)
Impairment of investments	(38)	(94)	(867)	(2,145)
Fixed assets and depreciation	(149)	(72)	(3,400)	(1,643)
Non-monetary exchange of asset	—	(88)	—	(2,008)
Deferred income taxes	(167)	145	(3,811)	3,309
Total adjustments as per US GAAP	(266)	(17)	(6,070)	(388)
Net income before cumulative effect of accounting change	6,083	5,511	138,818	125,764
Cumulative effect of accounting change, net of tax effect	—	1,147	—	26,175
Net income as per US GAAP	6,083	6,658	138,818	151,939
IAS adjustments				
Cumulative effect of accounting change, net of tax effect	—	(1,147)	—	(26,175)
Unrealised gain/(loss) on investments	283	(41)	6,458	(936)
Deferred income taxes	(112)	14	(2,556)	320
Total adjustments as per IAS	171	(1,174)	3,902	(26,791)
Net income as per IAS	6,254	5,484	142,720	125,148
			(Rs)	(US Dollars)

3 Earnings per share

As per US GAAP				
Before cumulative effect of accounting change	50.95	46.16	1.16	1.05
Cumulative effect of accounting change	—	9.61	—	0.22
Earnings per share	50.95	55.77	1.16	1.27
As per IAS				
Earnings per share	52.38	45.94	1.20	1.05

* Exchange rate used for conversion of rupees into dollars is Rs 43.82 per US Dollar

Notes to the Reconciliations of Significant Differences Between Indian Generally Accepted Accounting Standards ("Indian GAAS"), US Generally Accepted Accounting Principles ("US GAAP") and International Accounting Standards ("IAS") for the year ended 31 March 2000

1. Basis of preparation of the Reconciliations

Bajaj Auto Limited ('the Company') prepares its financial statements in accordance with Indian GAAS which differ in certain respects from US GAAP and IAS. Significant differences between Indian GAAS, US GAAP and IAS which impact shareholders' equity as at 31 March 2000 and 1999 and net income for the years ended on that date have been shown as reconciling amounts in the Reconciliations. Such differences are discussed below.

2. Consolidation of subsidiary

US GAAP and IAS require the consolidation of majority owned subsidiaries' financial statements with the financial statements of the Company. Accordingly, the financial statements of Bajaj Auto Holdings Limited, a wholly owned subsidiary, have been consolidated with the financial statements of Company and all inter-company transactions have been eliminated. The practice of consolidation is not followed under Indian GAAS

3. Equity method of accounting

Generally, investments in which the investor company holds 20% to 50% of the investee's voting securities are accounted for by the equity method under US GAAP. Under IAS, if the investor company has the power to participate in the financial and operating policies of the investee, the investments are accounted for by the equity method of accounting. Under the equity method of accounting, the investor company accounts for its share of net income or loss of the investee.

Accordingly, the Company's investments of 46% in Bajaj Auto Finance Limited and 24 % in Maharashtra Scooters Limited have been accounted for by the equity method for both US GAAP and IAS. Under Indian GAAS, investments in associates are accounted for at cost.

4. Investment in debt and equity securities

Under Indian GAAS, all investments are considered as long term in nature.

Under US GAAP, debt securities held for investment purposes to maturity are stated at amortised cost. Impairments of debt securities, other than temporary, are recognised in the income statement. Trading and available-for-sale securities are recorded at fair value. Unrealised holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of shareholders' equity until realised.

Under IAS, current investments are stated at market values. In case market value is not readily ascertainable, management's estimates of fair value are substituted as market values. Adjustments to the carrying values are recognised in the income statement.

Long-term investments, except for marketable equities, are stated at cost and any premium or discount arising on purchase is amortised or accreted to interest expense and interest income respectively. Quoted marketable equities are stated at lower of cost or market value determined on an aggregate basis. Temporary reductions and reversals of such reductions are included in shareholders' equity. Unquoted equity securities are stated at cost.

In addition to the above the carrying amount of all long-term investments is reduced to recognise any decline other than temporary and any such reductions are charged against earnings.

Under Indian GAAS, investments in debt and equity securities are accounted for at cost less adjustments if any other than temporary decline or impairments in carrying value, which are charged against earnings.

5. Fixed assets and depreciation

The Company calculated a depreciation charge for fixed assets under Indian GAAS and US GAAP on the written-down value basis for all years upto 31 March 1998. For IAS reporting the Company adopted the straight-line depreciation method from inception. Under both US GAAP and IAS, fixed assets are recorded at historical cost and depreciated on a systematic basis over their estimated useful lives. Under Indian GAAS, depreciation is provided based on the asset lives specified in the Companies Act that may not necessarily be reflective of the useful lives of the assets. Accordingly, the Reconciliations provide for a depreciation adjustment based on the estimated useful lives of fixed assets.

In 1999, the Company changed its depreciation policy from the written-down value depreciation method to the straight-line method for both Indian GAAS and US GAAP. Under Indian GAAS the cumulative effect of the accounting change on prior years has been recorded directly to shareholders' equity. Under US GAAP the cumulative effect of this change is recorded in net income. Accordingly, the amount of Rs 1,147 million, net of tax of Rs 617 million, has been shown in the Reconciliation of net income as the cumulative effect of the accounting change. Shareholders' equity under Indian GAAS, US GAAP and IAS is not impacted by the change at 31 March 1999.

6. Non-monetary exchange of asset

Under US GAAP and IAS, the exchange of a non-monetary asset for a similar non-monetary asset used in the earnings process, is recorded at the carrying value of the asset surrendered. During the previous year, the Company exchanged its tenancy rights in a property, which had no recorded value, for ownership rights in a similar property. Accordingly, for both US GAAP and IAS purposes, the transaction has been recorded at zero value whereas under Indian GAAS, the excess of fair value of acquired

Notes to the Reconciliations of Significant Differences Between Indian Generally Accepted Accounting Standards ("Indian GAAS"), US Generally Accepted Accounting Principles ("US GAAP") and International Accounting Standards ("IAS") for the year ended 31 March 2000 (CONT'D)

property over the carrying value of tenancy rights surrendered has been recorded as a gain.

7. Deferred taxation

Under US GAAP and IAS, deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of existing assets and liabilities as compared to their respective tax bases, using enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period of change and equity if it relates to item recognised in equity. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses or deductible temporary differences can be utilised. Deferred income taxes are not accounted for under Indian GAAS.

8. Proposed Dividend

Under Indian GAAS and IAS, dividends on equity shares and the related dividend tax are recorded as liabilities at the point of their proposal by the Board of Directors although such dividend liability does not crystalize unless approved by the shareholders. Accordingly under US GAAP, such dividends have been restored to shareholders equity in the reconciliation.

9. Earnings per share

Under US GAAP and IAS, earnings per share is calculated by dividing net income by the weighted average number of common stocks outstanding.

TWENTY SECOND ANNUAL REPORT 1999|2000

bajaj auto holdings ltd

BOARD OF DIRECTORS

D. S. Mehta
R. A. Jain
Madhur Bajaj
G. B. Laddha
Rajiv Bajaj

Auditors

Dalal and Shah
Chartered Accountants

Bankers

Central Bank of India

Regd. Office

C/o Bajaj Auto Limited
Mumbai- Pune Road
Akurdi, Pune 411 035.

DIRECTORS' REPORT

1. The directors present their twenty-second annual report and the audited statements of accounts for the year ended March 31, 2000.
2. During the year under review, the company earned a profit of Rs. 14,811,578 as against Rs. 20,080,386 in the previous year. After making provision for taxation of Rs.3,625,000, the net profit was Rs.11,186,578 as against Rs. 16,430,386 in the previous year.
3. After considering the estimated financial results of the company for the year under review, the directors at their meeting held on March 12, 2000, had recommended and paid an interim dividend of Rs.1,225,000 on 24,500 equity shares of the company of Rs.100/- each (at the rate of Rs.50/- per share). The directors do not recommend any further dividend and the interim dividend already paid will be the final dividend for the year 1999-2000 which will be proposed for declaration at the ensuing annual general meeting.

Dividend along with tax thereon absorbs Rs. 1,359,750.
4. An amount of Rs.2,262,100 has been transferred to reserve fund in terms of the provisions of Section 45-IC(1) of Reserve Bank of India Act, 1934.
5. The balance profit of Rs.7,688,266 (inclusive of tax adjustments relating to earlier years) as against Rs.2,364,286 during the previous year, has been transferred to General Reserve.
6. Being an investment company with no manufacturing activity, the directors have nothing to report on conservation of energy, research & development and technology absorption.
7. There are no employees of the company whose particulars are required to be reported under Section 217(2A) of the Companies Act, 1956 and the rules thereunder.
8. Shri R. A. Jain and Shri G. B. Laddha, directors of the company retire by rotation and being eligible offer themselves for reappointment.
9. You are requested to appoint 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


Chairman of the meeting

Mumbai, 15th May, 2000

report of the auditors to the members

We have audited the attached Balance Sheet of **Bajaj Auto Holdings Limited** as at 31st March, 2000 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :

- (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 the Books of the Company;
- (c) The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
- (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting Standard referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
- (e) In our opinion, and to the best of our information and according to the explanations given to us, the Accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view:
 - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2000; and
 - (ii) in the case of the Profit and Loss Account of the Profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we further state that:-

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the same have been physically verified by the Management during the year. As per the information and explanations given to us no discrepancies were noticed on such physical verification as compared with the Books records;
- (ii) None of the fixed assets have been revalued during the year.
- (iii) The Company has not taken any loans, secured or unsecured, from Companies, Firms and Other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us there is no Company under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956;
- (iv) (a) The Register maintained under Section 301 of the Companies Act, 1956 does not disclose any loans, secured or unsecured, given to companies, firms or other parties listed in the said register. As explained to us there is no Company under the same management, with-

in the meaning of Section 370(1-B) of the Companies Act 1956;

- (b) Other parties to whom Loans and Advances in nature of loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment of interest, except, in case of few parties where the Company has taken reasonable steps to recover the principal amount and interest;
- (v) The Company has not accepted any deposits from Public during the year;
- (vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- (vii) Since the Company did not have any employee on its payroll during the year, the requirements of clause (xvii) of Paragraph 4(A) of the Order are not applicable to the Company;
- (viii) No undisputed amounts payable in respect of Income - tax and Wealth - tax were outstanding as at the last day of the year, for a period of more than six months from the date they became payable. Considering the nature of business carried on at present by the Company, there can be no dues pertaining to Excise Duty, Customs Duty and Sales Tax;
- (ix) On the basis of (i) the examination of the Books of Account, (ii) the vouchers produced to us for our verification, (iii) the explanations given and the representations made to us on our inquiries and (iv) the checks and control relating to authorising the expenditure on the basis of accepted business practices having regard to the Company's needs and exigencies, we have not come across any expenses charged to revenue, which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses;
- (x) The Company has maintained adequate documents and records in respect of loans and advances granted on the basis of pledge of securities.
- (xi) The Company has maintained proper records of the transactions and contracts in respect of investments and has also made timely entries therein. The investments are held by the Company in its own name or are in the process of being transferred in the name of the Company.

Considering the nature of business being carried on at present by the Company and also the nature of matters referred to in various clauses of the Manufacturing and Other Companies (Auditor's Report) Order, 1988, Clauses (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), (xvi) and (xx) of para 4(A) and 4(D) (iii) of the aforesaid Order are, in our opinion, not applicable to the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Shishir Dalal
Partner

Mumbai, 15th May, 2000

balance sheet | AS AT 31ST MARCH

			2000	1999
	Schedule	Rupees	Rupees	Rupees
I. Sources of Funds				
1. Shareholders' Funds				
a) Capital	1	2,450,000		2,450,000
b) Reserves & Surplus	2	256,192,222		246,241,856
			258,642,222	248,691,856
2. Loan Funds				
Unsecured Loans:				
a) From Bajaj Auto Limited-Holding Company		61,000,000		47,000,000
b) From a Joint Stock Company		100,000,000		15,000,000
			161,000,000	62,000,000
Total			419,642,222	310,691,856
II. Application of Funds				
1. Fixed Assets				
Land, at cost		422,435		422,435
Ownership Premises, at cost (See Note 3)		906,568		906,568
Less: Depreciation		273,482		240,162
		633,086		666,406
			1,055,521	1,088,841
2. Investments	3		240,470,127	231,722,830
3. Current Assets, Loans & Advances:	4			
a) Sundry Debtors		—		1,129,000
b) Cash and Bank Balances		3,063,842		428,924
c) Other Current Assets		5,654,497		6,478,817
d) Loans and Advances		189,129,439		89,679,726
		197,847,778		97,716,467
Less: Current Liabilities and Provisions:	5			
a) Liabilities		8,436,204		8,597,282
b) Provisions		11,295,000		11,239,000
		19,731,204		19,836,282
Net Current Assets			178,116,574	77,880,185
Total			419,642,222	310,691,856
Notes forming part of the Accounts	7			

As per our attached report of even date

For and on behalf of Dalal & Shah
Chartered Accountants

D.S. Mehta
Madhur Bajaj
G.B. Laddha

Directors

Shishir Dalal
Partner

Mumbai: 15th May, 2000

Mumbai: 15th May, 2000

profit and loss account | FOR THE YEAR ENDED 31ST MARCH

		2000	1999
Schedule	Rupees	Rupees	Rupees
Income			
Dividend from other investments (Gross, tax deducted Rs Nil Previous year Rs 73,815/-)		10,505,759	9,327,495
Income from units of Unit Trust of India (Gross, tax deducted Rs Nil Previous year Rs 20,084/-)		67,783	100,420
Interest (Gross, tax deducted Rs 3,249,626/- Previous year Rs 3,338,500/-)			
On Debentures and Bonds	850,000		1,150,000
Others	21,251,496		16,771,497
		22,101,496	17,921,497
Rent Received		3,200	—
Profit on Sale of Investments, net		—	588,568
Other Income			
Provisions No Longer Required		263,137	—
		32,941,375	27,937,980
Expenditure			
Interest: On Fixed Loans	12,742,467		7,688,096
Other expenses	166,440		134,424
Loss on Sale of Investments, net	68,572		—
Provision for diminution in value of Investments	5,118,998		—
Depreciation	33,320		35,074
		18,129,797	7,857,594
Profit before Taxation		14,811,578	20,080,386
Provision for taxation (including Rs 20,000/- for Wealth Tax, Previous year Rs 20,000/-)		3,625,000	3,650,000
Profit for the year		11,186,578	16,430,386
Tax adjustments relating to earlier years		123,538	—
		11,310,116	16,430,386
Interim Dividend paid	1,225,000		9,800,000
Corporate Dividend Tax thereon	134,750		980,000
		1,359,750	10,780,000
Transferred to Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934		2,262,100	3,286,100
Transferred to General Reserve		7,688,266	2,364,286
Balance carried to Balance Sheet		—	—
Notes forming part of the Accounts	7		

As per our attached report of even date

For and on behalf of Dalal & Shah
Chartered Accountants

D.S. Mehta
Madhur Bajaj
G.B. Laddha

Directors

Shishir Dalal
Partner

Mumbai: 15th May, 2000

Mumbai: 15th May, 2000

Schedule 1 Share CapitalAs at
31 st March 1999

	Rupees	Rupees	Rupees
Authorised: 50,000 Equity Shares of Rs 100/- each		5,000,000	5,000,000
Issued and Subscribed: 24,500 Equity Shares of Rs 100/- each fully paid-up (All the shares are held by Holding Company - Bajaj Auto Ltd)		2,450,000	2,450,000
Total		2,450,000	2,450,000

Schedule 2 Reserves and SurplusAs at
31 st March 1999

	Rupees	Rupees	Rupees
Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934 as per last account Set aside this year	11,024,300 2,262,100	13,286,400	7,738,200 3,286,100 11,024,300
General Reserve: As per last account Set aside this year	235,217,556 7,688,266	242,905,822	232,853,270 2,364,286 235,217,556
Total		256,192,222	246,241,856

Schedule 3 Investments, Other than trade at CostAs at
31 st March 1999

	Rupees	Rupees	Rupees
In Government and Trust Securities			
Quoted: ** 50,210 Units of Rs.10 each in Unit Trust of India under Unit Scheme 1964		—	—
Carried over		—	—

Schedule 3 Investments, Other than trade at Cost (CONTD.)

As at
31 st March 1999

	Rupees	Rupees	Rupees
Brought over		—	—
In Equity Shares			
Quoted			
2,916,900 (2,838,000) Shares of Rs. 10 each in Bajaj Auto Finance Ltd.	94,211,244		91,420,000
25,000 Shares of Rs. 10 each in Colgate Palmolive India Ltd.	7,475,246		7,475,246
135,026 Shares of Rs. 10 each in Hercules Hoists Ltd.	29,311,738		29,311,738
37,500 (25,000) Shares of Rs. 10 each in Hindustan Petroleum Corporation Ltd. (including 12,500 Bonus shares received during the year)	9,120,125		9,120,125
45,500 (46,350) Shares of Rs. 10 each in NRC Ltd.	5,612,442		5,725,492
60,000 Shares of Rs. 10 each in Rallis India Ltd.	12,065,250		12,065,250
201,000 Shares of Rs. 10 each in Saw Pipes Ltd.	7,114,700		7,114,700
172,184 (72,184) Shares of Rs. 10 each in Tata Chemicals Ltd.	16,477,628		8,639,844
Other	46,487,050		45,272,474
		227,875,423	216,144,869
Unquoted			
170,000 Shares of Rs.10 each in CMM Ltd.	5,100,000		5,100,000
5,000 Shares of Rs.10 each in Sesa Industries Ltd.	112,500		112,500
	5,212,500		5,212,500
Less: Provision for Diminution in the value of Investments	5,212,498		93,500
		2	5,119,000
In Bonds			
Quoted			
* 11% Bonds of Industrial Finance Corporation of India, 2002 (46th Series) of the face value of Rs.5,000,000	5,094,702		5,094,702
Other	—		5,364,259
		5,094,702	10,458,961
		232,970,127	231,722,830
Application for Investment in Mutual Fund Units		7,500,000	—
Total		240,470,127	231,722,830

	Book Value as at		Market Value as at	
	31st March 2000	31st March 1999	31 st March 2000	31 st March 1999
	Rupees	Rupees	Rupees	Rupees
Quoted	232,970,125	226,603,830	*236,362,413	*176,192,885
Unquoted	2	5,119,000		
Total	232,970,127	231,722,830		

Notes :

- The following Shares are in the process of being transferred in the name of Company :

Name of the Company	Face Value Rs.	No of Equity Shares
Jindal Vijayanagar Steel Ltd.	10	100,000
STI Products (India) Ltd.	10	160,000
V B Desai Financial Services Ltd.	10	153,000

- Quoted Investments for which quotations are not available have been included in market value at the face value/paid up value, whichever is lower, as the quotations are not available.
- Units of Unit Trust of India have been included in market value at the Repurchase value.
- See note '4' in Schedule '7' to the Accounts.

Schedule 4 Current Assets, Loans and Advances

As at
31 st March 1999

	Rupees	Rupees	Rupees
(a) Sundry Debtors, Unsecured : Outstanding for a period exceeding six months, Good		—	1,129,000
(b) Cash and Bank Balances: Cash on hand	544		138
Balances with Scheduled Banks: In current account	3,063,298		428,786
		3,063,842	428,924
(c) Other Current Assets: Dividend and Interest Receivable on Investments	—		446,805
Interest Receivable, good : On loans	5,521,369		5,898,884
Other	133,128		133,128
	5,654,497		6,032,012
		5,654,497	6,478,817
(d) Loans and Advances, unsecured, good: Loans to Joint Stock Companies (including Rs. 100,000,000 against pledge of securities. Previous year Rs.Nil)	172,000,000		72,000,000
Advances recoverable in cash or in kind or for value to be received	5,112,571		5,670,480
Deposit with I.D.B.I under Investment Deposit Scheme, 1986 (including interest accrued thereon Rs.105,000/- Previous year Rs.105,000/-)	1,155,000		1,155,000
Tax paid in advance	10,861,868		10,854,246
		189,129,439	89,679,726
		197,847,778	97,716,467
Total			

Schedule 5 Current Liabilities and Provisions

As at
31 st March 1999

	Rupees	Rupees	Rupees
(a) Liabilities: Sundry Creditors	8,424,118		8,501,118
Due to Bajaj Auto Ltd- Holding Company	12,086		—
Interest Accrued but not due on Loans	—		96,164
		8,436,204	8,597,282
(b) Provisions: Provision for Taxation		11,295,000	11,239,000
Total		19,731,204	19,836,282

Schedule 6 Other Expenses

	Rupees	Rupees	Previous Year Rupees
Administration Charges		6,000	6,000
Building Repairs		30,000	5,647
Rates & Taxes		19,645	38,929
Insurance		646	—
Auditors' Remuneration:			
As Auditors	10,500		10,500
In other capacity:			
for tax audit	5,250		3,150
for certificates	—		2,000
		15,750	15,650
Legal & Professional Charges		54,000	65,000
Miscellaneous Expenses		33,594	3,198
Sundry Debit Balances written off		6,805	—
Total		166,440	134,424

Schedule 7 Notes forming part of the Accounts

- Statement of Significant Accounting Policies :
 - Income and Expenses are accounted on accrual basis, except those associated with significant uncertainties.
 - Investments are valued at cost of acquisition. Provision for diminution in value of unquoted investments is made as per revised directive of the Reserve Bank of India on prudential norms issued on 12th May, 1998.
 - Profits/Losses on Sale of Investments are recognised on the basis of cost of the specific lot of Investments sold during the year
 - Fixed Assets :
 - Fixed Assets are stated at cost of acquisition less accumulated depreciation (except freehold land).
 - Depreciation:
 - Depreciation is being provided on "Written Down Value" basis in accordance with the provisions of Section 205(2)(a) of the Companies Act 1956 in the manner and at the rates specified in Schedule XIV to the said Act.
 - Depreciation on addition to assets is being provided for the full year instead of pro-rating the same as required by Schedule XIV to the Companies Act 1956.
- Contingent liabilities not provided in respect of:

	1999-2000	1998-1999
Disputed Income-tax liability - decided by Income Tax Appellate Tribunal in favour of the Company, appealed against by the Department	Rupees	Rupees
	12,257,981	12,257,981
- Sale deed in respect of ownership premises is yet to be executed.
- Disclosure of details of Investments in Investments Schedule annexed to the Accounts is made in accordance with the approval of Department of Company Affairs, Ministry of Law, Justice and Company Affairs of Government of India, under Section 211(4) of the Companies Act, 1956 vide its letter No 46/24/2000/CL-III dated 31st March, 2000
 - Investments made by the Company being of long term nature, Diminution in the value of Quoted Investments are not considered to be of a permanent nature and thus, in the opinion of management, no provision for the same is considered necessary to be made.
- Previous year's figures have been regrouped wherever necessary.

Signature to Schedules "1" to "7"

For and on behalf of Dalal & Shah
Chartered Accountants

D. S. Mehta
Madhur Bajaj
G. B. Laddha

Directors

Shishir Dalal
Partner

Mumbai: 15th May, 2000

Mumbai: 15th May, 2000

Balance Sheet Abstract and Company's General Business Profile: (Part IV)

I. REGISTRATION DETAILS

Registration No.	21066
State Code	11
Balance Sheet date	31st March,2000

II. CAPITAL RAISED DURING THE YEAR ENDED 31ST MARCH 2000

	Rs. in '000s
Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—
Others	—
Total	—

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31ST MARCH,2000

Total Liabilities	419,642
Total Assets	419,642

Sources of Funds

Paid-up capital	2,450
Reserves and surplus	256,192
Secured loans	—
Unsecured loans	161,000
Total	419,642

Application of Funds

Net Fixed Assets	1,055
Investments	240,470
Net Current Assets	178,117
Misc.Expenditure-Technical	—
Accumulated losses	—
Total	419,642

IV. PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH,2000

i) Dividend, interest and Other income	32,941
ii) Total Expenditure	18,130
iii) Profit before tax	14,811
iv) Profit after tax	11,186
v) Adjustments for earlier years	124
vi) Net Profit	11,310
vii) Earning per share Rs. (Face value Rs. 100 per share)	462
viii) Dividend Rate (%)	50

V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

Being an investment company, not applicable

Note: Earning per share is arrived at by dividing the Net profit [Item IV (vi)] by total number of shares issued and subscribed at the end of the year

D.S. Mehta
Madhur Bajaj Directors
G.B. Laddha

Mumbai: 15th May, 2000



 **bajaj auto ltd**

Akurdi, Pune, 411 035