



BOARD OF DIRECTORS

Rahul Bajaj
Chairman

Ranjan Sanghi

Rajendra Lakhota

D.S. Mehta

Madhur Bajaj

Rajiv Bajaj

Naresh Patni

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

Fourteenth Annual General Meeting on
Friday, 27th July, 2001 at 3.30 p.m. at the
Registered Office of the company.

DIRECTORS' REPORT

1. The Directors present their Fourteenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2001.

2. Working Results :

i) Your company disbursed under its Hire Purchase Finance Schemes, a total amount of **Rs.5,117 million during the year 2000-2001** as against Rs.3,545 million during the previous year 1999-2000.

During the year under review, the company discounted bills worth **Rs.860 million** as against Rs. 1552 million in 1999-2000.

ii) The gross disbursement for the year 2000-2001 was **Rs.5,978 million** as against Rs.5,099 million for the year 1999-2000.

iii) The Stock on Hire as on 31st March, 2001 was **Rs.4,935 million** as compared to Rs.3,955 million as on 31st March, 2000.

3. Financial Results :

	2000-2001	1999-2000
	Rupees	Rupees
Income from		
Hire Purchase		
Finance Business	747,111,448	555,940,177
Leasing Business	60,324,666	62,459,270
Other Income	264,235,698	246,370,532
Total	1,071,671,812	864,769,979
Profit before Depreciation	410,620,881	398,981,346
Depreciation	49,309,847	58,658,829
Profit before Taxation	361,311,034	340,322,517
Provision for Taxation	170,000,000	127,500,000
Profit for the year	191,311,034	212,822,517
Disposable surplus after earlier years adjustments	188,719,053	212,636,427
Appropriations :		
Transfer to Reserve Fund	38,000,000	43,000,000
Interim Dividend	—	49,470,600
Proposed Dividend	49,470,600	—
Provision for Dividend Tax	5,046,001	5,441,766
Balance carried to General Reserve	962,02,452	114,724,061

4. Dividend :

The Directors have pleasure in recommending for the consideration of the Shareholders at the Annual General Meeting, payment of Dividend of Rs.3/- per Share (30 per cent) for the year ended 31st March, 2001 (previous year : 30 per cent). The total dividend outgo including tax thereon will be Rs.54.5 million.

5. Branch Offices :

During the year under review, your company has opened a branch office at Tirupati. With the opening of this branch, the total number of branches has gone up to 40. Your company has offered Hire Purchase finance schemes through these branches spread over various strategic locations throughout the country. In the current year, your company proposes to expand the branch network by opening additional branches at various other locations across the country.

6. Prospects :

In the financial services sector, the process of consolidation has gained momentum and well-managed finance companies will have several opportunities for growth in future. During the year under review, your company introduced attractive financing schemes for financing of two wheelers and consumer durables which were well received by the customers.

Considering the response received from the customers to the schemes, the company expects to continue to achieve sustainable growth in the current year.

With further deregulation in the insurance industry, your company proposes to enter into the business of distribution of insurance products.

7. RBI Guidelines :

Your company continues to fulfil 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 norm of 12 per cent, the capital adequacy ratio of your company is 33.2 per cent.

8. Fixed Deposits :

The Credit Rating and Information Services of India Limited (CRISIL) has re-affirmed the highest rating of

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"FAAA" for the Fixed Deposit Programme of your company. Your company is one of the very few NBFCs which enjoy such highest rating.

At the end of the financial year under review, there were 363 deposits aggregating Rs.3.64 million which matured but remained unclaimed as on that date. The company had written to these depositors and as on date, deposits aggregating Rs.0.37 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".

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.

11. Directors' Responsibility Statement :

In compliance of recently introduced Section 217(2AA) in the Companies Act, 1956, your Directors state that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 of the company for that period;
- (iii) the Directors had 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;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

12. Depository :

As directed by the Securities & Exchange Board of

India (SEBI), the Equity Shares of your company are traded in compulsory dematerialised form by all the investors with effect from 26th June, 2000. The Equity Shares of the company are available for dematerialisation under the Depository Systems operated by National Securities Depository Limited (NSDL) as well as Central Depository Services (India) Limited (CDSL).

As on date, 3047740 Equity Shares (18.5%) of the total paid-up capital have been dematerialised.

13. Directors :

Shri D.S. Mehta and Shri Rajiv Bajaj, Directors, retire from the Board by rotation and being eligible, offer themselves for re-appointment.

Shri Naresh Patni was appointed as a Director in the casual vacancy caused by the resignation of Shri Ramesh Chand Jain and holds the office of Director till the date of the forthcoming Annual General Meeting. Shri Naresh Patni is to be appointed as a Director by the Members at the said Meeting. Appropriate Resolution for this purpose is being proposed in the Notice of Annual General Meeting for Members' approval.

14. 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.

15. Corporate Governance :

The recommendations contained in the report of Shri Kumarmanagalam Birla Committee on Corporate Governance as incorporated in the Listing Agreement with the Stock Exchanges will have to be complied with by your company within the Financial Year 2001-2002 but not later than 31st March, 2002. However, your company started complying with most of the said requirements from the last year itself. The extent and the manner of said compliance is stated in the section on Corporate Governance in Annexure II forming part of this Report.

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune
4th May, 2001

ANNEXURE I TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

Name	Age (years)	Designation/ Nature of duties	Gross Remuneration (Rupees)	Qualifications	Total experience (years)	Date of commencement of employment	Last employment and designation
C.S. Ravindran	48	President	2,022,064	B. Sc., A.C.A.	25	17/4/1989	Goldstar Holding & Industries Ltd., President

Notes: 1) Gross remuneration includes Salary, Allowances, 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) The aforesaid employee was employed throughout the financial year. He is not a relative of any Director of the company. Nature of his employment is contractual.

ANNEXURE II TO DIRECTORS' REPORT**REPORT ON CORPORATE GOVERNANCE****1. Brief statement on company's philosophy on code of governance :**

The company strongly believes in fair, efficient and transparent business operations, fairness to all stakeholders in the company, proper disclosure of relevant financial and non-financial information and enhancing the shareholder value on a continuing basis.

2. Board of Directors :**Composition and category of Directors :**

Name of Director	Executive / Non-executive / Independent	No. of other Directorships held (in public ltd. companies)	No. of other Board Committee positions held	
			As Chairman	As Member
Shri Rahul Bajaj	Chairman, Non-executive	6	—	—
Shri Ranjan Sanghi	Non-executive, Independent	12	—	1
Shri Rajendra Lakhotia	Non-executive, Independent	3	—	—
Shri D.S. Mehta	Non-executive	14	—	4
Shri Madhur Bajaj	Non-executive	7	—	—
Shri Rajiv Bajaj	Non-executive	1	—	—
Shri Naresh Patni	Non-executive, Independent	—	—	—
Shri Dipak Poddar	Managing Director, Executive	8	—	3

Attendance of each Director at the Board Meetings and at the last AGM :

Name of Director	No. of Board Meetings attended during 2000-2001	Whether present at the last AGM ?
Shri Rahul Bajaj	6	Yes
Shri Ranjan Sanghi	6	Yes
Shri Rajendra Lakhotia	4	No
Shri D.S. Mehta	5	Yes
Shri Madhur Bajaj	5	Yes
Shri Rajiv Bajaj	5	Yes
Shri Naresh Patni	5	Yes
Shri Dipak Poddar	6	Yes

Number of Board meetings held during 2000-2001 and the dates on which held :

Six Board Meetings were held during the year. The dates on which the meetings were held are as follows :
15th May, 2000, 28th July, 2000, 17th October, 2000, 5th December, 2000, 15th January, 2001 and 5th March, 2001.

Brief Resume of Directors offering for appointment / re-appointment :

- a) Name : Shri D.S. Mehta
Qualifications : B.Com., F.C.A., A.C.S.
Experience : Over four decades of experience in corporate finance and taxation matters.
- b) Name : Shri Rajiv Bajaj
Qualifications : B.E.(Mech.), M.Sc.(MSE)
Experience : More than 10 years experience in technical field. Presently working in Bajaj Auto Ltd., as President.
- c) Name : Shri Naresh Patni
Qualifications : B.Sc., B.E.(Civil)
Experience : Extensive experience in finance and marketing.

3. Audit Committee :

The terms of reference of the Audit Committee apart from those specified in the Listing Agreement with the Stock Exchanges broadly pertain to review of business practices, review of investment policies, review of compliances and review of systems and controls.

The Audit Committee of Directors consists of the following three Non-executive Directors :

Shri Ranjan Sanghi - Chairman
Shri Naresh Patni
Shri D.S. Mehta

The Audit Committee met three times during 2000-2001 on 15th May, 2000, 28th July, 2000 and 17th October, 2000. None of the Members of the Audit Committee were absent at any Meeting.

4. Remuneration Committee :

The company has no formal remuneration committee. However, all decisions regarding the remuneration of executive and non-executive directors are taken by the Board of Directors. As of now, non-executive directors are paid by way of only sitting fees at the rate of Rs.2,000/- for each meeting of the Board or Board level committee attended by them.

Remuneration of Directors (during 2000-2001) :

Name of Director	Sitting Fees (Rupees)	Salaries and perquisites (Rupees)	Commission (Rupees)	Total (Rupees)
Shri Rahul Bajaj	12,000	—	—	12,000
Shri Ranjan Sanghi	18,000 *	—	—	18,000
Shri Rajendra Lakhotia	8,000	—	—	8,000
Shri D.S. Mehta	16,000 *	—	—	16,000
Shri Madhur Bajaj	10,000	—	—	10,000
Shri Rajiv Bajaj	10,000	—	—	10,000
Shri Naresh Patni	16,000 *	—	—	16,000
Shri Dipak Poddar	Nil **	532,748	120,000	652,748

* Also includes Sitting Fees for attending Audit Committee Meetings.

** The company has not paid any Sitting Fees to Shri Dipak Podar, Managing Director, as he is paid salary/perquisites and commission as specified in Note No. 5, Schedule 13 forming part of the accounts.

5. Shareholders / Investors Grievance Committee :

The Shareholders / Investors Grievance Committee of Directors was constituted by the Board of Directors in their Meeting held on 5th March, 2001, headed by Shri Ranjan Sanghi, a non-executive director. The other Members of the Committee are Shri Naresh Patni and Shri D.S. Mehta.

Name and designation of Compliance Officer : Shri Suhas Patwardhan, Company Secretary.

33 Shareholder complaints were received during the year 2000-2001 and all of them have been attended to.

Number of pending Share Transfers as on 31st March, 2001 : Nil

6. General Body Meetings :

Location and time, where last three Annual General Meetings held :

	Location	Date & Time
11th Annual General Meeting	Registered Office	24th July, 1998 3.30 P.M.
12th Annual General Meeting	—do—	16th July, 1999 3.30 P.M.
13th Annual General Meeting	—do—	28th July, 2000 3.30 P.M.

7. Disclosures :

- **Disclosures on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large :**

None.

- **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years :**

None.

8. Means of communication :

The Quarterly (Unaudited) results are normally published in Financial Express (all editions), Indian Express (Pune edition) and Loksatta (Pune edition). The financial results are also put on the Company's web-site at www.bajajautofinance.com.

Management Discussion and Analysis report is given in a separate section in this annual report.

9. General Shareholder information :

- 14th Annual General Meeting : Date : 27th July, 2001
Time : 3.30 P.M.
Venue : Regd. Office of the company at
Mumbai - Pune Road, Akurdi,
Pune - 411 035.

- Dates of Book closure : Saturday, 14th July, 2001 to Friday, 27th July, 2001 (both days inclusive)
- Dividend Payment Date : on or after 30th July, 2001, but within the statutory time limit.
- Listing on Stock Exchanges :

Pune Stock Exchange Ltd.,
Shivleela Chambers,
752, Sadashiv Peth,
R.B. Kumthekar Marg,
Pune - 411 030.

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

The Stock Exchange, Ahmedabad,
Kamdhenu Complex,
Opp. Sahajanand College,
Panjara Pole,
Ahmedabad - 380 015.

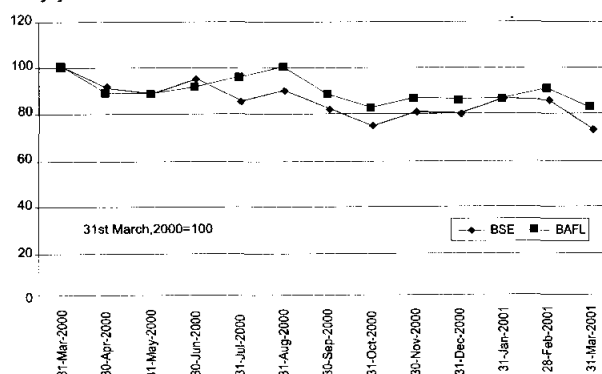
Annual Listing Fees as prescribed has been paid to the above Stock Exchanges upto 31st March, 2002.

- Stock Code on The Stock Exchange, Mumbai (BSE) : 34
Demat ISIN for NSDL and CDSL : INE296A01016
- Market Price Data (on BSE) during each month in last financial year :

Month	High (Rs.)	Low (Rs.)
April, 2000	35.90	29.05
May, 2000	32.50	26.55
June, 2000	36.25	28.00
July, 2000	35.50	29.10
August, 2000	35.95	32.25
September, 2000	35.90	28.60
October, 2000	32.00	27.00
November, 2000	30.50	26.05
December, 2000	32.00	28.50
January, 2001	32.15	28.50
February, 2001	32.00	28.05
March, 2001	30.50	26.60

- Performance in comparison to BSE Sensex :

Bajaj Auto Finance Limited's Stock Performance vs BSE Sensex



- Registrar and Transfer Agents :

The company has no external Registrar and Share Transfer agent. The Share Transfer work is done inhouse at the Registered Office of the company.

- Share Transfer System :

Share transfers in physical form are registered and returned within a period of 30 days from the receipt, if the documents are clear in all respects.

The total number of shares transferred in physical form during the year 2000-2001 was 7,24,905 compared to 10,41,400 in 1999-2000.

- Distribution of Shareholding** (as on 31st March, 2001) :

Range of Holding	No. of Shareholders	% to total Shareholders	No. of Shares held	% to total Shares
1 - 100	22473	85.95	2239255	13.58
101 - 500	2800	10.71	772007	4.68
501 - 1000	392	1.50	328536	1.99
1001 - 5000	329	1.26	776539	4.71
5001 - 10000	70	0.26	570294	3.46
10001 - 50000	67	0.25	1422496	8.63
50001 - 100000	7	0.03	587548	3.56
100001 and above	10	0.04	9786200	59.35
'In transit' at NSDL	—	—	7325	0.04
Total...	26148	100.00	16490200	100.00

- Shareholding Pattern** (as on 31st March, 2001) :

Category	No. of shares held	% to total shares
Promoters	7610700	46.15
Resident Individuals	6627625	40.19
Bodies Corporate	2190150	13.29
Financial Institutions/Banks/Mutual Funds/Central Govt.	35700	00.22
Non Resident Individuals/Overseas Corporate Bodies	18700	00.11
'In Transit' at NSDL	7325	00.04
Total...	16490200	100.00

- **Dematerialisation of shares and liquidity :**

As mandated by the Securities & Exchange Board of India (SEBI), the Equity Shares of your company are traded in compulsory dematerialised form by all the investors w.e.f., 26th June, 2000.

The company has entered into agreements with both the depositories viz., National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL), enabling the investors to hold shares of the company in electronic form through the depository of their choice.

As on 31st March, 2001, the number of dematerialised shares was 29,55,240, which represents 17.9 per cent of the total Paid-up capital.

The Equity Shares of the company are regularly traded on The Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

- **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity :**

Not Applicable as the company has not issued such instruments.

- **Address for correspondence :** Bajaj Auto Finance Limited,
Mumbai - Pune Road, Akurdi
Pune - 411 035.

Additional Information :

- 1) Report on relatives of Directors :
Shri Rajiv Bajaj, Director is a son of Shri Rahul Bajaj, Chairman.
- 2) 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.
- 3) None of the employees of the company is related to any of the Directors of the company.
- 4) 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 2001-2002.

Profile of Fixed Deposits
(as on 31st March, 2001)

Period of Deposit (months)	No. of Depositors	Amount (Rupees)	% to Total Deposits
12	4551	86,893,000	45.55
36	7103	99,024,000	51.91
60	591	4,849,000	2.54
Total...	12245	190,766,000	100.00