

bajaj auto finance ltd

TWELFTH ANNUAL REPORT 1998-99

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NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Shareholders of Bajaj Auto Finance Limited will be held on Friday, 16th July, 1999 at 3.30 p.m. at the Registered Office of the Company at Mumbai - Pune Road, Akurdi, Pune - 411 035 to transact the following business :

ORDINARY BUSINESS :

- 1) To consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended 31st March, 1999 and the Directors' and the Auditors' Reports thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Shri Rahul Bajaj who retires by rotation and is eligible for re-appointment.
- 4) To appoint a Director in place of Shri Madhur Bajaj who retires by rotation and is eligible for re-appointment.
- 5) To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

- 6) To consider, and if thought fit, to pass, with or without modification/s, the following Resolution as a Special Resolution :
"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered in the following manner :

After Article 49, the following new Articles be added as Article 49A. and 49B. :

	49A. DEMATERIALISATION OF SECURITIES
Definitions	<p>(1) For the purposes of this Article, unless the context otherwise requires, "Beneficial Owner" means a person whose name is recorded as such with a Depository; "SEBI" means the Securities and Exchange Board of India; "Depositories Act" means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force; "Depository" means a Depository as defined in the Depositories Act; "Security" means such security as may be specified by SEBI from time to time.</p>
Dematerialisation of Securities	<p>(2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form, pursuant to the Depositories Act.</p>
Options for investors	<p>(3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of a depository in respect of any security, in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities.</p> <p>Where a person opts to hold a security with a Depository, the Company shall intimate the Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.</p>

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Securities in Depositories to be in fungible form

- (4) All securities held by a Depository shall be dematerialised and shall be in a fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

Rights of Depositories and Beneficial Owners

- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the Depository as a registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding shares of any class in the capital of the Company and whose name is entered as Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

Transfer of securities

- (6) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Distinctive numbers of securities held in a Depository

- (7) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

Register and Index of Beneficial Owners

- (8) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

Service of documents

- (9) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Nomination facility 49B.

Notwithstanding the provisions of Article 46, every holder of shares in, or debentures of the Company shall be entitled to nominate in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death, in accordance with the provisions of the Act.

- 7) To consider, and if thought fit, to pass, with or without modification/s, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT payment of an amount of Rs. 12,500/- (Rupees Twelve Thousand Five Hundred only) to M/s. Dalal & Shah, Chartered Accountants, towards Service Tax on Audit Fees for carrying out the statutory audit of the accounts of the Company for the year 1998-99 as provided in the Annual Accounts of the Company for the year ended 31st March, 1999 be and is hereby ratified, approved and confirmed."

By Order of the Board of Directors
For BAJAJ AUTO FINANCE LIMITED



SUHAS PATWARDHAN
COMPANY SECRETARY

Pune
10th May, 1999

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXY SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6 and 7 of the Notice is annexed hereto.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 6th July, 1999 to Friday, 16th July, 1999 (both days inclusive) for the purpose of payment of Dividend. The payment of Dividend, when declared, will be made on or after 19th July, 1999 to those Shareholders whose names appear :
 - a) as Members in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 5th July, 1999; and
 - b) as Beneficial Owners as at the end of business on 5th July, 1999, as per the list to be furnished by National Securities Depository Limited, in respect of the shares held in electronic form.
- 4) Members are requested to notify immediately:
 - a) change of address, if any, to the Company at its Registered Office/to Depository Participants; and
 - b) Bank Mandate instructions, if any, to the Registered Office of the Company quoting Folio No. in respect of shares held in physical form and DP ID and Client ID Nos., in respect of shares held in electronic form.
- 5) The unclaimed dividend in respect of the year 1994-95 has been transferred to the General Revenue Account of the Central Government on 28th October, 1998. Shareholders who have not encashed the Dividend Warrants for the said year are requested to claim the amount from the Registrar of Companies, Maharashtra.

 In view of the recent amendment to the Companies Act, 1956, any amount of dividend not claimed for a period of seven years is required to be transferred to an "Investor Education and Protection Fund". Hence, the Shareholders who have not so far encashed their Dividend Warrants for the years 1995-96, 1996-97 and 1997-98, may immediately approach the Company with their Dividend Warrants for revalidation. As per the amended provisions, once the amount of unclaimed dividends are transferred to the Fund on their respective due dates, no claims shall lie against the Fund or the Company.
- 6) Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day upto 16th July, 1999 during business hours of the Company.
- 7) The Company has been maintaining, inter alia, the following Statutory Registers at its Registered Office at Mumbai-Pune Road, Akurdi, Pune - 411 035, which are open for inspection of Members and others as prescribed in the respective Sections of the Companies Act, 1956 as specified below :
 - i) Register of Contracts with Companies and Firms in which Directors are interested under Section 301 of the Companies Act, 1956 - on all working days during business hours.
 - ii) Register of Directors' Shareholdings under Section 307 of the Companies Act, 1956 - on all working days during business hours, during the period beginning fourteen days before the date of Annual General Meeting and ending three days after the date of its conclusion.

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ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item 6 of the Notice :

- A) Consequent to the passing of the Depositories Act, 1996 and introduction of the Depository System a facility has been provided to the investors to hold securities in the form of electronic entries instead of paper scrips. The Company has entered into an Agreement with National Securities Depository Limited (NSDL), which enables the investors to hold the equity shares of Bajaj Auto Finance Limited in electronic form and trade in them under the Depository system.

The new automated system of holding and trading in the securities of the Company side by side with the paper based system has necessitated certain alterations in the Articles of Association of the Company, especially in matters such as the issue, holding, transfer and dealing in shares and other securities as also certificates etc.

It may be clarified that while additional facility as above has been provided within the new legal framework, Shareholders have been given an option to join this system. The existing provisions in respect of the shares held in the form of paper scrips will continue without any change.

A new Article viz., Article 49A as set out in the Resolution is proposed to be added to reflect this change.

- B) Further, as per the recent amendment to the Companies Act, 1956, a facility has been provided to the holder of shares/debentures to nominate any person who will be entitled to his shares/debentures in the event of his death.

A new Article viz., Article 49B as set out in the Resolution is proposed to be added to reflect this change.

The Directors recommend the Resolution for acceptance by the Members.

None of the Directors of the Company is in any way concerned with or interested in the said Special Resolution.

Item 7 of the Notice :

At the Eleventh Annual General Meeting of the Company held on 24th July, 1998, the Members had approved the appointment of M/s. Dalal & Shah, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of that meeting till the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.2,50,000/- plus reimbursement of out of pocket expenses incurred by them. However, subsequent to the Members' approval, the applicability of Service Tax was extended by the Finance Act, 1998 to remuneration payable to the Auditors of the Company.

The Ordinary Resolution set out at Item No. 7 of the Notice convening this Annual General Meeting is intended to obtain the approval of the Members of the Company to pay in addition to remuneration and out of pocket expenses, Rs.12,500/- (Rupees Twelve Thousand Five Hundred only) towards Service Tax.

The Directors recommend the Resolution for acceptance by the Members.

None of the Directors of the Company is in any way concerned with or interested in the said Ordinary Resolution.

By Order of the Board of Directors
For BAJAJ AUTO FINANCE LIMITED



SUHAS PATWARDHAN
COMPANY SECRETARY

Pune
10th May, 1999

BOARD OF DIRECTORS

Rahul Bajaj

Chairman

Ranjan Sanghi

Rajendra Lakhotia

D.S. Mehta

Madhur Bajaj

Ramesh Chand Jain (upto 28-10-1998)

Rajiv Bajaj

Naresh Patni (from 16-01-1999)

Dipak Poddar

Managing Director

Company Secretary

Suhas Patwardhan

Auditors

Dalal & Shah

Chartered Accountants

Bankers

Central Bank of India

State Bank of India

Registered Office

C/o Bajaj Auto Limited,

Mumbai-Pune Road,

Akurdi, Pune - 411 035

Twelfth Annual General Meeting on
16th July, 1999 at 3.30 p.m. at the
Registered Office of the Company.

DIRECTORS' REPORT

1. The Directors present their Twelfth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1999.

2. Working Results :

- i) Your Company has disbursed under its Hire Purchase Finance Schemes, a total amount of **Rs. 1846** million during the year 1998-99 as against Rs. 2483 million during the previous year 1997-98.

During the year under review, the Company has discounted bills worth **Rs. 1571** million as against Rs. 1336 million in 1997-98.

- ii) The gross disbursement for the year 1998-99 was **Rs. 3417** million as against Rs. 3819 million for the year 1997-98.
- iii) The Stock on Hire as on 31st March, 1999 was **Rs. 3016** million as compared to Rs. 3155 million as on 31st March, 1998.

3. Financial Results :

	1998-99 Rupees	1997-98 Rupees
Income from :		
Hire Purchase Business	446,779,264	380,473,366
Leasing Business	95,616,136	130,807,643
Other Income	158,517,813	103,204,261
Total	700,913,213	614,485,270
Profit before Depreciation	364,176,717	351,755,724
Depreciation	87,922,316	103,038,148
Profit before Taxation	276,254,401	248,717,576
Provision for Taxation	117,500,000	112,500,000
Profit for the year	158,754,401	136,217,576
Disposable surplus after earlier years adjustments	158,237,060	135,872,431
Transfer to Reserve Fund	32,500,000	27,500,000
Provision for Proposed Dividend	41,225,500	36,278,440
Provision for Dividend Tax	4,534,805	3,627,844
Balance carried to General Reserve	79,976,755	68,466,147

4. Dividend :

The Directors have pleasure in recommending for the consideration of the shareholders at the Annual General Meeting, payment of dividend of Rs. 2.50 per share, amounting to Rs. 41.23 million for the year ended 31st March, 1999.

5. Resource Mobilisation :

The Credit Rating and Information Services of India Limited (CRISIL) has retained the highest rating of FAAA for the Fixed Deposit Programme of your Company. Your Company is one of the very few NBFCs whose rating has been re-affirmed as FAAA by CRISIL.

6. Branch Offices :

During the year under review, your Company has opened branch offices at Chandigarh, Cochin, Indore, Ludhiana, Surat and Kolhapur. With opening of these branches, the total number of branches has gone up to 26. Your Company has offered Hire Purchase finance schemes through its existing 26 branches spread over various strategic locations throughout the country. Further, the Company has placed its finance officers at a few locations for promoting the financing schemes.

7. Prospects :

Your Company continues to fulfill all the norms and standards laid down by the Reserve Bank of India ("RBI") pertaining to non performing assets, capital adequacy, statutory liquidity ratio etc. As against the RBI norms of 12%, the capital adequacy ratio of your Company is 40.07%.

During the year under review, your Company introduced attractive financing schemes for financing of two wheelers and consumer durables. The schemes were well received by the customers.

8. Fixed Deposits :

At the end of the financial year under review, there were 413 deposits aggregating Rs. 4.05 million which matured but remained unclaimed as on that date. The Company had written to these depositors and as on date, deposits aggregating Rs. 0.46 million have been repaid / renewed.

9. Particulars in respect of conservation of energy etc. :

The Company, being a Non-Banking Finance Company, not having any manufacturing activity, the Directors have nothing to report on "Conservation of Energy", "Technology Absorption", "Foreign Exchange earnings and outgo".

16th January, 1999, in the casual vacancy caused by the resignation of Shri Ramesh Chand Jain.

Shri Rahul Bajaj, Chairman and Shri Madhur Bajaj, Director, retire from the Board by rotation and being eligible, offer themselves for re-appointment.

10. Particulars of Employees :

Particulars required under Section 217(2A) of the Companies Act, 1956, as amended, read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure I forming part of this Report.

13. Auditors :

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.

11. Depository :

The Company has entered into an agreement with National Securities Depository Limited (NSDL), for enabling investors to hold and trade in Company's shares in electronic form.

Any shareholder opening a Securities Account with a Depository Participant (DP) can now hold his shares in Bajaj Auto Finance Limited in the form of an electronic entry. This is expected to eliminate the need to hold any paper securities and the problems of fraud and forgery associated with it, besides leading to a fast and efficient trade and settlement system.

The adoption of this modern automated system necessitates certain alterations to the provisions of the Articles of Association of the Company. An appropriate Special Resolution for effecting these alterations is being proposed in the ensuing Annual General Meeting for shareholders' approval.

14. Status on Y2K preparedness level :

Your Company has taken appropriate and effective steps to achieve Year 2000 (Y2K) readiness by June, 1999. The Company has replaced the hardware involved in date critical operations, wherever required. The Company has also upgraded the operating systems and modified its application software to make it Y2K compliant. The necessary expenditure to ensure Y2K compliance amounts to Rs. 0.5 million which is expected to be incurred before June, 1999. Your Company is in the process of preparing a contingency plan to reduce the risk from any outside agency not meeting the required status of Y2K readiness.

15. Additional Disclosure :

Your Company gives additional details regarding certain key operational areas in light of the emerging trends in desirable corporate governance in Annexure II forming part of this Report.

12. Directors :

Shri Ramesh Chand Jain resigned as a Director of the Company, with effect from 29th October, 1998. The Board places on record its appreciation for the services rendered by Shri Ramesh Chand Jain during his tenure.

The Board of Directors has appointed Shri Naresh Patni as a Director of the Company with effect from

Pune,
10th May, 1999

On behalf of the Board of Directors



Rahul Bajaj
Chairman

ANNEXURE I TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, as amended, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1999.

Sr. No.	Name	Age (years)	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Qualifications	Total Experience (years)	Date of Commencement of Employment	Last employment and Designation
Employed throughout the Financial Year:								
1.	Dipak Poddar	56	Managing Director	644,000	B.Sc. (Hons.) S.M. (M.I.T.)	36	31/3/1987	—
2.	C.S. Ravindran	46	President	1,258,432	B. Sc., A.C.A.	23	17/4/1989	Goldstar Holding & Industries Ltd., Hyderabad, President

Notes: 1) Gross remuneration includes Salary, Allowances, Commission, Cost of other perquisites calculated on the basis of rules prescribed in this behalf by the Department of Company Affairs and Company's contribution to Provident Fund, Superannuation Fund and other funds.
2) None of the employees mentioned above is a relative of a Director of the Company.

ANNEXURE II TO DIRECTORS' REPORT

- 1) **Report on relatives of Directors :**
Shri Rajiv Bajaj, 32 [B.E. Mech., M. Sc. (MS Engg.)], Director (appointed w.e.f. 2nd May, 1994), is a son of Shri Rahul Bajaj.
- 2) During the year under review, the Company has not appointed any Sole Selling Agent.
- 3) Your Company, during the year under review, has not sanctioned any loan to any of the Directors and there is no outstanding towards loans to Directors as on date.
- 4) During the year under review, your Company has paid the following remuneration by way of sitting fees to its Directors:

Name		Amount in Rs.
Shri Rahul Bajaj	Chairman	9,000
Shri Dipak Poddar	Managing Director	Nil *
Shri Ranjan Sanghi	Director	7,500
Shri Rajendra Lakhotia	Director	6,000
Shri D.S. Mehta	Director	4,500
Shri Madhur Bajaj	Director	7,500
Shri Ramesh Chand Jain	Director	Nil
Shri Rajiv Bajaj	Director	9,000
Shri Naresh Patni	Director	3,000
Total.		46,500

* The Company has not paid any sitting fees to Shri Dipak Poddar, Managing Director as he is paid remuneration/perquisites and commission as specified in Note No. 5, Schedule 13 forming part of the accounts.

- 5) None of the employees of the Company is related to any of the Directors of the Company.
- 6) From the date of the Balance Sheet till the date of this report, there is no significant event which will have an impact on the performance of the Company during the year 1999-2000.
- 7) During the year under review, your Company has not taken any credit exposure to any of its group companies and has not invested in other NBFCs.
- 8) Capital Adequacy Ratio of your Company is 40.07% based on the risk weighted asset and conversion of off balance sheet exposures as against the minimum Capital Adequacy Ratio of 12% as per RBI Prudential Norms.

ANNEXURE II (Contd.)**Shareholding pattern**

As on 31st March, 1999

Category	No. of Shares held	Percentage to total Shares
Individuals	7,073,500	42.90
Bodies Corporate	9,353,900	56.72
Financial Institutions/Banks	46,900	0.28
Non Resident Individuals/Bodies Corporate	15,900	0.10
Total	16,490,200	100.00

Shareholding Distribution

As on 31st March, 1999

Range of Holding	No. of Shareholders	Percentage to total Shareholders	No. of Shares held	Percentage to total Shares
1 - 100	26,907	87.42	2687100	16.29
101 - 500	2,997	9.74	824800	5.00
501 - 1,000	394	1.28	324200	1.97
1,001 - 5,000	329	1.07	808350	4.90
5,001 - 10,000	70	0.23	581800	3.53
10,001 - 50,000	63	0.21	1353050	8.21
50,001 - 1,00,000	9	0.03	797000	4.84
1,00,001 and above	8	0.02	9113300	55.26
Total	30,777	100.00	16490200	100.00

Classification of Assets - Gross

As per RBI guidelines to NBFCs

As on 31st March, 1999

Classification of Assets	Rs. in million	Percentage to Total Assets
Standard Assets	2994.07	98.28
Sub-standard Assets	39.45	1.29
Doubtful Assets	10.63	0.35
Loss Assets	2.30	0.08
Total	3046.45	100.00

Profile of Fixed Deposits

As on 31st March, 1999

Period of Deposit (months)	No. of Depositors	Amount (Rupees)	Percentage to total Deposits
12	4,136	59,065,000	42.02
24	233	3,373,000	2.40
36	6,315	68,169,000	48.50
60	1,137	9,944,000	7.08
Total...	11,821	140,551,000	100.00