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Chairman's Letter

Dear Shareholder

It has been an article of faith for us at Bajaj Auto to say things as they are — be these good or bad, without exaggeration or sugar-coating. As your chief fiduciary, I have no intention to depart from this practice.

The hard fact is that 2000-01 has been a bad year for your company — financially the worst year in its recent history.

Sales have fallen by 3.2 per cent — from Rs.37.05 billion in 1999-00 to Rs.35.88 billion in 2000-01. That, in itself, is a cause for concern. However, an even greater concern is profits — which have fallen far more than the decline in sales. Operating profits before interest, taxation and depreciation have fallen from Rs.5.85 billion in 1999-00 to Rs.3.05 billion in 2000-01. Consequently, your company's operating margin has almost halved — down from 18.2 per cent of total operating income in 1999-00 to 9.8 per cent in 2000-01.

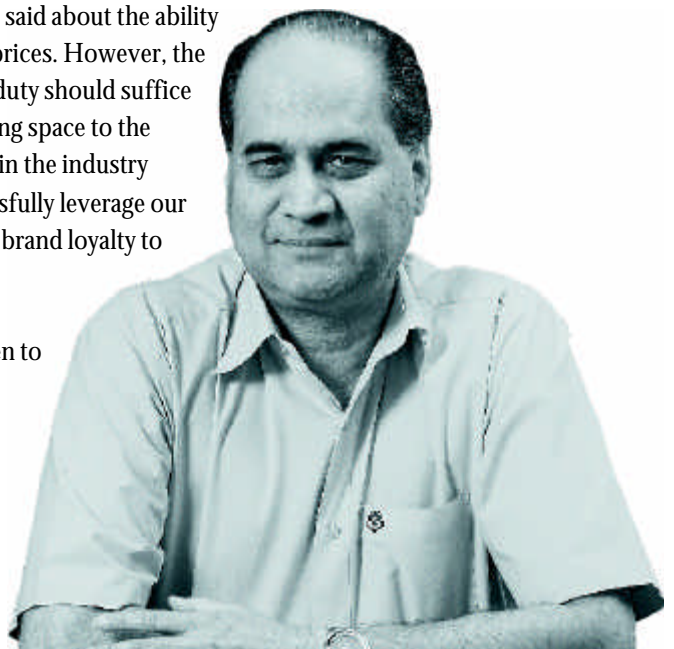
Between 1995-96 and 1999-00, your company had witnessed a 10.1 per cent compound annual growth in net profits — from Rs.4.18 billion to Rs.6.13 billion. After such a satisfactory track record, your company cannot afford to ignore this year's fall; the

reasons have been discussed in detail in the Management Discussion and Analysis.

I would like to share with you my views about competition and margins and the broad strategy of your company to address its sales and profits.

First, how do I see competition in the future? For the next year or so, the action will be among the three major domestic players, with a fourth coming into its own two years from now. Although the industry will be very competitive, I don't visualise cut-throat, incessant price slashing competition. The joker of the pack will be Chinese imports. Much has been said about the ability of the Chinese to slash prices. However, the present level of import duty should suffice to give adequate breathing space to the Indian majors. And, we in the industry should be able to successfully leverage our distributor network and brand loyalty to counter this threat of competition.

Second, what will happen to margins? In last year's Chairman's letter, I had written, "the days of resting easy on high



Achieving better quality, higher productivity and cost reduction. These will not only deliver us higher per unit margins, but also allow us to aggressively compete at various price points.

margins... [are] coming to an end.” Simply put, no player in the industry can expect to consistently earn 20-25 per cent operating margins. However, I believe that your company’s operating margin of 9.8 per cent for 2000-01 is an aberration. Concerted cost cutting, value engineering, the gains from Total Productive Maintenance (TPM) and VRS, as well as volume growth in motor-cycles and scooters should raise the operating margin to comfortable double-digits.

Third, what is the overall strategy of Bajaj Auto? It involves five broad components:

1 Increasing volumes and market share of motorcycles. Today, your company’s motorcycle manufacturing capacity has expanded to 50,000 per month. We can, therefore, easily produce 600,000 motorcycles per year, and more if need be. Depending upon market conditions, we shall increase this capacity.

2 Growing the market for geared scooters and getting back most, if not all, of the lost volume. We shall attempt this through the utilitarian models of Chetak and Super, as well as introducing four-stroke versions.

3 Building our presence in the market for ungeared scooters, which has considerable growth potential. Your company already has three models in this segment – Spice, Spirit and Saffire – and we shall push these in 2001-02.

4 Expanding the market for three-wheelers and maintaining our dominant position in no uncertain terms. Bajaj Auto is the only producer of an environmentally friendly CNG model. This has helped us fully capture the Delhi market — the only city to implement strict emission norms for public commercial vehicles. We will leverage the trend towards more stringent pollution

regulations by supplying more of our CNG and, when permitted, our LPG models.

5 Achieving better quality, higher productivity and cost reduction. These will not only deliver us higher per unit margins, but also allow us to aggressively compete at various price points.

I also need to share with you facts about Bajaj Auto’s buyback programme and your company’s recent foray into insurance.

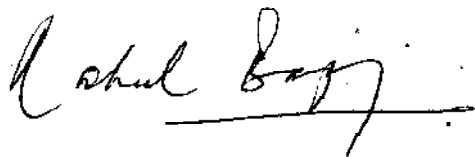
As I had mentioned last year, the Board of Directors of your company approved the buyback on 28 March 2000 primarily to give a fair opportunity to those shareholders who wished to exit. The idea of the buyback was not to artificially raise share prices.

Your company has successfully concluded the buyback programme. In response to the offer for buyback of about 18 million shares at Rs.400 per share, your company received valid applications for a little over 28 million shares. We consulted with the Securities and Exchange Board of India (SEBI) and keeping the interest of small investors in mind, decided on a process that equitably dealt with the over-subscription. Details of the process are given in the chapter on ‘Shareholder Information’. After the buyback, the paid-up share capital of your company stands reduced from Rs.1.2 billion to Rs.1 billion as at 31 March 2001.

With the opening of the insurance sector, Bajaj Auto has ventured into life as well as non-life insurance through a joint venture with Allianz AG, Germany — one of the largest insurance companies in the world. Two companies have been set up. Bajaj Allianz General Insurance Company Limited and Allianz Bajaj Life Insurance Company Limited. In the general insurance company,

the agreement envisages Bajaj Auto investing 74 per cent of the initial share capital of Rs.1.1 billion (Rs.110 crore). In life insurance, your company will invest 74 per cent of an initial share capital of Rs.1.5 billion (Rs.150 crore). The general insurance company has received its registration certificate from the Insurance Regulation and Development Authority (IRDA); clearance for life insurance is expected soon. Given the outlay of your company in insurance, we believe that it will be a profitable investment in the medium to long term.

Last year, I had written, "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." A year's adversity does nothing to change my belief in this vision. If anything, it strengthens our resolve.



Rahul Bajaj

Chairman and Managing Director

"Times are changing. Let me assure you that Bajaj Auto will lead this change...." A year's adversity does nothing to change my belief in this vision. If anything, it strengthens our resolve.



Board of Directors

Rahul Bajaj
Chairman and Managing Director

D. S. Mulla

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

Management

Rahul Bajaj
Managing Director

R. A. Jain
Executive Director

Madhur Bajaj
Executive Director

D. S. Mehta
Whole time Director

Rajiv Bajaj
President

Ranjit Gupta
Vice President (Insurance)

C. P. Tripathi
Vice President (Operations)

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

N. H. Hingorani
Vice President (Materials)

P. B. Menon
Vice President (Projects)

Sanjiv Bajaj
General Manager (Corporate Finance)

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.
Standard Chartered 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

From left to right :

P.B.Menon, R.A.Jain, R.L.Ravichandran,
Rajiv Bajaj, Rahul Bajaj, C.P.Tripathi,
Ranjit Gupta, Madhur Bajaj,
Sanjiv Bajaj, N.H.Hingorani



Management Discussion and Analysis

The Management Discussion and Analysis presented in last year's Annual Report emphasised the theme of 'Change'. It discussed Bajaj Auto's strategy of changing from being India's mega-producer of workhorse scooters and three-wheelers to becoming a flexible and market-driven supplier of various models of two- and three-wheelers — where each model will

address a specific price-point, and focus on capturing a substantial share of a complex, heterogeneous and highly differentiated product market. We had said that such a transition takes time, and carries its own organisational costs. Nevertheless, the change is vital, and has to be implemented quickly for Bajaj Auto to recapture the imagination of India.





As this year's Management Discussion and Analysis will show, this process of change continues according to a well-defined plan. Unfortunately, this does not show up in Bajaj Auto's financials for 2000-01, the year under review. Sales have dipped by 3.2 per cent from Rs.37.05 billion in 1999-00 to Rs.35.88 billion this year. Operating profits (before interest and depreciation) have fallen by 48 per cent from Rs.5.85 billion in 1999-00 to Rs.3.05 billion this year. Consequently, Bajaj Auto's operating margin (EBITDA) has fallen from almost 18.2 per cent of net sales and operating income in 1999-00 to 9.8 per cent in 2000-01.

It is only fair for shareholders to ask why has there been such a dip in fortunes? What has this to do with change? What will the company do to get out of this situation? What is the change process, and how will it be implemented in tough times?

To answer these and many other questions that must surely be in the minds of Bajaj Auto's loyal shareholders, it is necessary to carefully explain what happened to the markets in 2000-01; then move on to discuss what the company is doing on the marketing and operational front; and finally discuss financials.

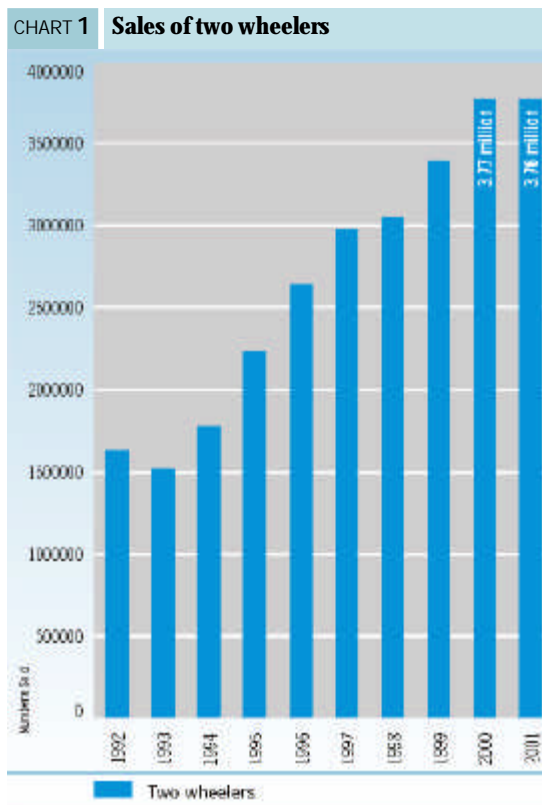
Markets

It is useful to begin with an analysis of the aggregate two-wheeler market. Chart 1 gives the sales of two-wheelers for the industry as a whole. It shows a marginal fall in sales in 2000-01 compared to the previous year — the first time in the last eight years.

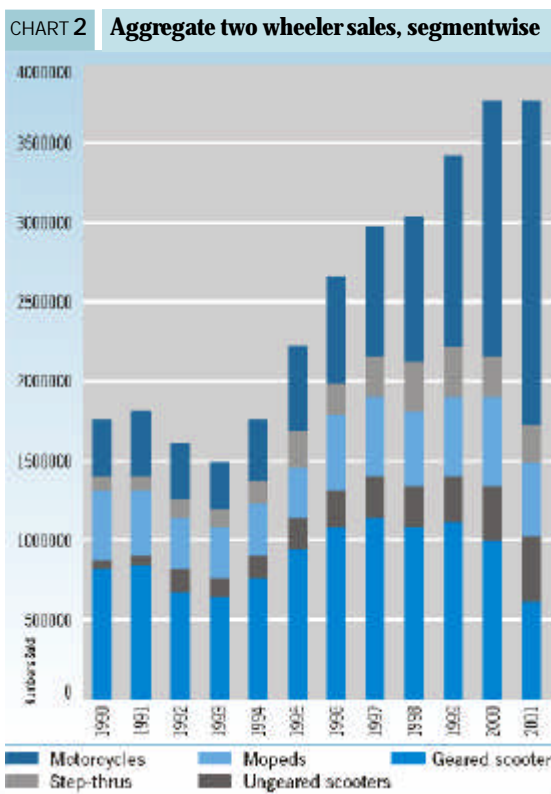
As we had mentioned in last year's Manage-

ment Discussion and Analysis, during the last six years, the domestic market has witnessed a sea change in the structure of demand for two-wheelers. First, there has been huge and growing demand for motorcycles, which is driven by a significant growth in disposable income and a shift in consumer preference. Between 1995-96 and 2000-01, motorcycle sales have grown at a compound annual rate of 25.2 per cent. Over 2 million motorcycles were sold in 2000-01 — a far cry from less than 661,000 sold in 1995-96. Today, motorcycles account for over 54 per cent of the sales of all two-wheelers — up from less than 25 per cent six years ago.

Second, after stagnating at the 1.1 million level for four years, the market for geared scooters has taken a big hit. In 1999-00, the number of geared scooters sold fell by 12 per cent to 979,000. As if that were not



bad enough, 2000-01 has seen an unprecedented 38 per cent drop in sales – from 979,000 to 604,000. Chart 2 depicts the change.

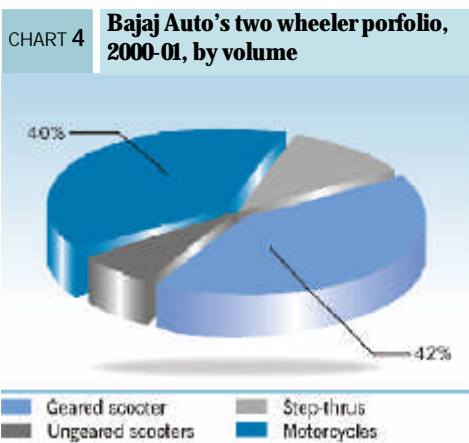
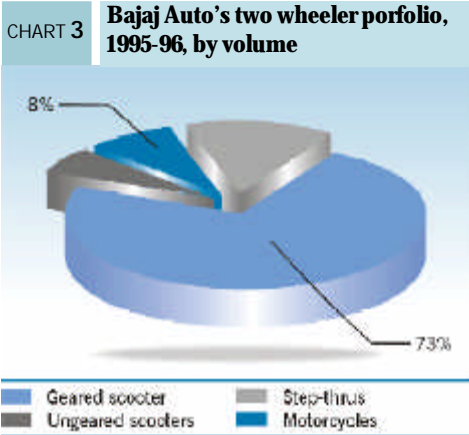


Motorcycles

Bajaj Auto is, and has been viewed as a scooter major. Nevertheless, during the last five years, we clearly saw the change in the market, and recognised the important role of motorcycles in the company’s portfolio. Consequently, we steadily ramped up motorcycle capacities, introduced new models and variants, pushed marketing and sales, and were determined to make our presence felt in this key market.

The efforts seem to have paid off. Charts 3 and 4 show how Bajaj Auto’s portfolio has changed to capture the growing market for motorcycles. In 1995-96, we sold less than 90,000 motorcycles, which accounted for just 8 per cent of the total volume of two wheeler sales. In 2000-01, we sold 422,016 motorcycles, which represented 40 per cent of the two wheeler sales volume. During this period, the total motorcycle market grew by 25.2 per cent per year, while Bajaj Auto grew at 36.3 per cent annum. Consequently, in a rapidly growing segment, we have succeeded in increasing our market share from under 14





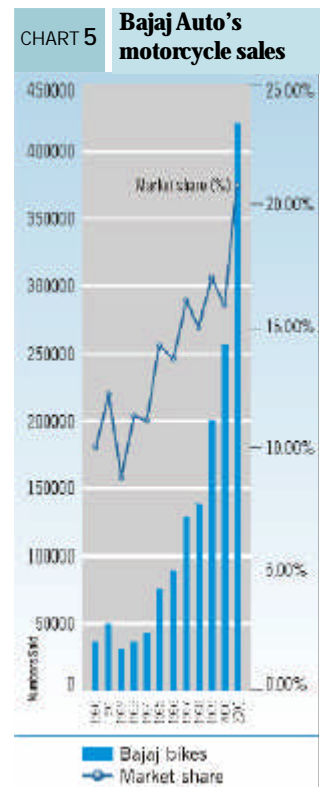
per cent in 1995-96 to almost 21 per cent in 2000-01. Chart 5 shows our progress. Even in the current year, Bajaj Auto clearly out-performed the industry: while the market for motorcycles as a whole grew by 26 per cent between 1999-00 and 2000-01, we grew by over 65 per cent. Today, Bajaj Auto is the clear number two in the motorcycle market. And there is still much more to achieve.

Last year's growth in Bajaj Auto's motor cycle sales was largely driven by the Caliber. This year it has been the Boxer. A rugged 100 cc, four-stroke utility product meant for the rapidly growing rural and semi-urban markets, the Boxer has been Bajaj Auto's runaway success for 2000-01. During the

year, we sold 257,363 Boxers, which alone accounted for 61 per cent of our total motorcycle sales. Introduced in June 1998, the Caliber, a 111 cc, four stroke model, continued making an impact, and we sold 151,477 of these in the year under review. The point to note is that a scooter major like Bajaj Auto launched two very differently styled motorcycles — and both have been major successes. The Boxer and the Caliber together accounted for 97 per cent of our motorcycle sales in 2000-01, and allowed us to clock a growth of 65 per cent in the motorcycle segment. Put differently, while between 1995-96 and 1999-00, the company gained marginal market share, these two brands pushed market share by five points in 2000-01 itself.

The 175 cc, 16 bhp Eliminator was launched in January 2001. In addition to this chopper-styled road cruiser, we will be introducing three new models — the Aspire, the Caliber Croma, and the Pulsar — in 2001-02.

Together, these motorcycles will occupy various segments of the market. The Boxer will continue to maintain its clear leadership in the rural and semi-urban utility segment. The Caliber, Caliber Croma and the Aspire will challenge the market leader in the executive segment. And the Pulsar and the Eliminator will redefine the premium and lifestyle segments. With these models, Bajaj Auto hopes to further grow the motorcycle segment and capture greater market share.





Geared scooters

Our success story for 2000-01, therefore, was in the motorcycle segment. And yet, Bajaj Auto's total two-wheeler sale fell from 1.24 million in 1999-00 to 1.05 million in 2000-01. To understand why this happened, it is necessary to look at the unprecedented slump in the market for geared scooters. Chart 6 depicts the sale of geared scooters for the industry as a whole, and tells the story.

While Bajaj Auto was trying to expand the geared scooter market through new products and attractive financing, the company was well aware of the stagnating fortunes of this segment due to a shift to motorcycles. However, nobody in the business — and Bajaj Auto was no exception — could predict a 38 per cent fall in this market in one single year.

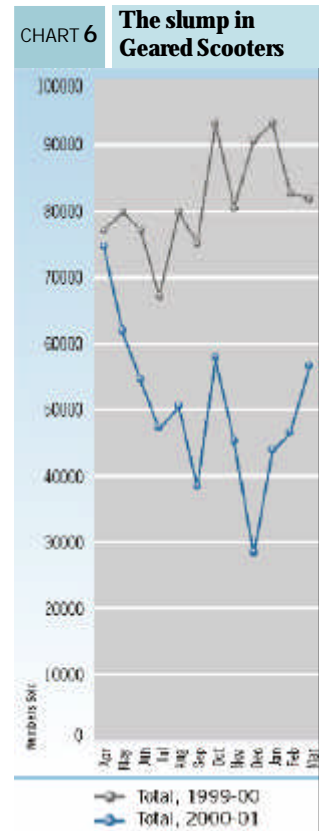
Today, the reasons for the slump are clear, and have much to do with the sales tax rationalisation of the state governments. The scooter market is predominantly located in northern and eastern India, where the local sales tax ranged between 4 per cent and 6 per cent for two-wheelers. After rationalisation in April-May 2000, all states began to adopt a uniform rate of 12 per cent. This additional burden of 6 per cent to 8 per cent pushed the price up to the customer without any perceived value advantage. By June, the market got into a tailspin and, barring the traditional spike in demand in October due to Diwali, industry sales continued to plummet. In addition, the new emission norms — effective from 1 April 2000 — required all two-stroke vehicles to install catalytic converters, which added Rs.1,000 to the price. Not surprisingly, these two factors knocked the bottom out of the scooter market. Motorcycles were not affected as much. For one, motorcycles are largely four-stroke, and

don't need catalytic converters. For another, the states where motorcycles dominate scooters were the ones that were already charging 12 per cent local sales tax. Hence, there was no price rise to most customers. On the contrary, fierce competition led to a drop in prices of certain models.

It's easy to have 20:20 vision in hindsight. The fact is that the unprecedented 38 per cent slump in the scooter market initially took us by surprise. Bajaj Auto historically accounts for over 70 per cent of the market for geared scooters, and we had to fight a major battle to counter this adverse situation. Our strategy came into play in January 2001, and involved the following elements:

- 1 Realising, through market surveys, that the customers wanted traditional geared scooters at no more than Rs.24,000 on road.
- 2 On the other hand, sales tax increases and catalytic converters raised the price to over Rs.27,000.
- 3 This gap had to be bridged to lure the customers away from looking at second-hand scooters or other lower priced options.
- 4 Bajaj Auto attacked this problem by offering utility versions of the Chetak and the Super. Concentrated value engineering at the shop floor as well as a cut in margins, together reduced prices by over Rs.3,000.

The efforts have paid off, and the segment as a whole has begun to recover. December 2000 posted an all-time industry low of 28,000 units sold; by March 2001, the aggregate geared scooter industry sales had risen to almost 57,000. In the process, Bajaj Auto succeeded in increasing its market share from around 72 per cent to almost 78 per cent. To be fair, the improvement in the last



quarter of 2000-01 is still a far cry from the corresponding quarterly sales of 1999-00. Nevertheless, we believe it is the beginning of a slow but, hopefully steady, turnaround. The excise duty rationalisation in the Union Budget 2001-02 — where duty on two-wheelers were reduced from 24 per cent to 16 per cent — is expected to boost the market. And we will ride this fiscal initiative and push the market at all price and quality points.

Why did Bajaj Auto's operating profits fall in 2000-01? Details are given later, in the section on financials. However, this is an appropriate time to give a synopsis, and link it with the markets. Simply put, the growth in operating profits arising out of our 65 per cent growth in motorcycle volumes could not counter the fall in margins arising out of 41 per cent fall in volume of geared scooters. Between 1999-00 and 2000-01, motorcycle volume rose by almost 167,000. In contrast, the volume of geared scooters fell by over 304,000. Our relative current margins are such that the gain in operating profits on

motorcycles could not counter the loss in profits on geared scooters.

Our geared scooter strategy for the coming years is twofold. First, we will push the market for the Chetak and the Super so as to make it affordable for the vast majority who are making their first investment in two-wheelers. Second, we will continue unveiling fuel efficient four-stroke models, such as the four-stroke Chetak, and the Legend NXT. The former will focus on the utility market, and the latter on consumers who want style along with fuel efficiency. Being the largest producer of scooters in India, and one of the largest in the world, we will continue to have a strong presence in this market.

Ung geared scooters

As urban and semi-urban incomes rise, there will be a growing market for un geared scooters. Bajaj Auto is represented in this segment by three models — the 60 cc Sunny



Spice and the Spirit, and the 92 cc Saffire. In 2000-01, the company sold over 75,000 such units and, in volume terms, accounted for 18.5 per cent of the market. Between 1999-00 and 2000-01, sales volume of ungeared scooters for the industry as a whole grew by 8 per cent. Bajaj Auto grew at a marginally higher rate of 9 per cent. Our strategy in this segment is to first maintain, and then gradually increase our market share.

Step-thrus

Bajaj Auto is the market leader in this segment. Until 1995-96, we were the only manufacturers of step-thrus in India. Despite others entering since then, we still maintain a lion's share of the market. Our main product is the M80 Major, and in 2000-01 we introduced a four-stroke version of this model. For the year under review, Bajaj Auto sold more than 120,000 step-thrus, and accounted for 53 per cent of the market.

Three-wheelers

Bajaj Auto continues to dominate this market. In 2000-01, sales volume exceeded 155,000 units, and our market share stood at over 73 per cent. The demand for three-wheelers, however, critically depends on the regulatory regimes of state governments and municipal bodies — as they are the ones that issue permits for auto rickshaws.

In order to expand this market and create environmentally friendly three-wheelers, Bajaj Auto launched a CNG model. This has helped us fully capture the Delhi market — currently the only city to mandate use of clean fuels for public commercial vehicles.

A LPG model is under testing and will be

introduced as soon as government regulations permit. With a complete range of eco-friendly vehicles, we are confident of maintaining our strong position in this market.

Operations

Cost management

With increasing competition and tough market conditions, there has been a decline in the operating margins of Bajaj Auto. In such a milieu, the need to reduce costs and raise productivity becomes all the more important.

During 2000-01, Bajaj Auto undertook a complete review of its costs, and started focused cost reduction activities by

- i value engineering through better design,
- ii planning the right mix between in-house manufacturing and bought-out parts, and
- iii cutting fixed costs in the plants.

A noticeable impact of the above activities on operating margins is expected in 2001-02.

We will continue unveiling fuel efficient four-stroke models, such as the four-stroke Chetak, and the Legend NXT.

Vendor rationalisation

Continuing the vendor rationalisation programme that had started with Project Scorpio, Bajaj Auto has reduced around 200 suppliers in 2000-01. Three years ago, there were some 1400 vendors. Today, there are about 800. By December 2001, the company wishes to streamline these to 400, and subsequently to somewhere between 300 and 350.

There are several advantages from this vendor rationalisation programme for the company and vendors alike. For Bajaj Auto, it would lead to better supply chain management and quality control. The vendors will enjoy the benefits of larger orders, better capacity utilisation and have an incentive to



invest in better technologies, systems and processes. It would also enable closer interaction between the company and its vendors — and thus catalyse faster product development and quicker response to quality and delivery needs.

Production capacities

In October 2000, the motorcycle plant at Waluj completed another phase of expansion. This brings the plant's motorcycle capacity to 50,000 units per month. Table 1 shows Bajaj Auto's plant-wise capacity as at 31 March 2001.

Plant	Capacity (in units per year)
Akurdi	1,000,000
Waluj	1,140,000
Chakan	180,000
Total	2,320,000

The plants at Akurdi, Waluj and Chakan incorporate state-of-the-art flexible manufacturing facilities that enable cross-sourcing of parts during periods where the surge in demand is beyond the planned capacity of any one plant. For example, with sales of geared scooters reducing in 2000-01, and that of motorcycles surging, the Akurdi plant – mainly meant for manufacturing geared scooters – supplied a number of parts to the motorcycle and three-wheelers plants in Waluj and to the Chakan plant.

TPM

Bajaj Auto adopted Total Productive Maintenance (TPM) during 1999-00, and began its activities with three model cells. After certified completion of TPM activities in these three cells, the company has adopted the TPM methodology on 11 March 2000 at its Akurdi

plant. The process has formally begun with another five cells, covering diverse areas of assembly, painting, welding and machining. Simultaneously, the company began implementation of 1S (*seiri* - removal of all unwanted elements) and 2S (*seiton* - proper arrangement of all required elements) across all areas of the Akurdi plant.

All concerned managers and workers were trained on the aspects of TPM — mainly through the 'why-why' analysis and *kaizens* (continuous improvement ideas). The entire implementation is undertaken by the cell members themselves, and is supported by eight TPM pillars (or sub-committees) that cover individual improvement, autonomous maintenance, quality management, planned maintenance, education and training, development management, office TPM and environment, health and safety.

As examples, Tables 2 and 3 highlight the significant achievements made in cells in the press and machine shops.

Measures	Before TPM	After TPM
Production per hour	219	342
Overall equipment effectiveness	67%	95%
Rejection/rework per month	1200 pieces	Nil
Breakdown loss per month	1821 minutes	Nil
Number of kaizens	—	67
Output per man	43 pieces	90 pieces

Measures	Before TPM	After TPM
Production per hour	57	110
Overall equipment effectiveness	74%	91%
Rejection/rework per month	286 pieces	Nil
Breakdown loss per month	5550 minutes	Nil
Number of Kaizens	—	24
Cell manning	3 persons	2 persons

Successfully achieving and sustaining the main TPM objectives of zero breakdown, zero rejection and zero accident for over six months across these five cells enabled the company to graduate to the next important step of TPM — the full-fledged TPM kick-off on 18 February 2001. With it, a road map has been created to extend TPM across the remaining areas at the Akurdi plant and to the Waluj plant in the coming years. From the very beginning, the new Chakan plant has followed the spirit of TPM.

in 1999-00 to Rs.35.88 billion this year.

Operating profit before interest, taxation and depreciation have fallen from Rs.5.85 billion in 1999-00 to Rs.3.05 billion this year.

Consequently, Bajaj Auto's operating margin has fallen from 18.2 per cent of net sales and operating income in 1999-00 to 9.8 per cent in 2000-01. Profit before taxation has fallen from Rs.8.25 billion to Rs.2.90 billion. Net profit has reduced from Rs.6.13 billion in 1999-00 to Rs.2.63 billion in 2000-01.

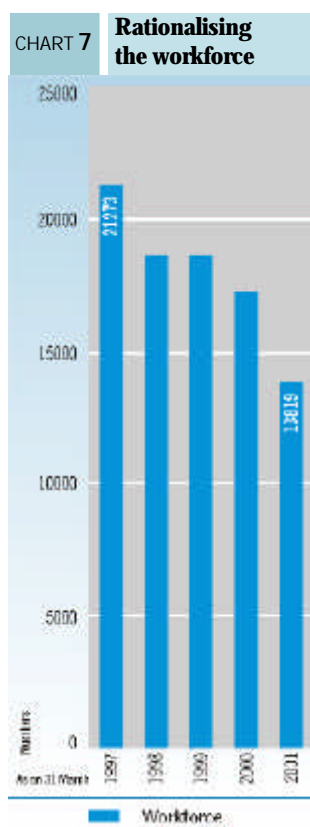
VRS

During 2000-01, Bajaj Auto introduced a voluntary retirement scheme as a part of the company's internal restructuring activity. 2017 employees opted for the scheme, resulting in a reduction of the workforce (trainees, workers and staff) to 13,819 numbers as on 31 March 2001. Chart 7 highlights the employment position at Bajaj Auto.

Analysis of sales

The turnover for 2000-01, including other income, was Rs.39.64 billion versus Rs.42.16 billion – a fall of 6 per cent over the previous year. Excluding other income, turnover fell from Rs.37.05 billion in 1999-00 to Rs.35.88 billion in 2000-01. As discussed in the section on markets, this was mainly on account of a shift in the composition of sales.

Table 4 gives the details of sales in volume and value across Bajaj Auto's product categories. The reasoning outlined in the section on markets is borne out by Table 4. The volumetric share of motorcycles went up from 18.1 per cent of two and three-wheelers in 1999-00 to 34.9 per cent in 2000-01; this



Financials

As mentioned earlier, Bajaj Auto had a worse year in 2000-01 than 1999-00. Sales have fallen by 3.2 per cent from Rs.37.05 billion

TABLE 4 Break-up of Sales (in units and value in Rs.million)

Product	2000-01		1999-00		% to total units		% to total value	
	Units	Value	Units	Value	2000-01	1999-00	2000-01	1999-00
Scooters geared	435699	8346	739916	13821	36.0%	52.4%	23.2%	37.3%
Scooters ungeared	75596	1639	69335	1272	6.3%	4.9%	4.6%	3.4%
Motorcycles	422016	12767	255176	8360	34.9%	18.1%	35.6%	22.6%
Step-thrus	120590	2261	176194	3078	10.0%	12.4%	6.3%	8.3%
Total two-wheelers	1053901	25013	1240621	26531	87.2%	87.8%	69.7%	71.6%
Three wheelers	155177	8801	171977	8583	12.8%	12.2%	24.5%	23.2%
Total Vehicles	1209078	33814	1412598	35114	100.0%	100.0%	94.2%	94.8%
Spare parts	NA	2066	NA	1937			5.8%	5.2%
Total Sales	1209078	35880	1412598	37051			100.0%	100.0%

led to rise in the share of value from 22.6 per cent to 35.6 per cent. On the other side of the balance, the volume share of geared scooters fell from 52.4 per cent in 1999-00 to 36 per cent in 2000-01 — resulting in a drop in the share of value from 37.3 per cent to 23.2 per cent.

The summarised profit and loss account for 2000-01 is given in Table 5.

As mentioned earlier, the changed market scenario and the composition of sales — a result of the unprecedented slump in geared scooters — have adversely affected the profitability of Bajaj Auto. Operating profit margin (earning before interest, tax, depreciation and amortisation, or EBITDA) has dropped from 18.2 per cent in 1999-00 to 9.8 per cent in 2000-01.

In the concluded fiscal, Bajaj Auto incurred an extraordinary item of expenditure on account of a voluntary retirement scheme that involved an outflow of Rs. 799 million. The expense on this head was absorbed in 2000-01 resulting in a further reduction in profits. This one-time expenditure is expected to save around Rs.300 million per year.

Non-operating income

Table 6 gives a summary of Bajaj Auto's investment portfolio.

Table 7 gives the company's non-operating income. For 2000-01, net non-operating income was Rs.2,640 million versus Rs.4,051 million for 1999-00. During the year the company encashed approximately Rs.8.4 billion of fixed income investments to finance the company's buyback programme and the VRS. Consequently there was a reduction in the non-operating income. In

TABLE 5 Summarised Profit and Loss Account, 2000-01 (Rs.million)

	2000-01	1999-00
Operations		
Sales	35880	37051
Less: Excise duty	5621	6078
Net sales	30259	30973
Other operating income	1019	1054
Total operating income	31278	32027
Cost of materials consumed, net of expenditures capitalised	20623	18864
Share of material cost	65.9%	58.9%
Stores and tools	595	546
Share of stores and tools cost	1.9%	1.7%
Labour cost	2444	2356
Share of labour cost	7.8%	7.4%
Factory and administrative expenses	2046	1909
Share of factory and administrative expenses	6.5%	6.0%
Sales and after sales expenses	2518	2505
Share of sales and after sales expenses	8.1%	7.8%
Total expenditure	28226	26180
Operating profit	3052	5847
Operating profit as a share of total operating income	9.8%	18.2%
Interest	74	32
Depreciation	1229	1017
Net Operating Profit	1749	4798
Non operating income		
Income	2201	3586
Lease income/lease equalisation	439	465
Lease depreciation	430	432
Non operating expenses	139	131
Net non operating income	2071	3488
Wind-farm operations		
Income from power generation	100	-
Expenses on wind-farm	111	30
Depreciation on wind-farm assets	114	4
Wind-farm operations, net	-125	-34
Extra-ordinary item: VRS	799	-
Profit before taxation	2896	8252
Provision for taxation	270	2115
Profit after taxation	2626	6137
Prior years adjustments	-126	211
Disposable Surplus	2500	6348

TABLE 6 Bajaj Auto's Investment of Surplus Funds (Rs.million)

	As at 31 March 2001	% to total	As at 31 March 2000	% to total
Government securities and bank deposits	4	--	1981	8.0
Mutual funds including UTI	1229	7.5	2575	10.3
Debentures and bonds	2860	17.3	6392	25.8
Preference shares	1115	6.7	2231	9.0
Inter-corporate deposits	3862	23.3	4337	17.5
Leased assets	846	5.1	915	3.7
Fixed Income Investments	9916	59.9	18431	74.3
Equity Shares	6641	40.1	6380	25.7
Total	16557	100.0	24811	100.0

TABLE 7 Income from Investment of Surplus Funds (Rs.million)

	2000-01	1999-00
Dividends	342	379
Interest on debentures and bonds	536	716
Interest on government securities	30	46
Interest on inter-corporate deposits and other loans	494	562
Income from mutual fund units	139	228
Lease rent and equalisation	439	465
Profit on sale of investments	250	1434
Surplus on redemption of securities	129	19
Interest on fixed deposits	45	2
Others	20	13
Sub-total	2424	3864
Interest on tax refunds	216	179
Premium received – tenancy rights	-	8
Total Non-operating Income	2640	4051

addition, a sluggish stock market did not provide much opportunity to the company to realise gains from its equity portfolio. Profit on sale of investments during the year was Rs. 250 million as against Rs. 1,434 million in 1999-00.

Wind Power Project

The first three phases of the project were completed during 2000-01. A total of 112 windmills (0.35 MW each) are now installed in Satara district, with an aggregate generating capacity of 39.2 MW. The capital expenditure on this account was Rs.1,755 million, of which Rs.1,310 million was incurred during 2000-01. The wind power project generated some 30 million units in 2000-01, which was valued at Rs.100 million. The fourth phase of the project — which entails setting up a further 20 windmills (1 MW each) with an installed capacity of 20 MW — is currently in progress in Ahmednagar district. This is expected to be completed by the third quarter of 2001-02. After completion of all phases, 80 per cent of Bajaj Auto's current power requirements is expected to be met in-house. In addition to providing the company with power, this project is entitled to sales tax incentives and also provides an income tax shield to Bajaj Auto.

Change in Accounting Policy

During 2000-01, the Supreme Court ruled that privilege leave entitlement accruing to an employee in the course of the year is an accrued liability of the company and, hence, must be provided for. Following this ruling, Bajaj Auto provided for this liability — compared to the past practice of accounting for it on availment or encashment. This has reduced profits for the year by Rs.36 million.

In addition, privilege leave entitlement for the previous periods amounting to Rs.188 million has been charged as a prior period adjustment.

Debt Status

Bajaj Auto is by and large a debt-free company. The only debt it carries are

- i fixed deposits from the public amounting to Rs.61 million, and
- ii sales tax incentive by way of a deferral amounting to Rs.4,516 million, on account of incentives provided for the Waluj and Chakan plants as well as the wind power project. This is interest free.

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.





Corporate Governance

This chapter reports Bajaj Auto's compliance of the provisions regarding corporate governance that have been introduced by the Securities and Exchange Board of India (SEBI) through clause 49 of the listing agreement with Indian stock exchanges.

The process of implementation of these provisions had begun well over two years ago. For the year 1998-99, Bajaj Auto had complied with the voluntary code of corporate governance recommended by the Confederation of Indian Industry (CII). For 1999-00, we measured our progress in corporate governance against the CII as well as the SEBI guidelines. Today, Bajaj Auto's corporate governance practices and disclosures not only measure up to CII and SEBI but, in several areas, go beyond these codes.

Board of Directors

Composition

The board of Bajaj Auto consists of ten directors, seven of whom are non-executive and six out of these seven are independent (see Table 2). There has been no change in the composition of the board compared to last year. With a

chairman who is also a managing director, the SEBI provisions require at least half, that is, five directors to be independent. Bajaj Auto has six such independent directors. The board has no institutional directors.

Pecuniary relationship or transactions of non-executive directors

1 Shekhar Bajaj and J N Godrej are directors and shareholders of Bajaj Electricals Limited and Godrej & Boyce Manufacturing Company Limited, respectively. Both these companies are vendor companies of Bajaj Auto. Purchases of goods from these companies have been in the ordinary course of business and, for the year ended 31 March 2001, amounted to Rs.82.2 million and Rs.21.5 million, respectively.

2 Inter-corporate loans amounting to Rs.70 million were extended and/or renewed to Bajaj Electricals Limited during the year under review. The loan amount outstanding as at 31 March 2001 was Rs. 40 million.

3 Shekhar Bajaj is a director of Hind Musafir Agency Private Limited, an accredited travel

agency. Bajaj Auto avails of travel-related services from this company. Necessary government approval for this has been obtained by Bajaj Auto in terms of the provisions of section 297 of the Companies Act, 1956, which is valid for five years up to 31 December 2005. The total value of these services aggregated Rs.20.5 million during the year under review.

4 The Register of Contracts maintained by the company in terms of the provisions of section 301 of the Companies Act, 1956 contains record of all these transactions. The register is signed by all the directors during their meetings.

Audit Committee

Bajaj Auto has had an audit committee since 1987. Its composition and working was reviewed and brought in conformity with the CII code on corporate governance in 1998-99. This was further reviewed during 1999-00 in the light of SEBI provisions, and yet again during the year under review vis-à-vis the provisions of the Companies (Amendment) Act, 2000. Appropriate changes in the audit committee were introduced after each such review to ensure full compliance of all relevant provisions.

Composition

The present audit committee consists of three directors: D S Mulla (Chairman), D J Balaji Rao and J N Godrej, all of whom are independent directors. Balaji Rao has a strong financial and accounting background.

Attendance

The meetings of the audit committee are attended by the members, and also by D S Mehta, (Wholetime Director), General Manager (Finance), General Manager (Corporate Finance) and Senior Manager (Internal Audit). The Company Secretary acts as secretary to the audit committee. The meeting of the audit committee held on 16 January 2001 was also attended by statutory auditors of the company, in accordance with the provisions of the Companies Amendment Act, 2000. In addition, the committee met on 7 May 2001 to review the annual accounts with the statutory auditors of Bajaj Auto, and recommended the accounts for approval by the board at a meeting held on the same day.

Number of meetings and topics discussed

During the year under review, the audit committee met four times — on 16 May 2000, 29 July 2000, 18 October 2000 and 16 January 2001. Apart from considering unaudited and/or audited financial results for the relevant quarter, half year, and the year before adoption by the board, the audit committee focused its attention on other topics. Some of these were: internal audit plan for 2000-01, perpetual inventory analysis, product-mix and plant capacities, procedure for selection of capital equipment leading to purchase orders, delivery and installation, steps for improving profitability, and the economics of the company's wind energy project. The detailed terms of reference of the audit committee as laid down by the board were also noted by the audit committee at its meeting held on 16 January 2001.

Remuneration of directors

Remuneration policy

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, subject to such approval from shareholders and the Central Government, as may be necessary.

Remuneration of non-executive directors

Non-executive directors are paid a sitting fee of Rs.2,000 for every meeting of the board or committee attended by them. In addition, with the approval of the 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 has put a cap of Rs.1.2 million per year on such aggregate commission. The company will apply for appropriate approvals from Central Government and shareholders for continuing to pay such commission for a further period of five years from 2001-02, as the present approvals expire after 2000-01.

Remuneration of executive directors

During the year under review the respective tenures of Rahul Bajaj as managing director and Madhur Bajaj as executive director were renewed for a further five-year period each, expiring on 31 March 2005 and 6 November 2005 respectively. The terms of their remuneration were fixed by the board of directors and approved by shareholders at the last Annual General Meeting held on 29 July 2000. Bajaj Auto has entered

into agreements with both of them laying down their respective tenures, remuneration, duties and obligations. The appointments are terminable with ninety days' notice. No severance fees of any kind are payable.

The tenure of the third wholetime director, D S Mehta, will fall due for renewal on 6 February 2003.

Pension plans

The perquisites of the managing director and executive director include a superannuation benefit under which they are each entitled to an annuity from LIC on their retirement.

Incentive/stock option plans

There are no performance-linked incentives payable to any of the directors, nor any stock option plans as a part of remuneration package payable to any directors.

Table 1 gives full details of remuneration paid to each director. It also gives relationships of the directors, where applicable. During the year 2000-01, the company did not advance any loans to any of the directors.

Remuneration paid or payable to directors and relationship, 2000-01

These details are set out in Table 1. Three relatives of directors are employees of Bajaj Auto. These are:

1 Rajiv Bajaj, son of Rahul Bajaj, who was working as Vice President (Products) was promoted as President with effect from 17 May 2000. His appointment and revised remuneration were duly approved by shareholders at their



meeting on 29 July 2000, and by the Central Government by its letter dated 19 December 2000. For the year under review, Rajiv Bajaj was paid Rs.1,883,353 as salary and perquisites.

2 Sanjiv Bajaj, son of Rahul Bajaj, is General Manager (Corporate Finance), whose appointment and remuneration were also approved by shareholders and by Central Government in 1997 — the year of appointment. For the year under review, he was paid Rs.861,046 as salary and perquisites.

3 Neelima Bajaj, daughter of Madhur Bajaj, is Senior Manager (Marketing Services). Her appointment and remuneration were duly approved by shareholders at their meeting held on 29 July 2000 and by the Central Government by its letter dated 18 October 2000. For the year under review, she was paid Rs.270,280 as salary and perquisites.

Board procedure

Board meetings

During 2000-01, the board of directors met six times on the following dates: 16 May 2000, 29 July 2000, 18 October 2000, 6 December 2000, 16 January 2001 and 6 March 2001. The maximum time gap between any two meetings was not more than three months.

Attendance record of directors

Table 2 gives the attendance record of all directors at the six meetings of the Board held during the year 2000-01 and at the last Annual General Meeting.

TABLE 1 Remuneration paid or payable to directors and relationship, 2000-01

Director	Relationship with other Directors	Sitting Fees Rs.	Salaries and Perquisites (including Privilege entitlement) Rs.	Commission Rs.	Total Rs.
Rahul Bajaj	Cousin of Shekhar Bajaj & Madhur Bajaj	-	3,137,082	2,400,000	5,537,082
D S Mulla	-	22,000	-	220,000	242,000
Kantikumar R Podar	-	8,000	-	80,000	88,000
Atul C Kirloskar	-	8,000	-	80,000	88,000
Shekhar Bajaj	Cousin of Rahul Bajaj & brother of Madhur Bajaj	6,000	-	60,000	66,000
Madhur Bajaj	Cousin of Rahul Bajaj & brother of Shekhar Bajaj	-	2,471,357	770,000	3,241,357
D J Balaji Rao	-	18,000	-	180,000	198,000
D S Mehta	-	-	1,158,126	-	1,158,126
J N Godrej	-	16,000	-	160,000	176,000
S H Khan	-	10,000	-	100,000	110,000

TABLE 2 Attendance Record 2000-01

Name of Director	Executive, non-executive, independent	Meetings attended	Whether attended last AGM on 29 July 2000
Rahul Bajaj	Chairman & Managing Director	6	Yes
D S Mulla	Non-executive, independent	6	Yes
Kantikumar R Podar	Non-executive, independent	4	Yes
Atul C Kirloskar	Non-executive, independent	4	Yes
Shekhar Bajaj	Non-executive	3	Yes
Madhur Bajaj	Executive Director	5	Yes
D J Balaji Rao	Non-executive, independent	5	Yes
D S Mehta	Wholetime Director	5	Yes
J N Godrej	Non-executive, independent	4	Yes
S H Khan	Non-executive, independent	5	Yes

Information supplied to the Board

The board of Bajaj Auto was presented with all the relevant and necessary information at their meetings — such as production, sales and capital expenditure budgets, actual performance statistics, review of plant-wise business, staff matters including senior appointments and extensions, any legal proceedings by or against the company, share transfer and demat compliance, quarterly financial results, details of any joint venture arrangements, minutes of audit committee meetings, significant labour and human relation matters, voluntary retirement scheme, and other such information.

Outside directorships and memberships of Board Committees

Table 3 gives the outside directorships held by the directors of Bajaj Auto.

Management discussion and analysis

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

Warning against insider trading by management and employees

The company has issued a comprehensive circular to all its management staff and other relevant business associates cautioning them on their dealings in the securities of the company which may attract the provisions of the Insider Trading Regulations issued by SEBI. Any such trading during certain restricted periods is banned and certain reporting obligations are also imposed on the persons concerned.

Shareholders

Disclosure regarding appointment or reappointment of directors

No new director is proposed to be appointed in the 56th Annual General Meeting of Bajaj Auto. Kantikumar R Podar and J N Godrej are retiring by rotation, and are eligible for reappointment. Their attendance record in the board/general meetings during the year under review is given in Table 2. Their brief particulars are :

Kantikumar R Podar, 65, is the President of SAARC Chamber of Commerce and Industry with Headquarters in Pakistan and Past President of Federation of Indian Chambers of Commerce and Industry (FICCI), the Apex Chamber of Commerce and Industry in India. He is connected with numerous business, social and cultural organisations. Kantikumar R Podar was the youngest Sheriff

TABLE 3 Outside Directorships as at 31 March 2001 (other than Bajaj Auto)

Name of Director	In listed companies	In public limited companies (including in listed companies)	As chairman/member of Board Committees of listed Companies
Rahul Bajaj	3	6	-
D S Mulla	7	8	-
Kantikumar R Podar	5	6	-
Atul C Kirloskar	6	9	2
Shekhar Bajaj	3	9	-
Madhur Bajaj	3	7	-
D J Balaji Rao	3	4	3
D S Mehta	5	14	5
J N Godrej	4	11	2
S H Khan	2	7	2

Notes

1. Private limited companies, foreign companies and companies under section 25 of the Companies Act are excluded.
2. Board Committees other than audit committee, shareholders' grievance committee and remuneration committee are excluded.

of Bombay in 1974 and was a member of Senate of the University of Bombay for six years. He was Chairman/President of 16 important bodies some of which are the Economic & Scientific Research Foundation, for three years, The Indian Cotton Mills' Federation (ICMF) for two years, Indian Merchant's Chamber (IMC) in the Platinum Jubilee Year, All India Organisation of Employers for two years, Indian Council of Arbitration for one year, Bombay Textile Research Association for two years amongst others.

Kantikumar R Podar holds directorships/committee memberships in the following listed companies, in addition to Bajaj Auto:

- Ceat Limited
- Hindustan Composites Ltd
- Pittie Lamination Ltd
- Podar Knitex Ltd
- The Sutlej Industries Ltd

Jamshyd N Godrej, 52, graduated from Illinois Institute of Technology, USA. He joined the Board of Management of Godrej & Boyce Manufacturing Co Ltd. as Director in 1974, became Managing Director in 1991 and Chairman of the Board in 2000. J N Godrej is the President of World Wide Fund for Nature – India, past President of the Confederation of Indian Industry and past President of the Indian Machine Tool Manufacturers' Association. The Godrej group are leaders in consumer durables, office equipment, industrial products, consumer products and services. J N Godrej is an ardent yachting enthusiast and has done extensive cruising along the west coast of India. J N Godrej holds directorships/committee memberships in the following listed companies, in addition to Bajaj Auto and its audit and shareholders grievance committees

- Geometric Software Solutions Company Ltd (including Investor Grievances Committee and Compensation Committee)

- Godrej Foods Ltd
- Godrej Soaps Ltd
- SKF Bearings India Ltd

Communication through website etc.

Bajaj Auto has its own website

www.bajajauto.com

Important public domain information relating to the company and its performance is put on the web for the benefit of the public at large. All financial and other vital official news releases are also promptly communicated to the stock exchanges on which the company is listed as well as through the web. Results of the second quarter which contain cumulative figures for the first half of the financial year and the audited results for the full financial year are advertised by Bajaj Auto in a large number of newspapers to ensure wide national circulation. From the half-year ending on 30 September 2001, the company also proposes to additionally mail the half-yearly results to each shareholder.

Shareholders' and investors' grievances

Bajaj Auto promptly attends to all shareholders and investors' queries or grievances through correspondence, fax or e-mail. All matters pertaining to investors, including their grievances and redress are placed before the board of directors at its meetings. The Company Secretary has been appointed as compliance officer to look into shareholder grievances on a day to day basis.

Bajaj Auto also constituted on 6 December 2000 a shareholders'/investors' grievances committee consisting of three independent directors, namely, D S Mulla (Chairman), D J Balaji Rao and J N Godrej. The



committee met on 6 March 2001 and reviewed the status of investor services rendered during the year under review.

Share transfers

The power of share transfer has been delegated to the Managing Director and, in his absence, to D S Mulla, director of the company. All physical transfers received are processed in weekly cycles. Bajaj Auto has not appointed any registrar or share transfer agents.

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:

- 53rd AGM 25 July 1998 at 11.30 am
- 54th AGM 17 July 1999 at 11.15 am
- 55th AGM 29 July 2000 at 12.15 pm

The company has not so far adopted postal ballot for passing any resolutions at general meetings.

Material disclosures / Non-compliance

Material related party transactions have been disclosed on pages 23 and 24. 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.

General shareholder information

General information of interest to shareholders is set out in the next chapter called 'Shareholder Information'.

Report on corporate governance

This chapter of the annual report — together with the information given under 'Management Discussion and Analysis' and 'Shareholder Information' — constitutes a detailed compliance report on corporate governance during 2000-01.

Auditors' certificate on corporate governance

The Company has obtained a certificate from the auditors of the company regarding compliance of conditions of corporate governance as stipulated in the Listing Agreement with stock exchanges. This is annexed to the Directors' Report 2000-01. The certificate will also be sent to the stock exchanges along with the annual return to be filed by the company.



 **Kawasaki**

Shareholder Information

Annual general meeting

Date : 28 July 2001

Time : 12.15 p.m.

Venue: Registered Office at Mumbai-Pune
Road, Akurdi, Pune 411035.

with the company on or before 13 July 2001 will be paid dividend upon declaration by shareholders at the annual general meeting, on or after 31 July 2001.

Dates of book closure

The register of members and share transfer books of the company will remain closed from Saturday, 14 July 2001 to Saturday, 28 July 2001, both days inclusive, for the purpose of annual general meeting and payment of dividend.

Bank account particulars

Dividend payment instruments will mention, in addition to the name of the payee, the bank account particulars of the payee as intimated to the company. Regarding dividend on electronic shareholding, the bank account particulars as per the beneficial ownership data will be printed on the dividend payment instruments, unless the shareholder has given instructions in advance to the company for entering different bank account particulars.

Date of dividend payment

All eligible shareholders

- i as per the beneficial ownership data regarding electronic shares made available to the company by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the end-of-day of 13 July 2001, and
- ii holding shares in physical form after giving effect to all valid share transfers lodged

Unclaimed dividends

The unclaimed dividends up to the company's financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said years are requested to claim the amount from Registrar of Companies, Pune, PMT Building, 3rd floor, Deccan Gymkhana, Pune 411004.

Any money transferred by the company to the unpaid dividend account, and which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to a fund called Investor Education and Protection Fund (the Fund) to be set up by the Central Government. Accordingly, the unpaid and/or unclaimed dividend for the years 1995-96 onwards will become transferable at the end of seven years respectively, to the Fund. No claims shall lie against the Fund or the company in respect of individual amounts thereafter.

Shareholders are, therefore, requested to check their records and send their claims, if any, for the relevant years from 1995-96 onwards before the respective amounts become due for transfer to the above Fund.

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 within a period of 15 days from the date of receipt, if the documents are complete in all respects.

During the year under review, the company has followed the guidelines issued by SEBI for dematerialisation of shares sent for transfer by the investors.

On completion of the process of registration of transfers, an intimation in the form of an 'Option Letter' is sent to the investor in the prescribed form. The investor intending to exercise the option of dematerialisation of

shares is required to send the Demat Request Form and the Option Letter duly signed and authenticated by the depository participant within 30 days of the date of Option Letter — failing which the company proceeds to despatch the share certificate(s) immediately after the expiry of the above-mentioned 30 days.

Total number of shares transferred in physical (non-dematerialised) form during 2000-01 was 4,635,006 compared to 4,214,963 in 1999-00.

Dematerialisation of shares

During 2000-01, 9,788,492 shares were dematerialised — of which 41,972 were dematerialised under the scheme of 'Transfer-Cum-Demat'. Immediately prior to buyback of shares in October 2000, the dematerialisation level in the company had reached 42.5 per cent of the total number of shares issued. Of the 18,207,304 shares bought back by the company in October 2000, 14,930,452 shares or almost 82 per cent were in electronic form. As a result, the post-buyback dematerialisation level had slipped to 35.4 per cent of post-buyback capital.

The dematerialisation level as at 31 March, 2001 stands at 39.5 per cent. The depository-wise break-up is: NSDL (39.3 per cent) and CDSL (0.2 per cent).

GDRs

As at 31 March 2001, 4,702,378 GDRs were outstanding, representing an equal number of underlying equity shares. The company bought back 905,092 equity shares underlying the GDRs in the buyback that was completed in October 2000.

Buyback of equity shares

On 1 September 2000, the company made an offer to buyback about 18 million shares — approximately 15 per cent of the share capital of the company — at a price of Rs.400 per share. In response, there were 18,132 valid applications for 28,056,616 equity shares. This resulted in an excess demand of about 10 million shares. Given this situation, to protect the interest of small investors, the company in consultation with SEBI, finalised the acceptances as given in Table 1.

The buyback process was completed well within the time limit prescribed by SEBI.

After the buyback, the paid-up share capital of the company stands reduced from Rs. 1193.9 million (119.4 million shares of Rs.10 each) to Rs.1011.9 million (or 101.2 million shares of Rs.10 each) as on 31 March 2001.

Stock exchange listing

Shares of Bajaj Auto Limited are listed on

- 1 Pune Stock Exchange
- 2 The Stock Exchange, Bombay
- 3 Delhi Stock Exchange
- 4 National Stock Exchange

Global Depository Receipts (GDRs) are listed on the London Stock Exchange.

Stock code / symbol

1. The Stock Exchange, Bombay (BSE) 490
2. National Stock Exchange (NSE) BAJAJAUTO
3. Reuters BJAT.BO
4. Bloomberg BJA.IN
5. ISIN INE 118A01012

TABLE 1 Buyback of Bajaj Auto's shares

Number of shares offered	Number of shares accepted
1 to 100	Full quantity applied for
101 to 155	100 shares against each application
156 and above	64.15 per cent of the quantity offered, subject to rounding off

Stock price data

Table 2 gives the monthly highs and lows of Bajaj Auto's shares on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), and of its GDRs on the London Stock Exchange. Chart 1 plots Bajaj Auto's shares against the BSE Sensex, and shows that the company's share prices have been, more or less, in line with the index.

CHART 1 Bajaj Auto versus the BSE Sensex



TABLE 2 Monthly Highs and Lows of Bajaj Auto's shares, 2000-01 (in Rupees)

	on BSE		on NSE		on London Stock Exchange (GDR's)	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
Apr 2000	392	353	393	353	431	358
May 2000	370	327	375	325	377	333
Jun 2000	385	342	385	342	409	368
Jul 2000	369	331	367	331	417	359
Aug 2000	367	335	365	343	383	342
Sep 2000	368	327	365	325	389	331
Oct 2000	330	257	332	258	340	285
Nov 2000	280	242	284	241	321	284
Dec 2000	278	223	280	222	304	268
Jan 2001	309	221	310	215	319	258
Feb 2001	337	292	345	292	334	294
Mar 2001	350	246	351	245	362	271



Distribution of shares

Table 3 gives details about the distribution of Bajaj Auto's shares according to categories as on 31 March 2001.

Shareholders / investors grievances

During the year, 178 queries were received from the shareholders / investors. These were basically of the nature of non-receipt of annual reports, payment of dividend, transfer of shares, non-receipt of transferred shares, duplicate share certificates, change of address, dematerialisation of shares, non-receipt of share buyback consideration cheques and unaccepted shares.

All these queries were resolved to the satisfaction of the concerned shareholders / investors. There are ten queries pending as at 31 March, 2001. These were received in the last week of March. The company had also received six shareholder complaints through SEBI and two complaints through the Stock Exchanges. These were immediately looked into and satisfactorily resolved.

As required by the Listing Agreements entered into with Stock Exchanges, the company has recently constituted a shareholders / investors Grievance Committee of Directors. One meeting of the Committee has since been held on 6 March 2001.

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whom all rights of transfer and/or amount payable in respect of shares shall vest on death. The prescribed forms for such nomination together with instructions for

TABLE 3 Distribution of Shares According to Categories, as on 31 March 2001

	No. of Shares 31 March 2001	%	No. of Shares 31 March 2000	%
Promoters, persons acting in concert, friends & associates	47,199,990	46.65	50,921,843	42.65
Foreign Institutional Investors	13,141,626	12.99	11,996,371	10.05
Public financial institutions	5,522,956	5.46	8,159,601	6.83
GDRs	4,702,378	4.65	6,514,014	5.46
Mutual funds	630,663	0.62	1,015,870	0.85
Nationalised and other banks	612,912	0.60	956,534	0.80
NRIs and OCBs	534,030	0.53	609,560	0.51
Others	28,838,955	28.50	39,217,021	32.85
Total	*101,183,510	100.00	119,390,814	100.00

* After buyback, concluded in October 2000.

making such nomination will be sent by the company on request.

For nomination in respect of shares held in electronic form, shareholders may approach their depository participants. NSDL has amended its bye-laws and business rules to give effect to such nomination.

Investor correspondence

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

Plant locations

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

Bajaj Auto Highlights

	2000-01	1999-00	1998-99	1997-98	1996-97
Income					
Sales and Other Income	39,639	42,156	39,072	35,041	34,541
Gross Profit after Interest but before Depreciation and Tax	5,468	9,705	8,912	8,327	7,949
Profit for the year	2,626	6,137	5,405	4,642	4,406
Dividends and Corporate Dividend Tax	892	1,325	1,060	1,051	876
Assets Employed					
Net Fixed Assets	13,623	11,143	9,218	6,829	6,039
Technical Know-how	160	4	7	7	10
Investments	11,846	19,524	14,591	11,432	9,944
Net Working Capital	5,873	6,327	6,698	5,496	3,753
Total	31,502	36,998	30,514	23,764	19,746
Financed By					
A Borrowed Funds					
i Cash Credit and Commercial Paper	560	1,016	411	127	72
ii Debentures	-	-	-	148	149
iii Foreign Currency Loans	-	-	-	-	-
iv Sales Tax Deferral	4,516	3,864	2,996	2,202	1,739
v Others	61	77	90	105	179
Total	5,137	4,957	3,497	2,582	2,139
B Shareholders' Funds					
i Share Capital	1,012	1,194	1,194	1,194	796
ii Reserves	25,353	30,847	25,823	19,988	16,811
Total	26,365	32,041	27,017	21,182	17,607
Others					
Gross Fixed Assets	24,902	21,216	18,023	15,725	13,603
Contribution to Country's Exchequer	7,191	7,403	7,538	7,107	6,959
Exports	1,351	1,378	1,584	1,408	1,582
Employee Cost	2,444	2,356	2,309	2,198	1,986

Bajaj Auto Highlights (contd.)

		2000-01	1999-00	1998-99	1997-98	1996-97
Production						
Two-wheelers	Nos.	1,053,552	1,259,248	1,202,150	1,161,743	1,256,833
Three-wheelers	Nos.	159,196	173,223	179,615	192,739	182,341
Employees						
	Nos.	13,819	17,213	18,585	18,589	21,273
Equity Share Data						
Sales and Other Income per equity share	Rs.	356 **	353	327	293 *	434
Earnings per equity share	Rs.	22 **	53	46	39 *	55
Cash earnings per equity share	Rs.	38 **	65	57	51 *	70
Book value of equity share	Rs.	261	268	226	177 *	221
Market Price: Bombay Stock Exchange						
a High	Rs.	392	650	690	969	1,121
b Low	Rs.	221	257	483	474 *	661
Dividend	%	80	100	80	80 *	100
Dividend Cover (Including Corporate Dividend Tax)	Times	2.8	4.8	5.2	4.4	5.0
Ratios						
$\frac{\text{Gross Profit}}{\text{Sales and Other Income}}$	%	13.79	23.02	22.81	23.77	23.01
$\frac{\text{Profit for the year}}{\text{Net Worth}}$	%	9.96	19.15	20.01	21.91	25.02
$\frac{\text{Net Worth}}{\text{Total Assets}}$	%	57	59	59	58	59
$\frac{\text{Long Term Debt}}{\text{Net Worth}}$	Times	0.17	0.12	0.11	0.11	0.11

* After bonus issue in the ratio 1:2.

** On weighted average equity capital

Directors' Report

1 Year at a glance

1.1 The directors present their fifty-sixth annual report and the audited statements of accounts for the year ended 31 March 2001.

1.2 There was a sharp drop in geared scooter sales by 0.30 million vehicles or by 41 per cent during the year under review. This could be only partly compensated by the growth in Japanese motorcycle sales which increased by 0.167 million or by 65 per cent over the last year.

1.3 By the end of the year, however, some signs were available to indicate a relatively stabilised pattern of demand for scooters and Japanese motorcycles. Given the product initiatives taken by the company over the last couple of years, the current year would be a turnaround year, signalling stabilisation and a possible increase in the two wheeler market share of the company.

1.4 The company continues to occupy number one position in India in the combined two and three wheeler industry, as well as in its two wheeler and three wheeler segments separately.

2 Operations

	2000-01 Nos.	1999-00 Nos.
Production		
a Scooters	446,845	757,965
out of which ckd packs	(93,018)	(164,447)
b Motorcycles	427,088	254,847
out of which ckd packs	(2,878)	(1,420)
c Scooterettes	58,381	69,475
out of which ckd packs	(Nil)	(Nil)
d Step-thru's	121,238	176,961
out of which ckd packs	(158)	(1,000)
e Three-wheelers	159,196	173,223
out of which ckd packs	(10)	(138)
TOTAL	1,212,748	1,432,471

3 Financial results

	2000-01 Rs. million	1999-00 Rs. million
Sales and other income	39,639	42,156
Gross profit before interest and depreciation	5,542	9,737
Interest	74	32
Profit before depreciation	5,468	9,705
Depreciation	1,773	1,453
Extraordinary Item of expenditure - Compensation paid under voluntary retirement scheme	799	-
Profit before taxation	2,896	8,252
Provision for taxation	270	2,115
Profit after tax provision	2,626	6,137
Disposable surplus after adjustment for earlier years	2,500	6,348
Proposed/interim dividend (inclusive of tax)	892	1,325
Balance carried to General Reserve	1,608	5,023

3.1 Margins were under pressure and the average earning per share for the year 2000-01 was Rs.22.46 as against Rs.53.17 for the previous year.

4 Dividend

4.1 An interim dividend at the rate of Rs.10 per share (100 per cent) for the year 1999-00 was paid in April, 2000. The same was confirmed as the final dividend for that year in the last annual general meeting held on 29 July 2000.

4.2 Directors recommend for consideration of shareholders at the ensuing annual general meeting, payment of a dividend of Rs. 8 per share (80 per cent), for the year ended 31 March 2001. This dividend, when declared, will be payable on reduced number of shares following the buyback in October 2000 of approximately 15 per cent of issued shares.

5 Buyback of Shares

5.1 In terms of the approval accorded by shareholders by a special resolution passed in the last annual general meeting held on 29 July 2000, the board decided to buyback around 18 million equity shares at a price of Rs.400 per share through the tender offer method. The offer was open from 18 September 2000 to 6 October 2000.

5.2 The buyback offer met with a response of almost 10 million more shares than announced, with the result that the acceptance per applicant was finalised on a proportionate basis (64.15 per cent). However, in consultation with SEBI, offers for upto 100 shares were accepted in full and offers for 101 to 155 shares were accepted to the extent of 100 shares each. The operation involving a payout of about Rs.7283 million was completed as per the announced time schedule. All the shares bought-back were duly extinguished and the share capital was correspondingly reduced.

5.3 While the attractive exit price of Rs.400 per share as well as the company's gesture in accommodating small shareholders in finalisation of acceptances against buyback offers were well appreciated by the investors, the intended benefit for continuing shareholders in the form of improved intrinsic value was not achieved due to the continuing slide in market price of the share, partly in line with the overall depressed condition of stock market and partly due to lower sales by the company. With a number of growth initiatives taken by the company to capture a larger market share and improve profitability in the years to come, the long-term scenario is likely to turn positive for the company and its shareholders.

6 Insurance joint ventures

6.1 With the opening of the insurance sector, the company intended to take up through a separate company, the non-life insurance business, particularly starting with motor vehicle insurance in which it perceived some opportunity for itself. A company by the name of Bajaj Insurance Company Limited was accordingly incorporated on 19 September, 2000. Around the same time, Allianz AG, Germany, an insurance major of world repute was on the lookout for a suitable Indian partner for entering the Indian insurance market.

Directors' Report (contd.)

Allianz, after their search, found your company as the most suitable partner to associate with owing to its reputation and goodwill in the Indian corporate world. Allianz offered not only to invest in the share capital of Bajaj's general insurance venture but also to promote, jointly with your company, another joint venture for pursuing life insurance business in the Indian market.

6.2 Following detailed negotiations, the name of Bajaj Insurance Company Limited was changed to Bajaj Allianz General Insurance Company Ltd and another company with the name Allianz Bajaj Life Insurance Company Ltd was incorporated on 12 March 2001. Your company and Allianz have signed two separate joint venture agreements for these two businesses and have respectively committed 74 per cent and 26 per cent of the initial share capital of Rs.1,100 million in case of the general insurance venture and Rs.1,500 million in case of the life insurance venture.

6.3 Bajaj Allianz General Insurance Company Ltd has already received Registration Certificate from Insurance Regulatory and Development Authority (IRDA). The respective promoter-shareholders of the company have also since made their committed capital contributions to the initial share capital of the said company.

7 Research and Development

7.1 The company's versatile R&D facility, supplemented by foreign technology inputs in the required areas is fully equipped to undertake a variety of R&D assignments in the design and development of two and three wheeled vehicles and their engines.

7.2 During the year under review, the company renewed its technical assistance arrangements with Kawasaki Heavy Industries Ltd. It further reinforced the technological help from Kawasaki and Tokyo R&D, Japan in a few additional projects of product development and technical consultancy. Appropriate consultancy assignments were also concluded with a few other technology firms for setting up a state-of-art test facility, two wheeler engine transmission and design.

7.3 The company has introduced low cost variants of Chetak and Super scooters which have been widely accepted in the market and have reversed the decline in scooter sales.

7.4 The company has developed a 112 cc 4-stroke scooter engine and this has been adopted on two vehicles Chetak 4-stroke and Legend NXT. Pilot batches of these vehicles have already been manufactured and these vehicles will be launched shortly.

7.5 The company has taken up projects to upgrade the 4-stroke scooters to the stringent requirements of the U S regulations and your company is hopeful of commercial supplies to start in the current financial year.

7.6 The company has indigenously designed and developed a highly fuel-efficient four-stroke step-thru 74.4 cc motorcycle. It was introduced as M-80 Major 4-stroke and received a favourable initial response from the market.

7.7 A chopper type 175 cc motorcycle Eliminator was developed with technical collaboration from Kawasaki of Japan and introduced in the market.

7.8 The Company has developed two new motorcycles Pulsar and Aspire, upgraded the Boxer motorcycle and developed a variant of its popular Caliber motorcycle called Caliber Croma. All these models are in an advanced stage of testing.

7.9 The development of a CNG three wheeler was completed and the vehicle was launched in the Delhi market. Approximately 15,000 CNG vehicles are already on the road. A prototype of a LPG three wheeler is ready and is under evaluation.

7.10 The company has designed and developed an electric three wheeler under a project with United States Agency for International Development (USAID). An initial batch of vehicles has been manufactured and is running in Agra for field feedback.

7.11 Expenditure on research and development during the year under review was

	2000-01 Rs.million	1999-00 Rs.million
i Capital (including technical knowhow)	286.8	25.2
ii Recurring	323.5	316.2
iii Total research and development expenditure as a percentage of total sales, net of excise duty	2.02	1.10

8 Conservation of energy

8.1 A constant vigil for conservation of energy continued throughout the year in all the three plants of the company at Akurdi, Waluj and Chakan. Specific measures undertaken included installation of conserve air system at Waluj, spot compressor, timers on machines, power factor improvement, switching off unnecessary lights/fans during non-operating hours, relocation of capacitors to minimise distribution losses, replacement of high HP motors by lower HP motors, installation of temperature controller, modification of pipelines and stoppage of leakages/overflows, installation of LPG unloading compressors at Akurdi and Chakan, achievement of full unloading of LPG in tankers, installation of solar water system in the Chakan canteen, etc.

8.2 With continuous efforts to improve quality of treated effluent from Effluent Treatment Plant, the company has achieved 10 per cent reduction in MIDC water consumption at Akurdi by enhancing the reuse of water for gardening, toilet block flushing, vehicle washing in transport, etc.

9 Wind Power Project

9.1 All the three phases of this project involving installation of 112 windmills (0.35 MW each) with a total capacity of 39.2 MW at Vankusavade in Satara District were completed during the year under review. Over 29.7 million units of electricity valued at Rs.99.9 million approximately were generated from these windmills till 31 March 2001.

9.2 The company undertook Phase IV of this project for installation of 20 additional windmills (1 MW each) with a planned capacity of 20 MW at Kovadya Dongar in Ahmednagar district at a cost of Rs.970 million.

Directors' Report (contd.)

9.3 After commissioning of this phase, the total power generation during 2001-02 from both the locations is estimated at over 78 million units valued currently at approximately Rs.263 million. The total annual power generation thereafter (approximately 92 million units, valued currently at Rs.308 million) will cover almost 80 per cent of the present power requirement of the company's three plants. Apart from sales tax and income tax benefits available on this investment, the captive power generation as above is estimated to lead to substantial savings in the power costs of the company.

10 Foreign Exchange earning and outflow

10.1 The company's exports during the year under review registered a marginal decline from Rs.1,378 million to Rs.1,351 million (2 per cent). Exports during the year consisted of 30,652 two and three wheelers (including ckd packs) as against 32,730 two and three wheelers (including ckd packs) last year.

10.2 Bangladesh, Egypt, Peru, Iran and Sudan performed consistently well. However, the adverse political and economic conditions seriously affected the company's exports to Srilanka and to some extent, to some Latin American markets.

10.3 The company introduced the new four-stroke-petrol and diesel three-wheelers in Peru, Srilanka, Sudan. The four-stroke three-wheelers have also been introduced in Bangladesh for trials and approval to re-open the market.

10.4 The company received an award for outstanding export performance to Latin American countries for the year 1998-99. The award was given jointly by Ministry of Commerce and Industry and Indian Trade Promotion Organisation, Government of India.

10.5 The total foreign exchange earned by the company during the year under review was Rs.1,391 million as against Rs.1,430 million during the last year.

10.6 The total foreign exchange outgo during the year under review was Rs.3,384 million towards import of raw materials, components, machinery spares, capital equipment and other expenditure as against Rs.2,358 million during the last year.

11 Organisation restructuring

11.1 The company is presently engaged in a major exercise in organisation restructuring in consultation with an outside consultant. Crucial areas needing specific action have been identified and implementation has started with rationalising of the organisation structure to meet emerging challenges.

12 Industrial relations

12.1 The wage settlement for daily rated workmen at Waluj plant was signed on 11 October 2000 with the recognised Union, Bharatiya Kamgar Sena, BAL - Waluj Unit and the same is effective from 1 October 2000 to 31 March 2004.

12.2 The company operated during the year under review, a

voluntary retirement scheme, initially for management staff and then to other staff and workers both at Akurdi and Waluj. The scheme was availed by 2,017 employees.

12.3 The VRS package allowed to the employees has resulted in an extraordinary expenditure of Rs.799 million to the company, the whole of which has been written off during the year under review. The savings in employee costs have started accruing.

12.4 Relations with staff and workmen at Akurdi, Waluj and Chakan plants continue to be peaceful and cordial.

13 Rural development

The company continued its rural development activities through Jankidevi Bajaj Gram Vikas Sanstha (JBGVS). Integrated development through active participation by villagers was the main thrust of such work taken-up in twenty villages in Khed and Maval talukas of Pune District and six villages in Gangapur and Paithan talukas of Aurangabad district. The following were the highlights of the activities during the year under review

13.1 JBGVS took over the community development activities of Samaj Seva Kendra at Akurdi in 1999-00 and started implementing them fully during the year under review.

13.2 The women of the villages where JBGVS works have formed 87 Saving Groups, each one of 15 to 20 women. The saving groups have cumulative saving of Rs.9,85,700. The women members took loans from their saving groups for domestic purposes and income generating activities. The turnover of income generating activities was around Rs.3,31,000 during the year under review.

13.3 Thirteen low cost houses were constructed for below poverty line families at village Jopai Wadi and Kanhwadi Budruk in Khed taluka of Pune district. The houses were built under a project sponsored by the Rotary Club of Poona North and Rotary Foundation with the active participation of the villagers and coordination/supervision by JBGVS.

13.4 Eight bore wells were constructed in Salumbre area villages under drinking water programme in collaboration with Rotary Clubs of Dundee and Poona North.

13.5 The first phase of the dairy project at village Saindane, in association with Council for Advancement of People's Action and Rural Technology (CAPART), was completed during the year under review. 25 families have started reaping benefits from the cross bred cows purchased for them. The second phase of the project will be undertaken shortly.



Directors' Report (contd.)

14 Directors

14.1 Rahul Bajaj, Chairman and Managing Director of the company for three decades, was honoured by Government of India with the award of a Padma Bhushan announced on the Republic Day of 2001 in recognition of his meritorious contribution in the field of industry and business at the national level. Your directors wish to join you with pride and happiness in congratulating him on his glorious achievement.

14.2 Kantikumar R Podar and J N Godrej retire from the board by rotation and being eligible offer themselves for reappointment.

14.3 Non-executive directors of the company are paid, in addition to sitting fees, a remuneration by way of commission on net profits, subject to an overall ceiling of 1 per cent and such further sub-ceiling/s as may be fixed by the board of directors from time to time. The shareholders had approved such payment by a special resolution passed at their meeting held on 26 July 1997 for a five-year term which expires on 31 March 2001. With the increased demand on non-executive directors' participation in board decision-making and the higher responsibilities they have to bear, it is proposed to continue to remunerate them with commission of upto 1 per cent of net profits of the company every year, for a further five-year term upto and including the financial year 2005-06, subject to such further individual and aggregate ceilings as may be decided by the board from time to time.

14.4 An appropriate resolution for seeking shareholders' approval for this purpose is proposed in the notice of the ensuing annual general meeting.

15 Directors' responsibility statement

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

15.1 That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

15.2 That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

15.3 That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

15.4 That the annual accounts have been prepared on a going concern basis.

16 Statutory disclosures

16.1 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.

16.2 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 as Annexure 1.

16.3 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 7, 8 and 10 above.

16.4 A Cash Flow Statement for the year 2000-01 is attached to the Balance Sheet.

16.5 Directors' Responsibility Statement as required by section 217 (2AA) of the Companies Act, 1956 appears in para 15.

16.6 A certificate from auditors of the company regarding compliance of conditions of corporate governance is annexed to this report as Annexure 2.

17 Corporate Governance

17.1 Pursuant to clause 49 of the listing agreement with stock exchanges, a separate section titled 'Corporate Governance' has been included in this annual report.

18 Reconciliation of Accounts under US GAAP and IAS.

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

18.2 A statement of reconciliation of significant differences in shareholders' equity and net income as at and for the years ended on 31 March 2001 and 2000 between Indian Generally Accepted Accounting Standards (GAAS), US GAAP and IAS, notes to reconciliation and an independent Accountants' Review Report are set out in this annual report.


19 Auditors

19.1 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.

20 Auditors' Report

20.1 With reference to Note 12 to the accounts referred to by the auditors in their report to the members, the directors wish to state that the said note is self-explanatory.

On behalf of the Board of Directors,



Date : 7 May 2001

Chairman

Annexure 1

Information as per section 217(2A)(b)(ii) read with the Companies (particulars of employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March 2001

Sr. No	Name	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Qualifications	Age (Years)	Total Experi- ence (Years)	Date of Commence- ment of Employment	Last Employment and Designation
A) Employed throughout the financial year								
1	Bajaj Madhur	Executive Director	2,528,024	B Com, MBA	48	21	21-06-1986	Bajaj International Pvt Ltd. Chief Executive
2	Bajaj Rahul	Chairman & Managing Director	5,487,082	B A (Hons), LLB, MBA (Harvard)	63	41	01-04-1970 Stationed as Director- Managing Agents at Pune from 01-01-1965	Bajaj Tempo Ltd Dy General Manager
3	Bajaj Rajiv	President	1,883,353	B E (Mech), M Sc (M.S.E.)	34	10	19-12-1990	—
4	Banerjee N K	General Manager (Corp. Affairs)	1,552,825	B A (Hons) ECON, ASC II (London)	60	39	01-02-1993	ICI (India) Ltd Dy. General Manager (Corp Relations)
5	Bhargava Ramesh	General Manager (Intl Mktg)	1,634,026	M Sc, PGDIT	49	24	08-04-1994	Hero Motors Sr. Gen.Manager (Export)
6	Chander K P	General Manager (MTD)	1,355,507	B Tech (Mech)	46	24	19-01-2000	Widia India Ltd, Bangalore General Manager (SPM)
7	D'Sa K P	Dy. General Manager (Finance)	1,215,878	B Com, ACA, AICWA	47	22	05-09-1978	—
8	Gupta Arvind	General Manager (Mfg. Engg.)	1,713,453	B E (Mech), D I M	54	30	30-04-1991	Telco, Pune Dy. Div Manager (Projects)
9	Gupta R S	General Manager (Mc Prj Team)	1,281,650	B E (Mech)	59	37	02-11-1989	Telco (Jamshedpur) Dy Divn Manager
10	Gupta Ranjit	Vice President (HRD)	2,929,172	INTER SC, MIME, AMIPE, FIEE	58	35	19-03-1988	Maruti Udyog Ltd General Manager
11	Hingorani N H	Vice President (Materials)	2,366,868	B E (Mech)	52	29	01-03-1997	LML Ltd. Executive Director (Commercial)
12	Iyer N V	General Manager (Engg Support)	1,714,677	B Sc (Engg), DIIP	58	35	10-03-1997	Ashok Leyland Ltd General Manager (Prod Engg)
13	Jain R A	Executive Director	1,628,449	B E (Elec), B E (Mech)	67	42	02-08-1962	Kirloskar Pneumatic Co Ltd. Development Engineer
14	Joshi N J	Company Secretary	1,639,660	M Com, ACS	60	40	26-12-1973	C T R Mfg Industries Ltd Asst Company Secretary
15	Laddha G B	General Manager (Finance)	1,857,563	B Com, AICWA	57	37	18-08-1969	Bajaj Tempo Ltd Costing Officer
16	Marathe S R	General Manager (R&D)	1,677,719	M E (Mech)	51	28	15-06-1990	TVS Suzuki Ltd Member R&D
17	Mengane N G	General Manager (MCD)	1,261,989	D M E	56	34	16-05-1980	David Brown Greaves Ltd Shift Engineer
18	Nair K P Dr.	General Manager (QA)	1,709,364	B E(Mech),M.Tech,M.Sc(Auto),Phd.	56	32	20-04-1997	Elgi Equipments Ltd. Director (Technical)
19	Rao V M	General Manager (Akurdi)	1,601,610	B E (Mech), B E (Elec)	59	37	10-08-1974	David Brown Greaves Ltd Head Of Indl Engg Deptt
20	Rath P K	General Manager (Chakan)	1,926,153	B Sc (Hons), B Sc (Engg)	54	32	25-09-1996	STI India Ltd. Vice President
21	Ravichandran R L	Vice President (Business Dev & Mktg)	3,312,136	B Com, PGDBM	51	31	27-01-1998	TVS-Suzuki Ltd. Vice-President (Mktg & Sales)
22	Rege S R	General Manager (MSL)	1,483,963	B E(Mech), M Tech, MMS, MIE, MIS, ME	62	37	14-01-1985	Godrej & Boyce Mfg Co Pvt Ltd Asst Plant Manager
23	Sharma D K	General Manager (Production)	1,539,177	D M E	60	39	09-03-1975	Tata Exports Plant Manager (Maint)
24	Tripathi C P	Vice President (Waluj)	2,741,414	B Sc, B Tech. DIIP	59	35	22-01-1996	Escorts Ltd Chief General Manager (Mat & Prod)
B) Employed for part of the financial year								
1	Agarwal V D	Personal Secretary	717,561	S S C , ITI (Steno)	55	30	04-12-1970	Vanaz Engineering Pvt Ltd Steno Typist
2	Ansari J M	Opn Manager [MTD]	928,138	D'Man	51	31	23-01-1970	—
3	Apte C Y	Dept Manager(Materials)	1,192,618	D M E, DIM, DCBT	56	32	01-04-1979	Ruston & Hornsby (I) Ltd Asst Engr
4	Athani V V	Sr.Manager(M/C Rec & Lca)	1,087,767	B E (Mech)	53	29	21-07-1988	Lohia Machine Ltd. Manager (Scooter Divn)
5	Bagal R A	Dept Manager (QC-Veh)	968,045	B E (Mech)	48	25	08-11-1982	Ghatge Patil Inds, Kolhapur Sr. Engineer (Machine Shop)
6	Bhole J P	Asst Manager (MEA-Tool Room Design)	1,060,953	D M E	57	31	05-04-1969	—
7	Borkar V S	Opn Manager (HRD)	993,083	D M E, MDBA	58	35	28-09-1965	—
8	Borkar V Y	Opn Manager (TI Mnt-1HT)	1,155,639	L M E	53	30	09-03-1984	Crompton Greaves Ltd. Tool Room Engineer
9	Chakrapani G	Dept Manager (Safety)	954,270	L M E, DBM Safety Offcr Course	59	37	23-04-1977	Hindustan Aeronautics Ltd. Safety Inspector
10	Chaudhary A P	Dept Manager (QA)	720,041	B E (Telecom), BE (Elect)	57	32	21-08-1990	Western India Enterprise Ltd. Manager (Prod.)
11	Chougule A S	Asst Manager (Safety)	1,000,736	D M E, Dip Ind Safety	57	34	15-10-1966	—
12	Dabir M R	Manager (Admn)	892,821	B Com MMS	51	29	01-11-1982	Maharashtra Scooters Ltd. Sr. Purchase Officer
13	Dani S P	Sr Manager (Pers)	1,258,487	MA (Soc), MA (SW), LLB	58	34	07-06-1967	—
14	Date G N	Asst Manager (PE)	945,312	SSC, D'Man Mech Course	51	31	17-08-1973	Kirloskar Pneumatic Co. Ltd Jr D'Man
15	Deodhar V S	Dept Manager (Mtl's Lab)	1,203,216	B E (Met),MDBA,Dip.Comp.Appl.	54	32	04-04-1970	Paranjpe Engg & Foundry Co. Sr. Shift Incharge
16	Deshmukh S V	Opn Manager (MEA-E&T)	1,038,129	B E (Met), DBM	51	27	01-09-1973	—
17	Deshpande S M	Sr Manager (Utl & Serv)	466,835	D E E	60	38	16-03-1964	M S E B Sub Engineer
18	Deshpande V R	Sec. Manager (AI Mc-2Str)	709,305	S S C	55	37	13-01-1967	Kirloskar Pneumatic Co. Ltd Inspector
19	Dhananjaya H S	Sec. Manager (Eng Asy)	885,696	D M E, B A	56	35	01-12-1979	Indian Airforce Incharge - Aero Engg Section
20	D'Souza P S	Dept Manager (Tool Mnt-3W)	1,110,990	D M E	55	32	02-05-1983	Mather & Platt I Ltd Asst. Supdt. Tool Room
21	Dudhat Y S	Asst Manager (IA)	943,655	B Sc	56	29	13-03-1972	Own Business
22	Erande S G	Opn Manager (Mtl's Lab)	1,025,167	B E (Met)	51	28	28-10-1977	Durgapur Steel Plant Jr Engineer
23	Gadgil G G	Sec. Manager (Press Shop)	752,349	B E (Mech)	44	19	01-08-1981	-
24	Gandhi M N	Sec. Manager (QC-Prs&Fbr)	790,098	B E (Mech)	49	24	12-07-1982	Kirloskar Tractors Ltd Asst Manager (Tool Design)
25	Ghodke V R	Asst Manager (HRD)	725,938	D M E	56	34	18-10-1982	Controllorate Of Inspection Tech Supervisor (Ammunition)

Annexure 1 (contd.)

Information as per section 217(2A)(b)(ii) read with the Companies (particulars of employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March 2001

Sr. No	Name	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Qualifications	Age (Years)	Total Experi- ence (Years)	Date of Commence- ment of Employment	Last Employment and Designation	
26	Godha P R	Sec Manager (Pers)	929,162	S S C, D P M	57	39	09-10-1962	Standard Tool Co, Pune	Clerk
27	Gokhale V S	Asst Manager (PPC-Cnt Fn)	946,237	D M E, MDBA	57	37	02-05-1966	Dapodi Workshop Sub Divn	Mechanical Overseer
28	Gondekar K V	Sec Manager (Maint-Serv)	887,883	B Sc, B E (Elec)	58	29	25-08-1974	Kulkarni Foundries Ltd	Jr Engineer
29	Gongle V S	Opn Manager (Mea-Pinprc)	894,280	B E (Mech), MMS	51	27	28-07-1982	Benara Udyog Pvt Ltd, Agra	Sr Development Engineer
30	Gowalkar D S	Sec Manager (PI Mn-Veh)	710,253	D E E	44	20	09-08-1981	P J Electronics	Supervisor
31	Heble P M	Asst Manager (Rs-Ea&Mc35)	704,116	B E (Met)	41	20	23-12-1981	Richardson & Crudas Ltd	Jr Engineer
32	Inamdar S N	Dept Manager	854,271	D M E	58	34	08-07-1967	Henley Cable (India) Ltd	Chargehand
33	Jabade J J	Opn Manager (Rs-Ea&Mc35)	1,010,820	D M E, D E E	57	34	27-06-1967	—	—
34	Jagarwal A P	Sec Manager (PI Mn-3Wh)	737,255	D E E	42	18	19-09-1982	—	—
35	Jogalekar R H	Asst Manager (HRD)	1,227,206	D M E, D E E, BA	53	32	01-06-1977	Shree Wardhaman Vidyalaya	Asst Lecturer
36	Kakde D G	Asst Manager(MTD Serv)	858,446	5th Standard	58	40	23-10-1961	Jadhav Welding Works	Fitter
37	Kane P S	Dept Manager(OA)	1,109,208	D M E	56	36	15-06-1970	Central Salt & Marine Chem Reaserch Inst	Jr Scientific Asst
38	Kasture D S	Opn Manager	804,882	DME	56	31	15-07-1983	Ruston & Hornsby (I) Ltd	Asst Engr (Machine Shop)
39	Keskar S M	Sr Manager(MTD Serv)	1,249,301	D M E	58	36	01-12-1975	Deccan Mech & Chem Indus	Machine Shop Incharge
40	Khedkar A T	Sec Manager(PI Mn345Ea)	811,409	B E (Mech)	44	21	15-10-1979	—	—
41	Korde D N	Opn Manager(Tool Maint-Prs)	970,397	D M E, D E E	56	31	25-03-1977	Bharat Radiators Pvt Ltd	Shift Incharge
42	Kotecha P N	Asst Manager (Materials)	842,196	D M E	44	22	10-10-1980	Jayant Engg Works	Unit Incharge
43	Kulkarni A K	Dept Manager (OA)	1,086,185	D M E	52	30	07-05-1974	Kirkoskar Pneumatic Co. Ltd	Jr Engineer
44	Kulkarni V M	Sr Manager (Me-E&T-Sc)	1,242,643	B E (Mech)	51	28	20-11-1984	Auto Mughals Pvt.Ltd.	Production Manager
45	Madankar K W	Opn Manager (3W Mc/Ning)	1,108,834	B E [Mech.] MMS	47	24	13-10-1976	—	—
46	Mahajan M D	Opn Manager (PI Mn-1Ht)	972,637	B E (Met)	57	30	20-03-1972	Indoswe Engineers Pvt Ltd.	Shift Supervisor
47	Mahajan M L	Dy. General Manager (QC)	509,865	M E (Auto) B E (Mech) D B & I M	61	38	10-08-1984	Girnar Scooter Ltd.	Dy.Gen.Manager(Tech)
48	Mahendrakar S M	Opn Manager	783,645	B E (Mech)	53	28	05-07-1985	Gilbents Mech.Works Pvt Ltd.	Prod Engineer
49	Mali V D	Dy. General Manager (Mfg Engg)	1,062,867	D M E	60	41	07-09-1984	Sandvik Asia Ltd.	Projec Supt.
50	Malshe K N	General Manager (Corporate)	938,766	B Tech, PGDM	48	22	01-03-1988	Stallion Shoxs Ltd.	Regional Manager Mktg
51	Menezes D V	Opn Manager (OC-E&T-3Wh)	1,062,740	D M E	56	33	22-02-1971	Cliffowns Enterprises	Proprietor
52	*Menon P B	Vice President (Projects)	1,809,908	B Sc (Mech Engg), M E (Mech)	56	24	12-07-2000	Apollo Tyres Ltd.	Head-Limda Plant
53	Modi K K	Opn Manager (Spares)	990,121	B E (Elec)	56	30	16-09-1970	—	—
54	Mohandas P	Sr Manager (MIS)	1,213,123	B E (Chem), PGD (IE)	49	26	14-09-1984	Shriram Fabrics,Madras	Industrial Engineer
55	Murudkar P R	Sec Manager (2W Chassis)	1,007,682	S S C	52	29	01-06-1976	Raja Steel Industries	Foreman
56	Nahar S M	Dept Manager (Stores-E&T)	949,289	B Com	58	36	22-06-1965	—	—
57	Nulkar V G	Dy. General Manager (Export)	1,337,387	D M E	51	31	20-05-1981	Swastik Rubber Products Ltd.	Export Manager
58	Pai G B	Sec Manager (PI Mn-1Ht)	850,069	B Sc (Engg) Elec	49	27	16-01-1978	Sunrise Auto Ind.Ltd.	Plant Engineer
59	Panchal D K	Sr Manager (Materials)	1,085,576	S S C	59	41	14-10-1959	Bajaj Tempo Ltd.	Foreman
60	Pandya A N	Sec Manager (Maint-Serv)	741,025	B E (Mech)	57	34	17-01-1969	Calama Industries Pvt Ltd.	Costing Assistant
61	Paranjape M N	Opn Manager (Veh Paint-1)	974,686	S S C, DPT	49	24	27-09-1976	Own Business	—
62	Patel B H	Opn Manager (Press Shop)	778,696	D E E, D M E	53	30	03-03-1980	New India Industries Ltd.	Jr Engineer
63	Pathan N A	Opn Manager (Maint)	751,929	S S C	58	37	16-07-1963	—	—
64	Patil V T	Sr TA (QC-Prd Ver)	715,373	S S C, ITI (Machinist)	53	32	12-12-1967	—	—
65	Pawar S V	Sr Manager (2Wh)	1,354,242	D M E, PDAE	53	28	15-02-1971	—	—
66	Pawar V V	Dept Manager (Prodvtly)	1,024,657	B E (Mech)	51	26	13-03-1976	Jawahar Engineers Pvt Ltd.	Asst Engineer
67	Pednekar L Y	Opn Manager (Crank Shaft)	1,014,262	D M E	56	26	13-10-1978	Antifriction Bearings Corpn.	Asst Engineer
68	Phatak S K	Sec Manager (2W Chassis)	894,048	B E (Mech)	48	23	01-08-1977	—	—
69	Phatak S P	Sec Manager (Logistics)	846,300	B E (Mech)	49	23	01-08-1977	—	—
70	Prabhu R V	Opn Manager (HK)	988,388	B Com	57	33	30-05-1969	Glaxo Laboratories India Ltd.	Clerk
71	Pradhan J B	Opn Manager (Mea-Tool Room)	928,553	S S C, Mech D'Man	58	38	30-08-1962	—	—
72	Puranik S G	Sec Manager (TE-PDC)	786,045	D E E, D Met	55	32	21-07-1982	Jaya Hind Industries P Ltd.	Die Casting Engineer
73	Raikar S P	Sec Manager(Logistics)	755,363	D M E	57	37	02-07-1982	Indian Air Force	Sergeant
74	Ramakrishna PR	Area Manager (Export)	1,033,151	B A, LL B (Gen), MMS	54	29	14-06-1974	Western India Services (Travel) P Ltd.	Sr Asst (Sales Field)
75	Rao B P	General Manager (HRD)	290,924	B A, PGDPM, PGD T&D	49	25	02-05-1997	Fujitsu-ICIM Ltd.	Vice-President (HR)
76	*Rao C K	General Manager (Mktg-3Wh)	1,057,586	B E (Mech), PGD (Int Trade)	47	23	02-07-2000	Hindustan Motors Ltd.	Vice President (Marketing)
77	Rasal P G	Opn Manager	1,233,917	B E [Mech.], M Tech.	47	21	24-08-1979	—	—

Annexure 1 (contd.)

Information as per section 217(2A)(b)(ii) read with the Companies (particulars of employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March 2001

Sr. No	Name	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Qualifications	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Employment and Designation	
78	Risbud V Y	PA	963,403	S S C	56	39	12-05-1969	Kelkar Brothers	Stenographer
79	Sabnis G V	Asst Manager (Te-Prs TI)	870,412	B E (Mech)	56	32	05-05-1976	Cooper Engg Ltd.	Asst Foreman
80	Sabnis S R	Opn Manager (PE)	1,010,576	D M E, PDAE	51	29	13-09-1972	Ghatge & Patil Automobile Engg	Trainee Foreman
81	Salgia S R	Sr Manager (OA)	1,147,883	B Sc (Engg), M Tech	58	33	22-05-1972	Zenith Steel Pipes Ltd.	Dept Head Of H T Met Lab
82	Sarin V K	Dept Manager	1,034,718	D M E	56	36	06-11-1989	Kay International Pvt Ltd.	Works Manager
83	Sasidharan E K	Dy. General Manager (Cntrl Maint)	1,420,007	B Sc (Engg) (Mech)	59	35	01-11-1968	National Machinery Mfgs	Jr Engr
84	Shah S R	Manager (IA)	973,267	B Sc, ACA	47	22	07-01-1983	Greaves Foseco Ltd.	Accounts Officer
85	Shaikh B F	Asst Manager (Mea-Veh)	953,294	D M E, MDBA, LIE	49	29	16-03-1973	Kirloskar Oil Engines Ltd.	Tool & Cutter Grinder
86	Shaikh L A	Opn Manager (QC-Veh)	969,773	S S C, DPT	48	27	07-09-1973	—	—
87	Shanbhag S N	Dept Manager (QC-Veh)	929,568	L M E	58	36	16-03-1973	Janata Machine Tools Ltd.	Production Engr.
88	Shastri D N	Opn Manager (Mtls Lab)	1,101,143	B Sc	54	31	25-07-1969	—	—
89	Shelke A V	Sr TA (QC-E&T)	706,456	S S C, Mech D'Man Course	56	34	09-09-1966	—	—
90	Shete R D	Sec Manager (Logistics)	802,563	D M E	37	18	01-11-1982	—	—
91	Shingavi N R	Opn Manager	1,105,529	B E (Met), PGDMM	53	31	28-07-1970	ABC Ltd.	Jr Metallurgist
92	Sule V G	Opn Manager (QC-E&T)	1,003,188	D Met	53	31	27-01-1970	—	—
93	Surana R D	Dept Manager (Finance)	1,093,438	B Com	58	33	10-11-1967	—	—
94	Trivedi K N	Asst Manager (Export)	770,384	B A, DMM	52	27	12-07-1981	Kinetic Engg Ltd.	Jr Sales Officer
95	Upadhyaya K K	General Manager (MTD)	1,002,158	B E (Mech)	64	37	17-06-1991	HMT Ltd.	Chief Of Horz. Boring Divn
96	Upasani S G	Sec Manager (QC-Serv)	762,815	D M E	46	23	02-09-1977	—	—
97	Vaidya R E	Opn Manager	1,309,158	D M E, D E E	54	32	01-09-1974	Kirloskar Pneumatic Co Ltd.	Service Engineer
98	Wagh U D	Opn Manager (Prod Plan)	894,279	D M E	58	34	04-04-1967	Vulcan Laval Ltd.	Progress Clerk

* These employees have joined the company during the year

Notes:

- 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.
- All employees have adequate experience to discharge the responsibilities assigned to them.
- The nature of employment in all cases is contractual. Appointment of Rahul Bajaj is for a period of five years with effect from 1 April, 2000. Appointment of Madhur Bajaj is for a period of five years with effect from 6 November, 2000.
- The services of all the above employees who were on the rolls of the company as on 31 March 2001 are terminable by either side by giving three months' notice.
- None of the employees mentioned above is a relative of any Directors of the Company, other than Madhur Bajaj (Sr. No. 1 under 'A') who is the brother of Shekhar Bajaj, Director of the Company and Rajiv Bajaj (Sr. No. 3 under 'A') who is the son of Rahul Bajaj, Chairman and Managing Director of the company.

Annexure 2

Auditors' Certificate regarding compliance of Corporate Governance

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

Bajaj Auto Limited

We have reviewed the records concerning the Company's compliance with Clause 49 of the Listing agreement entered into by the Company with the Stock Exchanges of India for the financial year beginning April 1, 2000 and ending on March 31, 2001.

The objective of our review is to give our opinion on whether the Company has complied with the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India.

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

Based on such review, in our opinion, the Company has complied with Clause 49 of the Listing agreement of the Stock Exchanges of India.

Mumbai: 7th May, 2001

Dalal and Shah
CHARTERED ACCOUNTANTS

Report of the Auditors to the Members

We have audited the attached Balance Sheet of BAJAJ AUTO LIMITED, as at 31st March, 2001 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, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
- (e) On the basis of the written representations received from the Directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the Accounts, read with Note No. 12 relating to the Change in the method of recognizing the liability for Privilege Leave Entitlements which is not considered to have a material impact on the profit for the year, 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, 2001; 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

Anish Amin
Partner

MUMBAI : 7th May, 2001.

Annexure to the Auditors' Report

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, 2001.

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

- 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;
- ii) None of the fixed assets have been revalued during the year;
- 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;
 - (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;
 - (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;
 - (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;
- 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 opinion, not prima facie prejudicial to the interest of the Company. The Company has not taken any loans, secured or unsecured, from 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;
- v) Loans and advances in the nature of loans given by the Company :
 - (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;
 - (b)
 - (1) A sum of Rs. 61.000 Million was outstanding as on 1st April, 2000 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. 356.700 Million has been given during the year, total loans of Rs. 364.700 Million have been demanded and received during the year. Interest is being recovered regularly;
 - (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;
- 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;

Annexure to the Auditors' Report (contd.)

- 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;
- 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;
- 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;
- x) In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no by-products;
- xi) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business;
- 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;
- 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;
- 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;
- 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;
- 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;
- 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.
- xviii) In case of finance activities of the Company, adequate documents and records are maintained in a case where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xix) In respect of investment activities of the company, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All investments have been held by the company in its own name except to the extent and for reason specified in the footnote to Schedule 7 annexed to the accounts.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Anish Amin
Partner

MUMBAI : 7th May, 2001.

Balance Sheet as at 31 March

			2001	2000
	Schedule	Rupees	Rupees	Rupees
I. Sources of funds				
1. Shareholders' Funds				
a) Capital	1	1,011,835,100		1,193,908,140
b) Reserves and Surplus	2	25,353,462,756		30,846,870,016
			26,365,297,856	32,040,778,156
2. Loan Funds				
a) Secured Loans	3	559,742,451		1,015,826,193
b) Unsecured Loans	4	4,577,399,881		3,940,894,688
			5,137,142,332	4,956,720,881
Total			31,502,440,188	36,997,499,037
II. Application of Funds				
1. Fixed Assets				
a) Gross Block		24,678,226,880		20,411,482,261
b) Less: Depreciation		11,890,640,449		10,323,442,917
c) Net Block	5	12,787,586,431		10,088,039,344
d) Lease Adjustment Account-Plant and Machinery		611,656,878		249,963,537
		13,399,243,309		10,338,002,881
e) Capital Work in progress, expenditure to date (including Machinery in transit Rs. 15,714,927 [Previous Year Rs.653,634,990])		224,289,922		804,447,900
			13,623,533,231	11,142,450,781
2. Technical Know-how	6		160,264,233	4,389,420
3. Investments	7		11,845,752,660	19,523,606,622
4. Current Assets, Loans and Advances				
a) Inventories		2,534,384,036		2,611,260,130
b) Sundry Debtors		1,207,179,109		1,857,986,491
c) Cash and Bank Balances		213,455,325		359,840,420
d) Other Current Assets		567,162,920		625,031,666
e) Loans and Advances		16,094,135,322		18,279,673,727
		20,616,316,712		23,733,792,434
Less: Current Liabilities and Provisions	9			
a) Liabilities		4,675,592,823		6,597,410,324
b) Provisions		10,067,833,825		10,809,329,896
		14,743,426,648		17,406,740,220
Net Current Assets			5,872,890,064	6,327,052,214
Total			31,502,440,188	36,997,499,037
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 and Shah
Chartered AccountantsD.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan

Directors

Anish Amin
PartnerN. J. Joshi
SecretaryKantikumar R. Podar
Shekhar Bajaj
J.N. Godrej
Atul C. Kirloskar

Mumbai : 7 May 2001

Profit and Loss Account for the year ended 31 March

			2001	2000
	Schedule	Rupees	Rupees	Rupees
Income				
Sales including Excise Duty		35,879,559,212		37,051,501,389
Wind power generated, captively consumed		99,937,131		—
Other Income	10	3,659,860,093		5,096,526,610
Premium on surrender of Tenancy Rights		—		7,500,000
			39,639,356,436	42,155,527,999
Expenditure				
Materials	11	20,899,450,494		19,153,298,457
Excise Duty		5,620,746,488		6,078,289,309
Other Expenses	12	7,853,127,761		7,475,841,420
Interest	13	73,939,010		31,712,165
Depreciation		1,772,917,551		1,453,067,618
		36,220,181,304		34,192,208,969
Less: Expenses, included in above items, capitalised		275,783,193		289,019,942
			35,944,398,111	33,903,189,027
Profit for the year before extra ordinary item of expenditure and taxation			3,694,958,325	8,252,338,972
Extraordinary Item of Expenditure Compensation paid under voluntary retirement scheme			799,401,513	—
Profit before Provision for Taxation			2,895,556,812	8,252,338,972
Provision for Taxation [including Rs. 3,600,000 for Wealth tax (previous year Rs. 3,100,000)]			270,000,000	2,115,000,000
Profit for the year			2,625,556,812	6,137,338,972
Tax credits relating to earlier years			88,277,920	239,758,045
			2,713,834,732	6,377,097,017
Prior Period adjustments				
Expenses			26,210,437	28,509,868
Privilege Leave entitlement [See note 12]			188,149,170	—
			2,499,475,125	6,348,587,149
Transfer to General Reserve			1,607,441,300	5,023,349,113
Interim Dividend			—	1,193,908,140
Corporate Dividend Tax thereon			—	131,329,896
Proposed Dividend			809,468,080	—
Corporate Dividend Tax thereon			82,565,745	—
			892,033,825	1,325,238,036
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 and Shah
Chartered AccountantsD.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan

Directors

Anish Amin
PartnerN. J. Joshi
SecretaryKantikumar R. Podar
Shekhar Bajaj
J.N. Godrej

Mumbai : 7 May 2001

Atul C. Kirloskar

Schedules No. 1-14

Annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31 March 2001

Schedule 1 - Share Capital

			As at 31 March 2000
	Rupees	Rupees	Rupees
Authorised			
150,000,000 Equity Shares of Rs.10 each		1,500,000,000	1,500,000,000
Issued,Subscribed and Paid up			
* 119,390,814 Equity Shares of Rs.10 each	1,193,908,140		1,193,908,140
Less: 18,207,304 Equity Shares of Rs 10 each purchased (Buy Back) and extinguished during the year in accordance with section 77A of the Companies Act, 1956	182,073,040		—
101,183,510 (119,390,814) Equity Shares of Rs 10 each		1,011,835,100	1,193,908,140
Total		1,011,835,100	1,193,908,140

Notes

* Includes, prior to buy back of 18,207,304 Equity Shares of Rs 10 each during the year.

1. **114,174,388** Equity Shares allotted as fully paid Bonus Shares by way of Capitalisation of Share Premium Account and Reserves
2. **4,342,676** Shares issued by way of Euro Equity Issue represented by Global Depository Receipts 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 March 2000
	Rupees	Rupees	Rupees
Securities Premium Account (Share Premium Account)			
As per last account	2,892,103,727		2,892,103,727
Less: Utilised for buy back of Equity Shares in accordance with Section 77A of the Companies Act, 1956	2,892,103,727		—
		—	2,892,103,727
Capital redemption reserve			
Transferred from General Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy back of Equity Shares during the year		182,073,040	—
Contingency Reserve			
As per last account		17,500,000	17,500,000
General Reserve			
As per last account	27,937,266,289		22,913,917,176
Less: Utilised for buy back of Equity Shares in accordance with Section 77A of the Companies Act, 1956	4,208,744,833		—
Less: Transferred to Capital Redemption Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy back of equity shares during the year	182,073,040		—
Set aside this year	1,607,441,300		5,023,349,113
Total		25,153,889,716	27,937,266,289
		25,353,462,756	30,846,870,016

Schedule 3 - Secured Loans

		As at 31 March 2000	
	Rupees	Rupees	Rupees
From Banks, against hypothecation of Stores, Raw Materials, Finished Goods, Stock in Process and Book Debts -			
Cash Credit	451,026,697		1,015,826,193
Working Capital Demand Loan	108,715,754		—
Total		559,742,451	1,015,826,193

Schedule 4 - Unsecured Loans

		As at 31 March 2000	
		Rupees	Rupees
Sales tax deferral Liability under Package Scheme of Incentives 1983,1988 and 1993		4,516,419,555	3,863,553,673
Fixed Deposits		60,980,326	77,341,015
Total		4,577,399,881	3,940,894,688

Schedule 5 - Fixed Assets

Particulars	Gross Block (a)				Depreciation				Net Block	
	As at 31 March 2000	Additions	Deductions and Adjustments	As at 31 March 2001	Upto 31 March 2000	Deductions and Adjustments	For the Year (c)	Upto 31 March 2001	As at 31 March 2001	As at 31 March 2000
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land Freehold	17,053,820	26,691,869	—	43,745,689	—	—	—	—	43,745,689	17,053,820
Land Leasehold	380,144,029	383,436	4,210,566	376,316,899	—	—	—	—	376,316,899	380,144,029
Buildings (b)	1,865,340,950	138,137,733	17,273,605	1,986,205,078	481,314,752	—	52,715,418	534,030,170	1,452,174,908	1,384,026,198
Waterpumps, Reservoirs and Mains	50,898,319	1,282,434	—	52,180,753	18,812,672	—	1,867,120	20,679,792	31,500,961	32,085,647
Plant and Machinery	11,185,130,600	2,370,021,773	142,444,945	13,412,707,428	6,060,136,983	121,573,019	808,308,849	6,746,872,813	6,665,834,615	5,124,993,617
Dies and Jigs	1,907,520,772	571,085,941	66,757,431	2,411,849,282	821,252,746	42,341,999	181,908,906	960,819,653	1,451,029,629	1,086,268,026
Electric Installations	344,485,670	32,387,606	28,875	376,844,401	167,381,749	—	12,912,561	180,294,310	196,550,091	177,103,921
Factory Equipments	614,335,559	97,000,328	9,774,850	701,561,037	348,355,261	8,984,387	43,701,544	383,072,418	318,488,619	265,980,298
Furniture and Fixtures	321,209,099	20,925,494	6,501,501	335,633,092	174,806,155	4,322,552	19,253,762	189,737,365	145,895,727	146,402,944
Electric Fittings	81,868,089	3,637,837	—	85,505,926	44,772,621	—	5,194,887	49,967,508	35,538,418	37,095,468
Vehicles and Aircraft	294,163,414	27,372,333	20,774,608	300,761,139	82,732,471	11,195,728	22,302,093	93,838,836	206,922,303	211,430,943
Wind Energy Generators	431,900,000	1,270,500,000	—	1,702,400,000	3,721,538	—	113,080,179	116,801,717	1,585,598,283	428,178,462
Leased Assets :-										
Plant and Machinery	2,611,372,335	—	—	2,611,372,335	1,946,712,683	—	430,549,094	2,377,261,777	234,110,558	664,659,652
Dies and Moulds	306,059,605	—	24,915,784	281,143,821	173,443,286	17,302,334	81,123,138	237,264,090	43,879,731	132,616,319
As at 31 March 2001 Total	20,411,482,261	4,559,426,784	292,682,165	24,678,226,880	10,323,442,917	205,720,019	1,772,917,551	11,890,640,449	12,787,586,431	10,088,039,344
As at 31 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	

- a) At cost, except leasehold land which is at cost, less amounts written off.
- b) Includes Premises on ownership basis in Co-operative Society **Rs. 117,537,975** (Previous year Rs. 87,370,463) and cost of shares therein **Rs. 750** (Previous year Rs. 750) Sale deeds in respect of Premises (At Delhi) of the value of Rs. 925,044 is under execution.
- c) Refer Para 2(B) and (C) of Statement on Significant Accounting Policies annexed to the Accounts.

Schedule 6 - Technical Know-How

	As at 31 March 2000	
	Rupees	Rupees
As per last account	4,389,420	7,326,024
Add: Cost of technical know-how acquired during the year	190,573,701	—
	194,963,121	7,326,024
Less: Written off	34,698,888	2,936,604
Total	160,264,233	4,389,420

Schedule 7 - Investments, at Cost (Unless otherwise stated)

		As at 31 March 2000		
		Rupees	Rupees	Rupees
In Government and Trust Securities				
Quoted				
34,500,000	(50,000,000) Units of Rs.10 each of Unit Trust of India under Unit Scheme 1964	497,148,461		732,585,229
*	10,000,000 Units of Rs.10 each of Unit Trust of India under Monthly Income Plan 1999	99,520,000		100,000,000
	Other	11,604,265		2,039,592,846
			608,272,726	2,872,178,075
Unquoted				
	6 Years National Savings Certificates of the Face Value of Rs. 11,500	11,500		11,500
2,240	(4,480) Units of Rs.100 each of Unit Trust of India under Venture Capital Unit Scheme 1990 Vecaus II (2,240 Units redeemed during the year)	224,000		448,000
			235,500	459,500
			608,508,226	2,872,637,575
In Fully Paid Preference Shares				
Unquoted				
500,000	13.5% Redeemable Cumulative Non Convertible Preference Shares of Rs.100 each in The Arvind Mills Limited	50,000,000		50,000,000
300,000	13% Redeemable Cumulative Preference Shares of Rs.100 each in Atul Limited - balance after part redemption	10,000,000		30,000,000
50,000	13% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100 each in Aurangabad Electricals Private Limited	5,000,000		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
2,000,000	10.5% Cumulative Redeemable Preference Shares of Rs.10 each in Dani Trading and Investments Limited	20,000,000		20,000,000
	Carried Over	145,000,000		185,230,000
	Carried Over		608,508,226	2,872,637,575

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

		As at 31 March 2000		
		Rupees	Rupees	Rupees
In fully paid Preference Shares (contd.)	Brought Over		608,508,226	2,872,637,575
Unquoted (contd.)	Brought Over	145,000,000		185,230,000
	— (300,000) 12% Non Convertible Cumulative Redeemable Preference Shares of Rs.100 each in The Dhampur Sugar Mills Limited	—		30,000,000
200,000	(-) 12% 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
8,000,000	10.5% Cumulative Redeemable Preference Shares of Rs.10 each in Geetanjali Trading and Investments Private Limited	80,000,000		80,000,000
	— (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
	— (750,000) 14.5% Cumulative Redeemable Preference Shares of Rs.100 each in Himachal Futuristic Communications Limited	—		72,800,000
250,000	12% Cumulative Redeemable Preference Shares of Rs.100 each in Himachal Futuristic Communications Limited	25,000,000		25,000,000
	— (500,000) 12.5% Redeemable Cumulative Preference shares of Rs.100 each in Hotel Leelaventure Limited	—		49,242,500
	— (25,000,000) 11% Redeemable Cumulative Non convertible Preference shares of Rs.10 each in ICICI Limited	—		250,000,000
	— (25,000,000) 10.5% Redeemable Cumulative Non convertible Preference shares of Rs.10 each in ICICI Limited	—		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	206,612,000		206,612,000
140,000	12% Cumulative Redeemable Preference Shares of Rs.100 each in Khandwala Securities Limited	14,000,000		14,000,000
	— (170,000) 13.5% Cumulative Redeemable Preference Shares of Rs.100 each in KJMC Financial Services Limited	—		17,000,000
	Carried Over	520,612,000		1,391,009,500
	Carried Over		608,508,226	2,872,637,575

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

		As at 31 March 2000		
		Rupees	Rupees	Rupees
In fully paid Preference Shares (contd.)	Brought Over		608,508,226	2,872,637,575
Unquoted (contd.)	Brought Over	520,612,000		1,391,009,500
—	(100,000) 13.5% Cumulative Redeemable Preference Shares of Rs.100 each in KJMC Financial Services Limited	—		10,000,000
170,000	(-) 12% Cumulative Redeemable Preference Shares of Rs.100 each in KJMC Financial Services Limited	17,000,000		—
2,000,000	12% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each in Kopran Limited	20,000,000		20,000,000
7,000,000	12% Optionally Convertible Cumulative Preference Shares of Rs.100 each in KDL Biotech Limited, formerly - Kopran Drugs Limited	74,675,000		74,675,000
—	(400,000) 12% Non Convertible Redeemable Preference Shares of Rs.100 each in Makan Investments and Trading Company Limited	—		40,000,000
400,000	(-) 10.5% Non Convertible Redeemable Preference Shares of Rs.100 each in Makan Investments and Trading Company Limited	40,000,000		—
2,000,000	13.5% Redeemable Cumulative Preference Shares of Rs.10 each in Marvel Industries Ltd.	20,000,000		20,000,000
—	(100,000) 12% Cumulative Redeemable Preference Shares of Rs.100 each in Mastek Limited	—		10,000,000
100,000	14.75% Cumulative Redeemable Preference Shares of Rs.100 each in Pentafour Products Limited - balance after part redemption	5,000,000		5,000,000
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
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
	Carried Over	937,242,000		1,910,639,500
	Carried Over		608,508,226	2,872,637,575

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

		As at 31 March 2000	
		Rupees	Rupees
Brought Over			2,872,637,575
In fully paid Preference Shares (contd.)			
Brought Over		608,508,226	2,872,637,575
Unquoted (contd.)		937,242,000	1,910,639,500
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
—	(100,000) 13% Cumulative Redeemable Preference Shares of Rs.100 each in Sun Earth Ceramics Limited	—	10,000,000
—	(10,000,000) 13% Cumulative Redeemable Preference Shares of Rs.10 each in Sushmita Holdings Limited	—	100,000,000
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
300,000	10.5% Cumulative Redeemable Preference Shares of Rs.100 each in Titan Industries Limited	30,000,000	30,000,000
200,000	(-) 9.25% Redeemable Cumulative Preference Shares of Rs.100 each in Titan Industries Limited	20,000,000	—
—	(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	7,500,000
—	(300,000) 10.75% Redeemable Cumulative Preference Shares of Rs.100 each in Usha Beltron Limited	—	30,000,000
200,000	15% Cumulative Redeemable Preference Shares of Rs.100 each in Viral Filaments Limited - balance after part redemption	19,500,000	19,500,000
		1,164,242,000	2,262,139,500
In Fully paid Equity Shares			
Trade Quoted			
4,693,800	Shares of Rs.10 each in Bajaj Auto Finance Limited	180,786,257	180,786,257
2,742,848	Shares of Rs.10 each in Maharashtra Scooters Limited	2,400,000	2,400,000
		183,186,257	183,186,257
Carried Over		1,955,936,483	5,317,963,332

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

		As at 31 March 2000		
		Rupees	Rupees	Rupees
Brought Over			1,955,936,483	5,317,963,332
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				
2,139,561	(2,026,301) Shares of Rs.10 each in Bajaj Tempo Limited	460,592,511		427,096,857
305,500	(105,000) Shares of Rs.10 each in Global Tele-Systems Limited	249,521,822		135,845,016
43,139,450	(42,968,473) Shares of Rs.10 each in ICICI Limited	2,791,929,179		2,714,729,953
728,000	(95,600) Shares of Rs.2 each in Morepen Laboratories Limited, 145,600 shares of Rs.10 each now split into 728,000 shares of Re.2 each	156,867,563		101,076,188
	Other	2,683,156,105		2,707,121,396
			6,342,067,180	6,085,869,410
Unquoted				
100	(-) Shares of Rs.10 each in Bajaj Allianz General Insurance Company Limited	1,000		—
565,000	Shares of Rs.10 each in Durovalves India Private Limited	5,650,000		5,650,000
300,000	Shares of Rs.10 each in Endurance Systems India Private Limited	3,000,000		3,000,000
100,000	(-) Shares of Rs.10 each in Innovision E-Commerce Limited	10,000,000		—
300,000	Shares of Rs.10 each in Kowa Spinning Ltd.	5,250,000		5,250,000
1,026,000	Shares of Rs.10 each in Monotona Tyres Limited	10,260,000		10,260,000
1	Share of Rs.100 in The Poona District Motor Transport Co-operative Society Ltd.	100		100
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
			118,376,676	108,375,676
	Carried Over		8,418,830,339	11,514,658,418

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

		As at 31March 2000	
		Rupees	Rupees
		Rupees	Rupees
	Brought Over	8,418,830,339	11,514,658,418
In Debentures and Secured Premium Notes			
Fully Paid			
Quoted			
	Other	400,338,501	863,517,514
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	16,833,095
—	(2,302) 15% Secured Redeemable Partly Convertible Debentures of Rs.400 each of Ballarpur Industries Limited - balance Non Convertible Portion of Rs.60 each, after fourth redemption	—	130,178
—	(1,000) 13.25% Redeemable Non Convertible Debentures of Rs.100,000 each of Citicorp Finance (India) Limited	—	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
354,000	(-) 14.5% Redeemable Non Convertible Debentures of Rs.100/- each of The Dhampur Sugar Mills Limited	35,400,000	—
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 Limited	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	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
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
	Carried Over	416,458,828	514,220,871
	Carried Over	8,819,168,840	12,378,175,932

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

		As at 31 March 2000		
		Rupees	Rupees	Rupees
Brought Over			8,819,168,840	12,378,175,932
In Debenture and Secured Premium Notes (contd.)				
Fully Paid (contd.)				
Unquoted (contd.)		Brought Over	416,458,828	514,220,871
—	(2,500,000) 16% Secured Non Convertible Debentures of Rs.100 each of Information Technology Park Limited	—		250,000,000
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 Niskalp Investments and Trading Company Limited	—		100,000,000
—	(500,000) 14% Secured Non Convertible Debenture of Rs.100 each of Niskalp Investments and Trading Company Limited	—		50,000,000
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 - balance after part redemption	6,138,972		6,490,272
—	(500,000) Secured Fully Convertible Debentures of Rs.20 each of Shriram Transport Finance Company Limited	—		10,452,887
In Bonds			725,099,050	1,233,665,280
Fully Paid				
Quoted				
* 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		200,000,000
* 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
* 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
Carried Over		607,900,000		607,900,000
Carried Over			9,544,267,890	13,611,841,212

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

		As at 31 March 2000	
		Rupees	Rupees
In Bonds (contd.)	Brought Over	9,544,267,890	13,611,841,212
Fully Paid (contd.)			
Quoted (contd.)	Brought Over	607,900,000	607,900,000
* 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	300,000,000
	Other	943,314,180	3,194,865,185
		1,851,214,180	4,102,765,185
In Mutual Fund Units			
	Quoted		
	Other	619,330,312	1,508,383,749
	Unquoted		
250	Units of Rs.5,000 each of Auto Ancillary Fund	1,250,000	1,250,000
		12,016,062,382	19,224,240,146
Less:	Provision for diminution in value of Investments	170,803,722	104,133,524
		11,845,258,660	19,120,106,622
	Application Money for Investment in Shares and Bonds	494,000	403,500,000
	Total	11,845,752,660	19,523,606,622

	Book Value as at		Market Value as at	
	31 March 2001 Rupees	31 March 2000 Rupees	31 March 2001 Rupees	31 March 2000 Rupees
Quoted	9,975,709,678	15,505,653,712	* 8,835,224,528	*18,788,766,463
Unquoted	1,869,548,982	3,614,452,910		
Total	11,845,258,660	19,120,106,622		

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

Notes to Investment Schedule

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

(a) 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	1,600
(b) Equity Shares		
Name of the Company	Face Value Rupees	No. of Shares
Essar Steels Limited	10	100
Sterlite Industries (India) Limited	5	600
Sterlite Optical Technologies Limited	5	600
SUL India Limited	10	149,950
Uniflex Cables Limited	10	100
(c) Debentures		
Name of the Company	Issue Price Rupees	No. of Debentures
Reliance Capital Limited - Series DDB IV	45,63,927	10
Reliance Capital Limited - Series DDB IX	45,63,926	8
Reliance Capital Limited - Series DDB VI	45,63,923	4

2. Shares and Debentures held by the Brokers pending clearance of objection regarding transfer forms

(a) Equity Shares		
Name of the Company	Face Value Rupees	No. of Shares
Bajaj Tempo Limited	10	200
Bank of Rajasthan Limited	10	200
Reliance Petroleum Limited	10	200
Silverline Technologies Limited	10	300
(b) Debentures		
Name of the Company	Face Value Rupees	No. of Debentures
16% Mangalore Refinery and Petrochemical Corporation Limited	76	400

3. Certificate for the following are yet to be received/credited to our Demat Account with Standard Chartered Grindlays Bank Limited

(a) Equity Shares		
Name of the Company	Face Value Rupees	No. of Shares
Bajaj Allianz General Insurance Company Limited	10	100
Industrial Development Bank of India	10	568,351
Mahadeo Corporation (India) Limited	10	300

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

Notes to Investment Schedule (contd.)

(b)	Trust Securities		
	Name	Face Value Rupees	No. of Units
	Unit Trust of India - Mastershares	10	180
(c)	Preference Shares		
	Name of the Company	Face Value Rupees	No. of Shares
	Sushmita Holdings Limited	10	10,000,000
(d)	Bonds		
	Name of the Company	Face Value Rupees	No. of Bonds
	Maharashtra Krishna Valley Development Corporation	10,000,000	11
	Noida Toll Bridge Company Limited	5,000	2

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
Hindustan Construction Company Limited	10	50
Reliance Capital Limited	10	100
Reliance Industries Limited	10	3
Unit Trust of India - Mastergain - 1992	10	6,000
Unit Trust of India - Master Plus Unit Scheme - 1991 (Masterplus)	10	700
Unit Trust of India - Mastershare	10	1,369

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
Aptech Limited	10	10,000
DSQ Software Limited	10	25,000
Digital Equipment (India) Limited	10	10,000
Global Tele-Systems Limited	10	25,000
Industrial Development Bank of India	10	1,450,000
Satyam Computer Services Limited	2	25,000

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

Notes to Investment Schedule (contd.)

6. Following Investments were purchased and sold during the year

(a) Equity Shares

Name of the Company	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
Himachal Futuristic Communications Limited	31,100	29,758,498	43,178,819
Hindustan Lever Limited	1,000	2,364,710	2,767,274
Indian Aluminium Company Limited	25,000	2,830,765	2,886,527
Infosys Technologies Limited	7,000	56,313,620	57,504,050
I.T.C. Limited	10,000	8,205,700	8,147,390
Satyam Computer Services Limited	10,000	31,335,150	31,080,187
Shyam Telecom Limited	20,000	6,057,200	6,311,036
Softsol India Limited	30,610	2,907,950	2,885,373
Vikas WSP Limited	3,000	1,539,910	1,835,104

(b) Mutual Fund Units

Name	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
DSP Merrill Lynch - Bond Fund Growth	6,968,641.115	94,172,031	101,951,220
JM G-Sec Fund Serial Plan 2000 - Growth	10,000,000.000	100,000,000	101,559,754
JM Liquid Fund - Dividend Plan	14,634,146.341	150,000,000	150,292,683
JM High Liquid Fund - Growth	39,740,729.880	550,292,683	553,565,540

7. The following Investments have been purchased and sold during the year, before transferring the same in the name of the Company

(a) Equity Shares

Name of the Company	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
Bajaj Tempo Limited	1,640	353,020	437,264
Blue Dart Express Limited	5,000	948,223	1,265,343
Cummins India Limited	5	2,409	3,266
MIRC Electronics Limited	50	19,695	23,027

(b) Debentures

Name of the Company	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
The India Cement Limited	400	213,298,063	213,369,296

(c) Trust Securities

Name	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
Unit Trust of India - Mastergain - 1992	6,400	67,520	76,800
Unit Trust of India - Master Plus Unit Scheme - 1991 (Masterplus)	9,500	155,705	210,900

(d) Mutual Fund Units

Name	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
Morgan Stanley Mutual Fund	300	2,772	4,374

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

Notes to Investment Schedule (contd.)

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
11.15% Government of India Loan, 2002	52,650,139	52,935,417
11.40% Government of India Loan, 2000	73,471,867	73,812,667
11.55% Government of India Loan, 2001	51,279,792	52,459,792
11.98% Government of India Loan, 2004	54,878,417	55,004,972
11.99% Government of India Loan, 2009	108,205,846	110,383,611
12.00% Government of India Loan, 2008	112,985,903	115,370,833
12.14% Government of India Loan, 2000	51,037,583	52,220,778
12.32% Government of India Loan, 2011	167,736,656	171,953,278
12.50% Government of India Loan, 2004	110,178,750	110,635,972
14 Days Treasury Bill	99,627,400	99,740,400
91 Days Treasury Bill	534,885,167	537,856,390
182 Days Treasury Bill	736,700,122	744,334,533
364 Days Treasury Bill	1,081,192,281	1,086,207,697

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	No. of Shares	Face Value Rupees	Cost Rupees
Name of the Company			
The Great Eastern Shipping Co Limited	385	10	12,667
Gesco Corporation Limited	42	10	1,382
Larsen and Toubro Limited	250	10	103,143
Rallis India Limited	50	10	19,736
Sterlite Industries (India) Limited	200	5	39,162
Sterlite Optical Technologies Limited	200	5	39,162
Tata Chemicals Limited	249	10	37,532
The Tata Iron and Steel Company Limited	50	10	8,883

- 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 31 March 2000
	Rupees	Rupees	Rupees	Rupees
(a) Inventories				
Stores and spares, at cost		49,239,133		57,904,758
Tools		372,506,487		315,763,132
Stock-in-trade, at cost or market value whichever is lower				
Raw Materials		875,267,074		1,139,465,447
Work-in-progress (including factory made components Rs. 15,590,261 Previous Year Rs. 24,605,634)		167,730,230		283,840,907
Finished Goods		686,157,645		469,175,047
Auto Spare parts, etc.		348,745,244		308,335,699
		2,499,645,813		2,574,484,990
Stock of slow moving Raw Materials, at estimated realisable value		17,526		26,099
As valued and certified by Management		2,499,663,339		2,574,511,089
Goods in transit, at cost to date		34,720,697		36,749,041
			2,534,384,036	2,611,260,130
(b) Sundry Debtors, Unsecured				
Outstanding for a period exceeding six months				
Good	10,223,586			11,331,800
Doubtful	9,267,885			9,341,963
Less: Provision	9,267,885			9,341,963
	—			—
Other, Good		10,223,586		11,331,800
		1,196,955,523		1,846,654,691
			1,207,179,109	1,857,986,491
(c) Cash and Bank Balances				
Cash on hand (including cheques on hand Rs. 15,371,025 Previous year Rs. 24,386,213)		16,821,670		26,579,425
Cheques in hand with Banks as collecting agencies in terms of an arrangement		13,681,352		199,239,739
Balances with scheduled banks				
* In current account		165,164,398		92,661,846
In margin deposits		13,911,900		5,985,325
In fixed deposits		3,590,000		35,016,000
Interest accrued on fixed deposits		286,005		358,085
		182,952,303		134,021,256
			213,455,325	359,840,420
Carried over			3,955,018,470	4,829,087,041

Schedule 8 - Current Assets, Loans and Advances (contd.)

				As at 31 March 2000
	Rupees	Rupees	Rupees	Rupees
Brought over			3,955,018,470	4,829,087,041
(d) Other Current Assets				
Dividend and Interest receivable on Investments				
Good	65,032,501			111,336,888
Doubtful	177,830			486,470
Less: Provision	177,830			486,470
	—			—
		65,032,501		111,336,888
Debtures and Bonds Redemption Money Receivable		—		93,702,583
Interest receivable on Loans etc:				
Good	264,802,021			254,304,038
Doubtful	82,487,790			82,487,790
Less: Provision	82,487,790			82,487,790
	—			—
		264,802,021		254,304,038
Lease Rent Receivable		97,002,497		52,942,024
Export Incentives Receivable		118,499,040		112,746,133
Credit receivable for Windpower generated		21,826,861		—
			567,162,920	625,031,666
(e) Loans and Advances, unsecured, good (Unless otherwise stated)				
Loan to Bajaj Auto Holdings Limited the wholly owned subsidiary		53,000,000		61,000,000
Loan to Others (including Rs. Nil against pledge of shares. Previous year Rs. 40,000,000)				
Good	2,586,000,170			2,497,309,547
Doubtful	56,240			56,240
Less: Provision	56,240			56,240
	—			—
		2,586,000,170		2,497,309,547
Deposits with Joint Stock Companies: (Including Rs. 858,309,625 against pledge of Securities, Previous Year Rs. 1,006,034,920)				
Good	1,222,809,626			1,778,631,406
Doubtful	193,470,222			193,470,222
Less: Provision	193,470,222			193,470,222
	—			—
		1,222,809,626		1,778,631,406
Due from a Subsidiary		—		12,086
Advances Recoverable in Cash or in kind or for value to be received				
Good	1,872,879,364			1,925,745,461
Doubtful	20,456,819			21,049,524
Less: Provision	20,456,819			21,049,524
	—			—
		1,872,879,364		1,925,745,461
Balances with Customs and Central Excise Departments		192,409,513		220,369,548
Sundry Deposits		89,554,475		88,223,307
Tax paid in Advance		10,077,482,174		11,708,382,372
			16,094,135,322	18,279,673,727
Total			20,616,316,712	23,733,792,434

* 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 March 2000	
		Rupees	Rupees
(a) Liabilities			Rupees
	Acceptances	40,442,353	744,888,703
	Sundry Creditors:		
	Due to Small Scale Industrial Undertakings [See note 14]	175,070,962	203,492,158
	Other	3,357,465,346	3,366,422,674
		3,532,536,308	3,569,914,832
	Advances against Orders	153,476,995	144,248,370
	Interim Dividend payable	—	1,193,908,140
	Unclaimed Dividends	21,255,465	16,602,439
	Deposit from Dealers and others	919,657,997	918,483,580
	Unclaimed amount of Sale proceeds of Fractional coupons of Bonus Shares	5,595	5,595
	Unclaimed amount on Debentures redeemed	7,091,984	7,779,009
	Interest accrued but not due on loans	1,126,126	1,579,656
		4,675,592,823	6,597,410,324
(b) Provisions			
	Provision for Taxation	9,175,800,000	10,678,000,000
	Provision for Corporate Dividend Tax on Interim Dividend	—	131,329,896
	Proposed Dividend	809,468,080	—
	Provision for Corporate Dividend Tax on proposed Dividend	82,565,745	—
		10,067,833,825	10,809,329,896
	Total	14,743,426,648	17,406,740,220

Schedule 10 - Other Income

			Previous Year
	Rupees	Rupees	Rupees
Workshop Receipts		4,836,703	4,420,347
Technical Know-how		29,391,721	43,866,301
Dividends			
From Subsidiary	—		1,225,000
From Trade Investments	19,567,096		16,827,696
Other	322,212,484		360,397,166
		341,779,580	378,449,862
Interest[Gross-Tax Deducted Rs. 216,330,878 Previous Year Rs.237,677,655]			
On Government Securities	30,319,377		46,396,724
On Debentures and Bonds	536,625,672		715,722,373
Other	956,025,811		895,819,620
		1,522,970,860	1,657,938,717
Income From Units of Mutual Funds		139,466,242	228,037,349
Leasing Business			
Lease Rent	77,111,307		392,974,150
Add: Lease Equalisation	361,693,341		72,087,273
		438,804,648	465,061,423
Rent		7,280,222	5,186,568
Insurance Claims		9,979,065	10,509,269
Export Incentives		196,613,660	203,093,616
Miscellaneous Receipts		430,529,059	483,222,619
Surplus on Sale of Assets		29,367,967	37,420,607
Profit on Sale of Investments,net		249,584,763	1,433,375,361
Surplus on redemption of Securities		129,739,291	19,419,926
Bad Debts Recovered		7,895	32,858
Sundry Credit balances appropriated		2,567,528	4,006,317
Provisions for Doubtful Debts and Advances written back		975,423	10,290,900
Provisions no longer required		125,965,466	112,194,570
Total		3,659,860,093	5,096,526,610

Schedule 11 - Materials

			Previous Year
	Rupees	Rupees	Rupees
(a) Raw materials and components consumed			
Stocks at commencement (including slow moving Rs.26,099) (Previous Year Rs. 107,467)		1,139,491,546	934,455,591
Purchases		19,418,647,456	18,692,846,357
		<u>20,558,139,002</u>	<u>19,627,301,948</u>
Less: Stocks at close (including slow moving Rs. 17,526) (Previous Year Rs.26,099)		875,284,600	1,139,491,546
		<u>19,682,854,402</u>	<u>18,487,810,402</u>
(b) Finished Goods purchases			
Two Wheelers/Trailers	690,087		541,639
Auto Spare-Parts	576,728,769		533,859,280
		<u>577,418,856</u>	<u>534,400,919</u>
(c) Conversion and Machining Charges		652,884,283	571,149,069
(d) Excise duty on year end inventory of Finished Goods		127,574,419	79,909,050
(e) (Increase) / Decrease in Stocks			
Stocks at close			
Work in progress (including factory made components Rs. 15,590,261 Previous Year Rs.24,605,634)	167,730,230		283,840,907
Finished Goods	686,157,645		469,175,047
Auto Spare Parts	348,745,244		308,335,699
		<u>1,202,633,119</u>	<u>1,061,351,653</u>
Less: Stocks at commencement:			
Work in progress (including factory made components Rs. 24,605,634 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>
		(141,281,466)	(519,970,983)
Total		<u>20,899,450,494</u>	<u>19,153,298,457</u>

Schedule 12 - Other Expenses

			Previous Year
	Rupees	Rupees	Rupees
Stores,spares and tools consumed		594,509,966	546,303,585
Power,fuel and water		710,310,909	679,639,155
Repairs			
Buildings and Roads	92,786,361		91,541,314
Machinery	330,508,857		371,919,578
Other	48,863,482		35,962,679
		472,158,700	499,423,571
Employees' Emoluments			
Salaries,wages,bonus etc.	1,949,692,204		1,871,407,990
Contribution to Provident and other funds and schemes	255,931,801		245,907,337
Welfare expenses [see note 10]	238,704,399		239,025,570
		2,444,328,404	2,356,340,897
Rent		19,311,770	18,512,908
Rates and taxes		9,660,144	8,261,663
Insurance		26,402,410	28,188,796
Auditors' Remuneration		3,646,564	3,695,497
Directors' fees and travelling expenses		192,138	102,563
Managing Director's remuneration			
Salary	1,200,000		600,000
Commission	2,400,000		1,200,000
		3,600,000	1,800,000
Wholetime Directors' remuneration			
Salary	1,790,000		1,500,000
Commission	770,000		480,000
		2,560,000	1,980,000
Commission to Non Executive Directors		880,000	920,000
Miscellaneous expenses		727,628,661	648,631,261
Electricity service connection charges written off		61,740,000	20,690,000
Packing,forwarding etc.		354,613,852	390,526,050
Advertisement		1,025,282,644	902,410,398
Vehicle service charges and other expenses		624,146,681	593,216,756
Commission and Discount		126,161,926	138,164,389
Incentives and Sales Promotion		273,758,395	345,849,968
Royalty		165,812,107	109,491,898
Donations		9,070,400	14,065,000
Bad debts and other irrecoverable debit balances written off		50,527,999	8,257,076
Sundry credit balances previously appropriated,now paid		772,087	1,250,701
Loss on assets sold,demolished,discarded and scrapped		40,472,352	8,605,934
Provision for Doubtful Debts and Advances		—	62,412,712
Provision for Diminution in Value of Investments		66,670,198	81,690,106
Amount written off against Technical Know-how		34,698,888	2,936,604
Amount written off against leasehold land		4,210,566	2,473,932
Total		7,853,127,761	7,475,841,420

Schedule 13 - Interest

			Previous Year
	Rupees	Rupees	Rupees
Interest			
Fixed Loans		10,752,908	9,714,589
Other		63,186,102	21,997,576
Total		73,939,010	31,712,165

Schedule 14 - Notes forming part of Accounts

		As at 31 March 2001		As at 31 March 2000	
		Rupees		Rupees	
1.	(A) Contingent liabilities not provided for in respect of				
	(i) Sales Bills Discounted	41,083,359		71,932,867	
	(ii) Claims against the Company not acknowledged as debts	1,748,130,855		1,587,004,342	
	(iii) Guarantees given by the Company to Housing Development Finance Corporation Ltd. - for loans to Employees	99,180,920		94,975,064	
	(iv) Excise and Customs demand - matter under dispute	346,507,312		751,162,442	
	(v) Claims for refund of Excise Duty, if any, against Excise Duty Refund received in the earlier year	55,638,819		55,638,819	
	(vi) Customs Duty on imports at Concessional rates of Duty	-		19,802,451	
	(vii) Tax matters under dispute -				
	Appeal by Company	354,605,437		1,508,063,148	
	Appeal by Department	950,409,858		429,466,957	
		1,305,015,295		1,937,530,105	
2.	Estimated amounts of contracts remaining to be executed on capital account and not provided for, Net of Advances.	1,535,149,172		1,870,894,403	
3.	Payments to Auditors				
		Auditors		Cost Auditors	
		2000-01 Rupees	1999-00 Rupees	2000-01 Rupees	1999-00 Rupees
(i)	As Auditors	2,520,000	2,520,000	147,000	147,000
(ii)	In other capacity				
	For tax audit	472,500	472,500	---	---
	For Provident Fund				
	Certificates and other matters	495,971	462,926	---	---
	Sub-Total	3,488,471	3,455,426	147,000	147,000
(iii)	For expenses	158,093	240,071	10,793	5,733
	Total	3,646,564	3,695,497	157,793	152,733
4.	C.I.F Value of Imports, Expenditure and Earnings in Foreign Currencies:			2000-01 Rupees	1999-00 Rupees
(a)	C.I.F. Value of Imports *				
	(i) Raw materials				
	Steel and Non-Ferrous Material			387,947,175	343,160,855
	Components			975,604,921	812,300,994
				1,363,552,096	1,155,461,849
	(ii) Machinery Spares			57,955,883	67,356,212
	(iii) Capital Goods			1,380,689,826	741,852,572
	* Excluding C.I.F. Value of Stores, Tools, etc. Rs 114,544,129 (Previous Year Rs. 81,832,739)				
(b)	Expenditure in foreign currencies				
	(i) Travelling expenses			10,086,856	7,074,073
	(ii) Royalty, net of tax			132,741,406	87,567,029
	(iii) Technical Consultancy, net of tax			63,665,630	85,651,058
	(iv) Technical know-how fees, net of tax			145,669,244	-
	(v) Commission on Exports			2,822,186	1,878,328
	(vi) Research and Development Expenses, under an arrangement			1,679,215	21,202,263
	(vii) Advertisement and publicity			82,851,051	89,042,748
	(viii) Other matters			28,182,735	19,484,962
(c)	Earnings in foreign currencies				
	(i) F.O.B. Value of exports			1,350,036,160	1,378,076,113
	(ii) F.O.B. Value of exports - goods traded in			712,646	118,629
	(iii) Interest			1,186,626	3,178,816
	(iv) Others			38,982,826	49,269,524

Schedule 14 - Notes forming part of Accounts (contd.)

	2000-01	1999-00
	Rupees	Rupees
5 Total Exports during the year		
Exports in Foreign Currency	1,350,036,160	1,378,076,113
Exports in Foreign Currency - goods traded in	712,646	118,629
	<u>1,350,748,806</u>	<u>1,378,194,742</u>
6 Managerial Remuneration	Rupees	Rupees
(a) Computation of Net Profits in accordance with Section 198(1) and Section 349 of Companies Act, 1956		
(i) Profit as per Profit and loss Account		2,625,556,812
Add: Managing Director's Remuneration (including perquisites)	5,537,082	
Wholetime Director's Remuneration (including perquisites)	4,399,483	
Commission to Non-Executive Directors	880,000	
Provision for Taxation	270,000,000	
		<u>280,816,565</u>
Less: Excess of Sales price over cost of assets sold	1,446,438	
Provision for doubtful debts and advances written back	975,423	
Provisions no longer required	125,965,466	
Profit on sale of Investments, net	249,584,763	
		<u>377,972,090</u>
Profit on which commission is payable		<u>2,528,401,287</u>
(ii) Managing Directors Commission		
Commission @ 1% on Rs.2,528,401,287		25,284,013
Maximum Commission payable as determined by the Board of Directors		<u>2,400,000</u>
(iii) Commission to Wholetime Director - Shri Madhur Bajaj		
Commission @ 1% on Rs.2,528,401,287		25,284,013
Maximum Commission payable as determined by the Board of Directors		<u>770,000</u>
(iv) Commission to Non-Executive Directors		
Commission @ 1% on Rs.2,528,401,287		25,284,013
Maximum Commission restricted to Rs.20,000 per meeting attended, per person, subject to an overall ceiling of Rs.1,200,000		<u>880,000</u>
(b) The Profit and Loss Account also includes payments and provisions on account of the Managing Director and Wholetime Directors as under		

	Managing Director		Wholetime Directors	
	2000-01 Rupees	1999-00 Rupees	2000-01 Rupees	1999-00 Rupees
(i) Salary	1,200,000	600,000	1,790,000	1,500,000
(ii) Commission	2,400,000	1,200,000	770,000	480,000
(iii) Privilege Leave Entitlement	50,000	200,000	713,333	—
(iv) Contribution to Provident Fund, Superannuation and Gratuity	424,000	212,000	430,300	292,000
(v) Other perquisites	314,751	246,008	214,703	182,711
(vi) Estimated monetary value of perquisite in form of				
Unfurnished Accommodation	244,800	204,800	129,800	100,800
Furniture at Residence	890,331	886,859	324,947	324,947
Personal use of Company's car	13,200	13,200	26,400	24,000
	<u>5,537,082</u>	<u>3,562,867</u>	<u>4,399,483</u>	<u>2,904,458</u>

Schedule 14 - Notes forming part of Accounts (contd.)

2000-01

1999-00

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	MT. Sq.Ft	31,981 —	891,737,565	49,460 —	1,226,465,183		
	Mtrs. Nos.	29,565 487		680,715		97,680 524	1,700,383
(b) Non-Ferrous Metal	MT. Mtrs. Nos.	13,244 235 26	1,134,069,285	16,082 1,203 12	1,264,826,907		
(c) Tyres and tubes	Nos.	5,731,352		861,730,896		6,984,683	993,253,839
(d) Other Components				16,179,406,272			14,415,229,112
(e) Others			615,229,669		586,334,978		
Total			19,682,854,402		18,487,810,402		

(ii) Imported and indigenous raw material consumption (including components)

	Rupees	Percentage	Rupees	Percentage
(a) Imported (including Customs Duty and other related charges)	1,806,795,754	9.18	1,544,106,481	8.35
(b) Indigenous	17,876,058,648	90.82	16,943,703,921	91.65
Total	19,682,854,402	100.00	18,487,810,402	100.00

(iii) Imported and indigenous Machinery Spares Consumed

	Rupees	Percentage	Rupees	Percentage
(a) Imported (including Customs Duty and other related charges)	78,317,251	42.67	88,634,758	45.11
(b) Indigenous	105,211,350	57.33	107,847,905	54.89
Total	183,528,601	100.00	196,482,663	100.00

(iv) Details of goods traded in-Purchases

	Nos.	Rupees	Nos.	Rupees
Two Wheelers	12	470,432	20	541,639
Trailers	8	219,655	—	—
		690,087		541,639
Auto Spare Parts		576,728,769		533,859,280
Total		577,418,856		534,400,919

Schedule 14 - Notes forming part of Accounts (contd.)

	2000-01		1999-00	
8 Details of Licensed and Installed Capacity, Production, Stocks and Turnover				
Class of Goods				
(I) Motorised Two Wheelers and Three Wheelers upto 350 CC Engine capacity				
	Nos.	Rupees	Nos.	Rupees
(i) Licensed Capacity (including two Wheelers c.k.d packs- 200,000 Nos.) (a)	1,639,350		1,639,350	
(ii) Installed Capacity (b)	2,320,000		2,090,000	
(iii) Production	1,212,748		1,432,471	
(iv) Stocks				
At commencement				
Two and 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>
At Close				
Two and Three-Wheelers (including Motor Cycles)	27,724	686,111,087	24,098	469,126,777
Goods Traded in				
Two Wheelers	2	46,558	2	48,270
Auto Spare Parts (c)	—	348,745,244	—	308,335,699
Total		<u>1,034,902,889</u>		<u>777,510,746</u>
(v) Turnover (d)				
Two and Three-Wheelers (including Motor Cycles)	1,209,078	33,813,679,932	1,412,598	35,113,685,115
Goods Traded in				
Two Wheelers	12	475,478	21	541,876
Trailers	8	352,887	—	—
Auto Spare Parts (including factory made parts)	—	2,065,050,915	—	1,937,274,398
Total		<u>35,879,559,212</u>		<u>37,051,501,389</u>
(vi) Other				
Dismantled, Scrapped	44		26	
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	78		2	
Production	96,064		167,005	
Turnover				
Maharastra Scooters Ltd.	90,686		163,500	
Export	5,128		3,427	
Converted into CBU Vehicle	—		2	
Stocks at Close	328		78	
(II) Special Purpose Machine Tools				
(i) Licensed Capacity (a)	80		80	
(ii) Installed Capacity (b)	40		40	
(iii) Production	46		32	
(iv) Capitalised	46		32	
(III) Windpower Generation				
Installed Capacity (b) - Mega Watts	39.20		—	
Generated, captively consumed.- Units	29,695,326	99,937,131	—	

Schedule 14 - Notes forming part of Accounts (contd.)

8 Details of Licensed and 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 25 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.116,164,576** and **Rs.110,267,938** respectively (Previous Year Rs. 81,418,109 and Rs.116,164,576 respectively)
- (d) Includes **116 Nos.** Capitalised at cost **Rs.3,538,045** (Previous Year 92 Nos. Rs.2,461,004)
- 9 Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this schedule.
- 10 Welfare Expenses include Rs.525,000 being the contribution to a Fund created for welfare of the employees.
- 11 The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty against an undertaking to fulfill quantified export obligations. Minimum Export obligations to be fulfilled by the Company under the said Scheme, by 31 March 2001 have been fulfilled. Non fulfillment of the balance of such future obligations entails Government to confiscate capital Goods imported under the said licences and other penalties under the above referred Scheme.
- 12 In accordance with the decision of the Supreme Court, in the matter of Bharat Earthmovers v/s CIT, privilege leave entitlement has been recognised as an accrued liability in the year of rendering the service by the employee, as against the past practice of accounting the same in the year of availment or encashment. As a result of this change, the profit for the year is lower by Rs. 36,582,039 which is not considered to have a material impact on the profit for the year. The liability in respect of the past period aggregating to Rs.188,149,170 has been considered as a prior period adjustment.
- 13 Investments
- (a) Disclosure of details of Investments in Investment Schedule-annexed to the Accounts is made in accordance with the approval of Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India, under Section 211(4) of the Companies Act, 1956, vide its letter No.46/44/2001/CL-III dated 30.04.2001.
- (b) 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, however, provision of **Rs.66,670,198** (previous year Rs.81,690,106) for such Diminution, as considered necessary by the management, has been made in the Accounts.
- 14 (a) Dues to small scale Industrial Undertakings is disclosed 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 31 March 2001 **Rs. Nil.** (previous year Rs. Nil.)
- 15 Deposits include a sum of Rs.28,000,000 against use of premises on a Leave License basis, placed with Directors and their relatives, jointly and severally.
- 16 Previous year's figures have been regrouped wherever necessary to make them comparable with those of the current year.

Signature to Schedules "1" to "14"

As per our attached report of even date

Rahul Bajaj

Chairman & Managing Director

For and on behalf of Dalal and Shah
Chartered Accountants

D.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan

Directors

Anish Amin
Partner

N. J. Joshi
Secretary

Kantikumar R. Podar
Shekhar Bajaj
J.N. Godrej

Mumbai :7 May 2001

Atul C. Kirloskar

Annexure referred to in Note 9 in Schedule 14 to the Accounts for the year ended 31 March 2001

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 and Machinery given on Lease

Depreciation on Plant and 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 and 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 fluctuation in the rate of exchange of foreign currency loan, if any, 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.

Annexure referred to in Note 9 in Schedule 14 to the Accounts for the year ended 31 March 2001 (contd.)

5. Inventories

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

- i) Finished stocks, Factory made auto spare parts and Work-in-progress are valued at cost or net realisable value whichever is lower. Finished stocks lying in the factory premises, Branches, Depots are valued inclusive of excise duty.
- ii) Stores and Tools are valued at cost arrived at on weighted average basis or net realisable value whichever is lower
- iii) Raw materials and Bought out Auto spare parts are valued at cost arrived at on weighted average basis or net realisable value, whichever is lower. 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.

6. Exchange fluctuations

- i) Foreign Currency Loans for financing fixed assets and Current Assets and Liabilities in foreign currency outstanding at the close of financial year are revalorised at the contracted and/or appropriate exchange rates.
- iii) The gain or loss due to decrease/increase in rupee liability due to fluctuations in rates of exchange are, in the case of current assets and liabilities in foreign currency, recognised in the profit and loss account and in case of foreign currency loans for financing fixed assets adjusted to the cost of assets acquired through these loans.

7. Sales

- (a) Export sales are recognised 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 accounted 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 and Development Expenditure

Research and 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 15 May 1995

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

I. Registration Details

Registration No.	4656
State Code	11
Balance Sheet date	31 March 2001

II. Capital raised during the year ended 31 March 2001

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

III. Position of mobilisation and deployment of funds as at 31 March 2001

Total liabilities	31,502,440
Total assets	31,502,440

Sources of Funds

Paid-up capital	1,011,835
Reserves and surplus	25,353,463
Secured loans	559,742
Unsecured loans	4,577,400
Total	31,502,440

Application of Funds

Net Fixed Assets	13,623,533
Investments	11,845,753
Net Current Assets	5,872,890
Misc.Expenditure-Technical Know-how	160,264
Total	31,502,440

IV. Performance of the Company for the year ended 31 March 2001

	Rs. in '000s
i) Turnover (sale of products and other income)	39,639,356
ii) Total Expenditure	35,944,398
iii) Profit before tax and extraordinary items	3,694,958
iv) Extraordinary item of expense, Compensation under VRS	799,402
v) Profit after tax	2,625,556
vi) Expenses for earlier years	126,081
vii) Net Profit	2,499,475
viii) Earning per share Rs.(See Note 2) (Face Value Rs.10)	22.46
ix) Dividend Rate (Percent)	80

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 15 May 1995 (contd.)

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 31 March 2001, 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(vii)] by the weighted average number of shares issued and subscribed during the year.

Rahul Bajaj Chairman & Managing Director

D.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan Directors

N. J. Joshi
Secretary Kantikumar R. Podar

Shekhar Bajaj
J.N. Godrej
Atul C. Kirloskar

Mumbai : 7 May 2001

Cash Flow Statement

	2000-01	1999-00
	Rupees	Rupees
I. CASH FROM OPERATIONS		
A) Profit before Taxation	2,895,556,812	8,252,338,972
B) Adjustments		
Add		
i) Depreciation	1,772,917,551	1,453,067,618
ii) Amount written off against Technical know-how	34,698,888	2,936,604
iii) Amount written off against Leasehold land	4,210,566	2,473,932
iv) Loss on Assets Sold, Demolished, Discarded and Scrapped	40,472,352	8,605,934
v) Provision for Diminution in Value of Investments	66,670,198	81,690,106
vi) Provision for Doubtful Debts, Advances and Investments	—	62,412,712
vii) Interest on cash credit	51,208,847	7,777,103
	1,970,178,402	1,618,964,009
	4,865,735,214	9,871,302,981
Less		
i) Investment and Other Non-operating Income included in above		
Dividends	341,779,580	378,449,862
Interest on Debenture and Bonds	536,625,672	715,722,373
Interest on Government Securities	30,319,377	46,396,724
Interest on Inter-Corporate Deposits and Others	494,496,588	562,157,766
Income from units of Mutual funds	139,466,242	228,037,349
Lease Rent	66,563,224	392,974,150
Lease Equalisation	361,693,341	72,087,273
Profit on Sale of Investments, net	249,584,763	1,433,375,361
Surplus on Redemption of Treasury Bills, etc on maturity	129,739,291	19,419,926
Interest received on Fixed Deposits	45,309,018	2,085,011
Other Interest	25,703,182	13,265,675
Provision for doubtful debts and deposits written back	308,640	—
Premium received - Tenancy rights	—	7,500,000
	2,421,588,918	3,871,471,470
ii) Surplus on Sale of Assets	29,367,967	37,420,607
iii) Expenses relating to earlier years	26,210,437	28,509,868
iv) Privilege leave entitlement	188,149,170	—
v) Income Tax, Wealth Tax and Dividend Tax paid	184,351,778	2,611,841,667
vi) Provision for Doubtful debts and Advances written back	666,783	10,290,900
	(2,850,335,053)	(6,559,534,512)
CASH FROM OPERATIONS	Carried forward 2,015,400,161	3,311,768,469

Cash Flow Statement (contd.)

	2000-01		1999-00
	Rupees	Rupees	Rupees
Brought forward		2,015,400,161	3,311,768,469
C) (Increase)/Decrease in Current Assets			
i) Inventories	76,876,094		(836,253,937)
ii) Sundry Debtors	650,881,460		286,589,044
iii) Other Current Assets and Loans and Advances	49,586,518		(1,051,000,788)
		777,344,072	(1,600,665,681)
Increase/(Decrease) in Current Liabilities			
i) Liabilities	(732,562,387)		1,185,537,386
		44,781,685	(415,128,295)
NET CASH FROM OPERATIONS		2,060,181,846	2,896,640,174
II) INVESTMENT ACTIVITIES			
i) (Increase)/Decrease in Investment, net	7,611,183,764		(5,014,711,562)
ii) Capital Expenditure	(3,979,268,806)		(3,355,304,347)
iii) Sales Proceeds of Assets/Adjustment to Gross block	71,647,195		76,340,590
iv) Technical know-how	(190,573,701)		—
v) (Increase)/Decrease in Deposits with Joint Stock Companies, Loan to Bajaj Auto Holdings Ltd and Bills purchased	563,821,780		913,966,546
		4,076,810,232	(7,379,708,773)
vi) Investment and other Non-operating Income included in above			
Dividends	341,779,580		378,449,862
Interest on Debenture and Bonds	536,625,672		715,722,373
Interest on Government Securities	30,319,377		46,396,724
Interest on Inter-Corporate Deposits and Others	494,496,588		562,157,766
Income from Units of Unit Trust of India	139,466,242		228,037,349
Lease Rent	66,563,224		392,974,150
Profit on Sale of Investments, net	249,584,763		1,433,375,361
Surplus on Redemption of Treasury Bills, etc on maturity	129,739,291		19,419,926
Interest received on Fixed Deposits	45,309,018		2,085,011
Other Interest	25,703,182		13,265,675
Premium received - Tenancy rights	—		7,500,000
		2,059,586,937	3,799,384,197
NET CASH FROM INVESTMENT ACTIVITIES		6,136,397,169	(3,580,324,576)
Carried forward		8,196,579,015	(683,684,402)

Cash Flow Statement (contd.)

	2000-01	1999-00
	Rupees	Rupees
brought forward	8,196,579,015	(683,684,402)
III) FINANCING ACTIVITIES		
i) Cash Credit from Banks	(456,083,742)	605,005,557
ii) Interest on cash credit	(51,208,847)	(7,777,103)
iii) Buy back of Share Capital	(182,073,040)	—
iv) Premium paid on buyback of Share Capital	(7,100,848,560)	—
v) Repayment of Fixed Deposits	(16,360,689)	(12,329,390)
vi) Increase in Unsecured Loans -Sales tax deferral liability	652,865,882	867,085,795
vii) Dividend Paid	(1,189,255,114)	(949,234,196)
NET CASH FROM FINANCING ACTIVITIES	(8,342,964,110)	502,750,663
NET CHANGE IN CASH and CASH EQUIVALENTS	(146,385,095)	(180,933,739)
Cash and Cash Equivalents as at 01.04.2000 [Opening Balance]	359,840,420	540,774,159
Cash and Cash Equivalents as at 31.03.2001 [Closing Balance]	213,455,325	359,840,420

	Rahul Bajaj	Chairman & Managing Director
	D.S. Mulla D.S. Mehta Madhur Bajaj S.H. Khan	Directors
	Kantikumar R. Podar Shekhar Bajaj J.N. Godrej	
Mumbai : 7 May 2001	N. J. Joshi Secretary	Atul C. Kirloskar

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, 2001. 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 and Loss Account and Balance Sheet of the Company covered by our report of 7th May, 2001 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

Anish Amin
Partner

Mumbai : 7th May, 2001

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	:	31 March 2001
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. 14,909,123
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. 256,192,222
6	Net aggregate amounts received as dividends for previous financial years since becoming subsidiary dealt with in the accounts of the Holding Company in relevant years	:	Rs. 79,162,500

Rahul Bajaj Chairman & Managing Director

D.S. Mulla
D.S. Mehta
Madhur Bajaj
S.H. Khan
Kantikumar R. Podar
Shekhar Bajaj
J.N. Godrej
Atul C. Kirloskar

Directors

Mumbai : 7 May 2001

N. J. Joshi
Secretary

Reconciliations of Accounts under US GAAP and IAS

Independent Accountants' Review Report

The Board of Directors
Bajaj Auto Limited

We have reviewed the accompanying Reconciliation 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 ("the Company") as of March 31, 2001 and 2000 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 the Reconciliation is the representation of the management of the Company.

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 Reconciliation taken as a whole. Accordingly, we do not express such an opinion.

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

For convenience purposes the rupee amounts have been converted into US dollars on the basis disclosed for all periods shown.

KPMG

Mumbai : 7 May 2001

Reconciliation 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")

	Notes	(Rs in millions)		(US Dollars in thousands)*	
		31 March		31 March	
		2001	2000	2001	2000
1 Reconciliation of shareholders' equity					
Shareholders' equity as per Indian GAAS	1	26,365	32,041	563,355	684,637
US GAAP adjustments					
Consolidation of subsidiary	2	79	64	1,688	1,367
Equity method of accounting	3	889	825	18,996	17,628
Amortisation of investment in debt securities	4	17	8	363	171
Unrealised investment gains/(losses), net of tax effect	4	(214)	2,383	(4,573)	50,919
Impairment of investments	4	(428)	(132)	(9,145)	(2,820)
Fixed assets and depreciation	5	(248)	(25)	(5,299)	(534)
Non-monetary exchange of asset	6	(85)	(88)	(1,816)	(1,880)
Deferred income taxes	7	(1,464)	(1,166)	(31,282)	(24,915)
Proposed dividend (including dividend tax thereon)	8	892	—	19,060	—
Total adjustments as per US GAAP		(562)	1,869	(12,008)	39,936
Shareholders' equity as per US GAAP		25,803	33,910	551,347	724,573
IAS adjustments	4				
Additional unrealised investment gains/(losses), net of tax effect					
- on current investments		—	232	—	4,957
- on longterm investments		—	(2,383)	—	(50,919)
Total adjustments as per IAS		—	(2,151)	—	(45,962)
Shareholders' equity as per IAS		25,803	31,759	551,347	678,611

* Exchange rate used for conversion of rupees into dollars is Rs 46.80 per US Dollar which was the TT Selling rate of commercial banks at 31 March 2001.

See accompanying notes to the above Reconciliation Statement.

Reconciliation 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") (contd.)

		(Rs in millions)		(US Dollars in thousands)*	
		2000-01	1999-00	2000-01	1999-00
2	Reconciliation of net income	Notes			
	Net income as per Indian GAAS	2,499	6,349	53,397	135,663
	US GAAP adjustments				
	Consolidation of subsidiary	15	11	321	235
	Equity method of accounting	64	121	1,368	2,585
	Amortisation of investment in debt securities	9	(44)	192	(940)
	Impairment of investments	(296)	(38)	(6,325)	(812)
	Fixed assets and depreciation	(220)	(149)	(4,701)	(3,184)
	Deferred income taxes	(298)	(167)	(6,367)	(3,568)
	Total adjustments as per US GAAP	(726)	(266)	(15,512)	(5,684)
	Net income as per US GAAP	1,773	6,083	37,885	129,979
	IAS adjustments	4			
	Unrealised gain/(loss) on investments	—	283	—	6,047
	Deferred income taxes	—	(112)	—	(2,394)
	Total adjustments as per IAS	—	171	—	3,653
	Net income as per IAS	1,773	6,254	37,885	133,632
	3 Earnings per share	(Rupees) (US Dollars)			
	As per US GAAP				
	Earnings per share	15.91	50.95	0.34	1.09
	As per IAS				
	Earnings per share	15.91	52.38	0.34	1.12

* Exchange rate used for conversion of rupees into dollars is Rs 46.80 per US Dollar which was the TT Selling rate of commercial banks at 31 March 2001.

See accompanying notes to the above Reconciliation Statement.

Notes to the Reconciliation 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 2001

1 Basis of preparation of the Reconciliation

Bajaj Auto Limited ('the Company') prepares its financial statements in rupees 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 2001 and 2000 and net income for the years ended on that date have been shown as reconciling amounts in the Reconciliation. 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 the Company and all material 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% (previous year 46%) in Bajaj Auto Finance Limited and 24% (previous year 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

For Indian GAAS, the Company classifies all its investments as long term in nature. Investments in debt and equity securities are accounted for at cost less adjustments, if any, for other than temporary decline or impairments in carrying value, which are charged against earnings.

Under US GAAP and IAS, debt securities held for investment purposes to maturity are stated at amortised cost. Under US GAAP impairments of debt

securities, other than temporary, are recognised in the income statement whereas, under IAS impairments of debt securities where objective evidence exists that the investments are impaired, are recognised in the income statement. 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.

In the current year under IAS the Company has adopted the new International Accounting Standard 39 'Financial Instruments Recognition and Measurement'. Accordingly, investments as at the beginning of the financial year have been classified (identified) as investments that should be measured at fair value and those that should be measured at amortised cost, and these have been remeasured as appropriate. The adjustment to the carrying value as of the beginning of the year amounted to Rs.2,151 million (US \$ 45.9 million).

5 Fixed assets and depreciation

Under 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 Reconciliation provides for a depreciation adjustment based on the estimated useful lives of fixed assets.

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 1998-99, 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, the transaction has been recorded at zero value whereas under Indian GAAS, the excess of fair value of acquired property over the carrying value of tenancy rights surrendered has been recorded as a gain in the income statement.

7 Deferred taxation

Under US GAAP, deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of existing

Notes to the Reconciliation 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 2001 (contd.)

assets and liabilities as compared to their respective tax bases, using enacted tax rates. Under 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 or substantially enacted tax rates. Deferred income taxes are not accounted for under Indian GAAS.

8 Proposed Dividend

Under Indian GAAS, 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 crystallise unless approved by the shareholders. Accordingly under US GAAP and IAS, such dividends have been restored to shareholders' equity in the Reconciliation.

bajaj auto holdings ltd

Twenty Third
Annual Report
2000-01

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

The directors present their twenty-third annual report and the audited statements of accounts for the year ended 31 March 2001.

During the year under review, the company earned a profit of Rs. 14,168,205 as against Rs. 14,811,578 in the previous year. After making provision for taxation of Rs. 600,000 (Rs. 3,625,000 for previous year) the net profit was Rs. 13,568,205 as against Rs. 11,186,578 in the previous year.

The Directors recommend payment of a dividend of Rs. 200 per share, amounting to Rs. 4,900,000 for the year ended 31 March 2001. The proposed dividend along with tax thereon amounts to Rs. 5,399,800.

An amount of Rs. 2,981,900 has been transferred to reserve fund in terms of the provisions of Section 45-IC (1) of Reserve Bank of India Act, 1934.

The balance profit of Rs. 6,527,423 (inclusive of adjustments relating to earlier years) as against Rs. 7,688,266 during the previous year has been transferred to General Reserve.

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors had prepared the annual accounts on a going concern basis.

Being an investment company with no manufacturing activity, the directors have nothing to report on conservation of energy, research and development and technology absorption.

There are no employees of the company whose particulars are required to be reported under Section 217 (2A) of the Companies Act, 1956 and rules thereunder.

As per the amendments in Section 43A of the Companies Act, 1956, introduced during the year under review, the company ceases to be a deemed public company. However, by virtue of amended definition of a public company under Section 3(1)(iv) (c) it continues to remain a public company, being a subsidiary of Bajaj Auto Limited. Appropriate changes to give effect to this status of the company (including alterations in Articles of Association of the Company) are being carried out.

The Board of Directors appointed Mr. Shyamprasad D Limaye, as a Company Secretary in Practice to inspect the books, registers and records of the Company and to report as to whether the Company has complied with all the provisions of the Companies Act, 1956. A Certificate obtained from the said Company Secretary is attached to this Report.

It is proposed to appoint Mr. Shyamprasad D Limaye at the ensuing Annual General Meeting, as a Company Secretary in Practice for carrying out similar assignment in respect of the year 2001-02 and an appropriate Resolution would be proposed at the annual general meeting for this purpose.

Mr. Madhur Bajaj and Mr. Rajiv Bajaj directors of the company retire by rotation and being eligible offer themselves for reappointment.

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 Board of Directors



Chairman of the Meeting

Mumbai, 7 May 2001

Shyamprasad D. Limaye
 B.Com. LL.B. F.C.S.
 Company Secretary

6, Jay Apartments, 1098/14,
 Model Colony, PUNE 411 016

Compliance Certificate for the financial year from 01/04/2000 to 31/03/2001

[Rule 3, The Companies (Compliance Certificate) Rules 2001]

To,
 The Members

Bajaj Auto Holdings Limited

I have examined the registers, records, books and papers of Bajaj Auto Holdings Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2001. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made thereunder.
3. the Company was deemed public company within the meaning of section 43A of the Companies Act, 1956, however on coming in to effect of Companies (Amendment) Act, 2000, the Company has become a Public Limited Company and necessary alteration of Articles of Association are proposed at ensuing Annual General meeting.
4. the Board of Directors duly met 6 times on 17/04/2000, 15/05/2000, 29/07/2000, 06/12/2000, 16/01/2001, 06/03/2001 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. the company did not close its Register of Members.
6. the annual general meeting for the financial year ended on 31/03/2000 was held on 29/07/2000 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra ordinary meeting(s) was held during the financial year.
8. the company has not advanced any loan to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. the company has not entered into any contract requiring compliance with the provisions of section 297 of the Act.
10. the company has not entered into any contract required to be entered in the register maintained under section 301 of the Act.
11. the company has no employee or any person holding office of profit as envisaged in section 314 of the Act.
12. the Company has not issued any duplicate share certificate.
13. the Company has:
 - (i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) not declared or paid any dividend during the year covered in this Certificate.
 - (iii) not declared or paid any dividend during the year covered in this Certificate; hence question of payment of Dividend within 30 days of declaration does not arise.
 - (iv) no amount to the credit of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon.
 - (v) duly complied with the requirements of section 217 of the Act.
14. the Board of Directors of the company is duly constituted and the appointment of directors, have been duly made; there is no change in constitution of the Board of Directors.
15. the Company has not appointed any Managing Director/ Whole-time Director/Manager.
16. the Company has not appointed any sole-selling agent.
17. the company has obtained necessary approvals of the Central Government, prescribed under the provisions of the Act as detailed below:-
 Permission under section 211(4) of the Act for modification in the requirement of presentation of investments of the Company in Balance Sheet.
18. the directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. the company has not issued shares/debentures/other securities during the financial year ending 31/03/2001
20. the company has not bought back shares during the financial year ending 31/03/2001.
21. the company has not redeemed preference shares / debentures during the financial year ending 31/03/2001.
22. It was not necessary for the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.

23. The company has not accepted deposit from public as envisaged under the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975/ the applicable directions issued by the Reserve Bank of India/ any other authority in respect of deposits.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31/03/2001 is within the borrowing limits of the company
25. The company has made loans and investments in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose. The Company has not given guarantees or provided securities to other bodies corporate.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association.
31. No prosecution is launched against the Company nor it has received any show cause notices for alleged offences under the Act.
32. The company has not received any amount as security deposit from its employees during the year under certification.
33. Since there is no employee, the company is not required to deposit employee's and employer's contribution to provident Fund with prescribed authorities pursuant to section 418 of the Act.
34. As regards compliance of sections 209,210,211,349 and 350 of the Act, while giving this certificate I have relied on the report of the Statutory Auditors of the Company.

Place : Pune

Sd/-

Date : 07/05/2001

Name of Company Secretary :
Shyamprasad D. Limaye
F.C.S. 1587 C.P. No. : 572

Compliance Certificate for the financial year from 01/04/2000 to 31/03/2001

Annexure A

Registers as maintained by the Company

1. Register of Members u/s 150
2. Register of Transfers
3. Register of Directors u/s 303
4. Register of Directors' Shareholding u/s 307
5. Register of Charges u/s 143
6. Register of Disclosure u/s 301
7. Register of Contracts in which Directors are interested u/s 301.
8. Minutes Book Board Meetings u/s 193
9. Minute Book General Meetings u/s 193
10. Books of Accounts u/s 209

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2001

1. Balance Sheet as on 31/03/2000 Filed u/s 211,
2. Annual Return made as on 29/07/2000 filed u/s 159

Place : Pune

Sd/-

Date : 07/05/2001

Name of Company Secretary :
Shyamprasad D. Limaye
F.C.S. 1587 C.P. No. : 572

Report of the Auditors to the Members

We have audited the attached Balance Sheet of BAJAJ AUTO HOLDINGS LIMITED, as at 31st March, 2001 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 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, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
- (e) On the basis of the written representations received from the Directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) 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 the affairs of the Company as at 31st March, 2001; 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 within 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 nature of its business;
- (vii) Since the Company did not have any employee on its payroll during the year, the requirements of clause (vii) 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 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 not granted any loans and advances on the basis of security by way of Pledge of Shares, Debentures and Other similar 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.

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 : 7th May, 2001.

Balance Sheet as at 31 March

		2001	2000
	Schedule	Rupees	Rupees
I. Sources of funds			
1. Shareholders' Funds			
a) Capital	1	2,450,000	2,450,000
b) Reserves and Surplus	2	265,701,545	256,192,222
		268,151,545	258,642,222
2. Loan Funds			
Unsecured Loans			
a) From Bajaj Auto Limited - Holding Company		53,000,000	61,000,000
b) From a Joint Stock Company		100,000,000	100,000,000
		153,000,000	161,000,000
Total		421,151,545	419,642,222
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		305,136	273,482
		601,432	633,086
		1,023,867	1,055,521
2. Investments	3		240,470,127
3. Current Assets, Loans and Advances	4		
(a) Cash and Bank Balances		7,438,715	3,063,842
(b) Other Current Assets		5,615,044	5,654,497
(c) Loans and Advances		93,135,764	189,129,439
		106,189,523	197,847,778
Less : Current Liabilities and Provisions	5		
(a) Liabilities		7,132,101	8,436,204
(b) Provisions		13,254,800	11,295,000
		20,386,901	19,731,204
Net Current Assets		85,802,622	178,116,574
Total		421,151,545	419,642,222
Notes forming part of the Accounts	7		

As per our attached report of even date

For and on behalf of Dalal & Shah
Chartered Accountants

Shishir Dalal
Partner

Mumbai : 7 May 2001

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

Mumbai : 7 May 2001

Profit and Loss Account for the year ended 31 March

		2001	2000
	Schedule	Rupees	Rupees
Income			
Dividend from other investments		12,400,473	10,505,759
Income from units of Unit Trust of India		69,039	67,783
Interest (Gross, tax deducted Rs 4,488,335 Previous year Rs 3,249,626)			
On Debentures and Bonds		550,000	850,000
Other		25,882,322	21,251,496
		26,432,322	22,101,496
Rent Received		4,800	3,200
Profit on Sale of Investments, net		355,323	—
Other Income			
Miscellaneous Receipts		587,401	—
Sundry Credit Balances Appropriated		15,530	—
Provisions No Longer Required		306,503	263,137
		40,171,391	32,941,375
Expenditure			
Interest			
On Fixed Loans		25,451,646	12,742,467
Other expenses	6	519,886	166,440
Loss on Sale of Investments, net		—	68,572
Provision for diminution in value of Investments—		5,118,998	—
Depreciation		31,654	33,320
		26,003,186	18,129,797
Profit before taxation		14,168,205	14,811,578
Provision for taxation (including Rs 20,000 for Wealth Tax, Previous year Rs 20,000)		600,000	3,625,000
Profit for the year		13,568,205	11,186,578
Tax adjustments relating to earlier years		1,340,918	123,538
		14,909,123	11,310,116
Interim Dividend paid		—	1,225,000
Corporate Dividend Tax thereon		—	134,750
Proposed Dividend		4,900,000	—
Corporate Dividend Tax thereon		499,800	—
		5,399,800	1,359,750
Transferred to Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934		2,981,900	2,262,100
Transferred to General Reserve		6,527,423	7,688,266
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

Shishir Dalal
Partner

Mumbai : 7 May 2001

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

Directors

Mumbai : 7 May 2001

Schedules No. 1-7

Annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31 March 2001

Schedule 1 - Share Capital

		As at 31 March 2000		
		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 & Surplus

		As at 31 March 2000		
		Rupees	Rupees	Rupees
	Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934			
	As per last account	13,286,400		11,024,300
	Set aside this year	2,981,900		2,262,100
			16,268,300	13,286,400
	General Reserve			
	As per last account	242,905,822		235,217,556
	Set aside this year	6,527,423		7,688,266
			249,433,245	242,905,822
	Total		265,701,545	256,192,222

Schedule 3 - Investments, Other than trade, at cost

		As at 31 March 2000		
		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 (Received as Bonus)		—	—
In Equity Shares				
	Quoted			
	Fully Paid			
	2,916,900 Shares of Rs.10 each in Bajaj Auto Finance Limited	94,211,244		94,211,244
	25,000 Shares of Rs.10 each in Colgate Palmolive India Limited	7,475,246		7,475,246
	50,000 (-) Shares of Rs.10 each in Global Tele-Systems Limited (See Note 1)	78,157,500		—
	Carried over	179,843,990		101,686,490

Schedule 3 - Investments, Other than trade, at cost (contd.)

				As at 31 March 2000	
		Rupees	Rupees	Rupees	Rupees
In Equity Shares					
Quoted					
Fully Paid					
	Brought over	179,843,990		101,686,490	
135,026	Shares of Rs.10 each in Hercules Hoists Limited	29,311,738		29,311,738	
37,500	Shares of Rs.10 each in Hindustan Petroleum Corporation Limited	9,120,125		9,120,125	
172,184	Shares of Rs.10 each in Tata Chemicals Limited	16,477,628		16,477,628	
	Other	47,726,871		71,279,442	
		<u>282,480,352</u>		<u>227,875,423</u>	
Partly paid					
* 300,000	(-) Shares of Rs.10 each in Softsol India Limited - Rs.5 paid up	14,250,000		—	
		<u>14,250,000</u>		<u>—</u>	
			296,730,352		227,875,423
Unquoted					
170,000	Shares of Rs.10 each in CMM Limited	5,100,000		5,100,000	
5,000	Shares of Rs.10 each in Sesa Industries Limited	112,500		112,500	
		<u>5,212,500</u>		<u>5,212,500</u>	
	Less: Provision for Diminution in the value of Investments	5,212,498		5,212,498	
			2		2
In Bonds					
Quoted					
Fully Paid					
*	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
In Mutual Fund Units					
Unquoted					
Partly Paid					
500	(-) Units of Rs.100,000 each in Infinity Venture India Fund - Rs.65,000 paid up		32,500,000		—
			<u>334,325,056</u>		<u>232,970,127</u>
	Application for Investment in Mutual Fund Units		—		7,500,000
			<u>334,325,056</u>		<u>240,470,127</u>
Total					
		Book Value as at		Market Value as at	
		31 March 2001	31 March 2000	31 March 2001	31 March 2000
		Rupees	Rupees	Rupees	Rupees
Quoted		301,825,054	232,970,125	* 187,328,559	* 236,362,413
Unquoted		32,500,002	2		
Total		<u>334,325,056</u>	<u>232,970,127</u>		

Notes

1. Being shares received in lieu of 300,000 equity shares of Global Electronic Commerce Services Ltd., pursuant to amalgamation.
2. * 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.
3. ** Units of Unit Trust of India have been included in market value at the Repurchase value.
4. See note '4' in Schedule '7' to the Accounts.

Schedule 4 - Current Assets, Loans and Advances

	As at 31 March 2000		
	Rupees	Rupees	Rupees
(a) Cash and Bank Balances			
Cash on hand	113		544
Balances with Scheduled Banks			
In current account	7,438,602		3,063,298
		7,438,715	3,063,842
(b) Other Current Assets			
Interest Receivable, good			
On loans	5,481,916		5,521,369
Other	133,128		133,128
	5,615,044		5,654,497
		5,615,044	5,654,497
(c) Loans and Advances, unsecured, good			
Loans to Joint Stock Companies			
(including Rs Nil against pledge of securities. Previous year Rs 100,000,000)	72,000,000		172,000,000
Advances recoverable in cash or in kind or for value to be received	7,107,147		5,112,571
Deposit with I.D.B.I under Investment Deposit Scheme, 1986 (including interest accrued thereon Rs 84,000 Previous year Rs 105,000)	1,134,000		1,155,000
Tax paid in advance	12,894,617		10,861,868
		93,135,764	189,129,439
Total		106,189,523	197,847,778

Schedule 5 - Current Liabilities and Provisions

	As at 31 March 2000		
	Rupees	Rupees	Rupees
a) Liabilities			
Sundry Creditors	7,132,101		8,424,118
Due to Bajaj Auto - Holding Company	—		12,086
		7,132,101	8,436,204
b) Provisions			
Provision for Taxation	7,855,000		11,295,000
Proposed Dividend	4,900,000		—
Provision for Corporate Dividend tax on Proposed Dividend	499,800		—
		13,254,800	—
Total		20,386,901	19,731,204

Schedule 6 - Other Expenses

			Previous Year
	Rupees	Rupees	Rupees
Administration Charges		6,000	6,000
Building Repairs		12,000	30,000
Rates and Taxes		25,270	19,645
Insurance		646	646
Auditors' Remuneration			
As Auditors	10,500		10,500
In other capacity for tax audit	5,250		5,250
		15,750	15,750
Legal and Professional Charges		96,500	54,000
Miscellaneous Expenses		71,845	33,594
Interest Tax		220,000	—
Sundry Debit Balances written off		71,875	6,805
Total		519,886	166,440

Schedule 7 - Notes forming part of the Accounts

1. Statement of Significant Accounting Policies

- (a) Income and Expenses are accounted on accrual basis, except those associated with significant uncertainties.
- (b) 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 12 May 1998.
- (c) Profits/Losses on Sale of Investments are recognised on the basis of cost of the specific lot of Investments sold during the year.
- (d) Fixed Assets
 - (A) Fixed Assets are stated at cost of acquisition less accumulated depreciation (except freehold land).
 - (B) Depreciation
 - (i) 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.
 - (ii) 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.

2. Contingent liabilities not provided in respect of

- a) Disputed Income-tax liability - decided by Income Tax Appellate Tribunal in favour of the Company, appealed against by the Department
- b) Uncalled liability on Partly Paid Investments

	2000-01 Rupees	1999-00 Rupees
a)	12,257,981	12,257,981
b)	31,750,000	—

3. Sale deed in respect of ownership premises is yet to be executed.

- 4. a) 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 46/45/2001/CL-III dated 27 March, 2001.
- b) 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.

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

Signature to Schedules 1 to 7

For and on behalf of Dalal & Shah
Chartered Accountants

Shishir Dalal
Partner

Mumbai : 7 May 2001

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

Mumbai : 7 May 2001

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

I. Registration Details		
Registration No.		21066
State Code		11
Balance Sheet date		31 March 2001
II. Capital Raised during the year ended 31 March 2001		Rs. in '000s
Public Issue		—
Rights Issue		—
Bonus Issue		—
Private Placement		—
Others		—
	Total	—
III. Position of Mobilisation and Deployment of Funds as at 31 March 2001		
Total liabilities		421,152
Total assets		421,152
Sources of Funds		
Paid-up capital		2,450
Reserves and surplus		265,702
Secured loans		—
Unsecured loans		153,000
	Total	421,152
Application of Funds		
Net Fixed Assets		1,024
Investments		334,325
Net Current Assets		85,803
Misc. Expenditure		—
Accumulated Losses		—
	Total	421,152
IV. Performance of the Company for the year ended 31 March 2001		Rs. in '000s
i) Dividend, Interest and other Income		40,171
ii) Total Expenditure		26,003
iii) Profit before tax		14,168
iv) Profit after tax		13,568
v) Adjustments for earlier years		1,341
vi) Net Profit		14,909
vii) Earning per share in Rs. (Face Value Rs. 100)		609
viii) Dividend Rate (Percent)		200
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.

Mumbai : 7 May 2001

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





Akurdi, Pune 411 035 India

