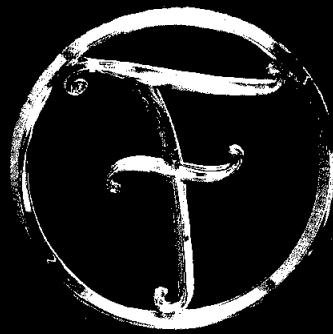




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BAJAJ **Tempo** LTD.
40TH ANNUAL REPORT 1998-99

BAJAJ **Tempo** LTD.

BOARD OF DIRECTORS★

Mr. Abhay Firodia
Chairman & Managing Director

Mr. S. S. Marathe

Dr. V. A. Pai Panandiker

Dr. R. J. Rathi

Mr. C. S. Lodha

Mr. S. N. Inamdar

Dr. R. B. Baheti

Mr. Gurudutt Manjeshwar

Dr. V. G. Bhide

Mr. Vinay Kothari

Mr. Sudhir Mehta

Mr. Peter K. M. Fietzek

Mr. Hans-Ulrich Maik

Dr. Till Becker de Freitas

Mr. Wolf-Kristian Schneider
(Alternate to Mr. Hans-Ulrich Maik)

Mr. M. G. Chopda
Joint Managing Director

★ (w. e. f. 1st August, 1999)

Auditors :

Messrs P. G. Bhagwat
Chartered Accountants,
Pune

Cost Auditors :

Messrs Dhananjay V. Joshi & Co.,
Cost Accountants,
Pune

Bankers :

State Bank of India
Canara Bank
ANZ Grindlays Bank Ltd.
Standard Chartered Bank
Citibank N. A.
Bank of America NT & SA
HDFC Bank Ltd.
Bank of Maharashtra

Registered Office :

Bombay-Pune Road,
Akurdi, Pune - 411 035

Works :

Akurdi, Pune - 411 035

Pithampur,
District Dhar - 452 002

Secretary :

Mr. S. A. Gundecha

BAJAJ **Tempo** LTD.

NOTICE

Notice is hereby given that the 40th Annual General Meeting of the Members of Bajaj Tempo Limited will be held on Wednesday the 29th day of September, 1999 at 11.30 a.m. at the Registered Office of the Company at Bombay Pune Road, Akurdi, Pune - 35 to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, Audited Balance Sheet and Profit & Loss Account for the financial year ended on 31st March, 1999 together with Auditor's Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr. R. J. Rath, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. S. N. Inamdar, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. C. S. Lodha, who retires by rotation and being eligible offers himself for reappointment.
6. To appoint a Director in place of Dr. V. G. Bhide, who retires by rotation and being eligible offers himself for reappointment.
7. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

8. To appoint Mr. Hans-Ulrich Maik as a Director of the Company. Mr. Hans-Ulrich Maik was appointed as an Additional Director of the Company w.e.f. 19th March, 1999. As per the provisions of Section 260 of the Companies Act, 1956, he holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice, in writing from a Member proposing his candidature for the Office of Director and signifying intention to move the following resolution as an Ordinary Resolution :-

"RESOLVED that Mr. Hans-Ulrich Maik be and is hereby appointed as a Director of the Company."

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to sub-section 1 of section 293 and other applicable provisions, if any, of the Companies Act, 1956 and in supersession of the resolution passed at the Extraordinary General

Meeting of the Members of the Company held on 25th March, 1996, consent be and is hereby accorded to the Board of Directors for borrowing moneys from time to time as they may deem requisite for the purpose of business of the Company by way of loans, advances, deposits or otherwise, whether the same be unsecured or secured by guarantees of any bank, persons and/or secured by mortgage, charge, hypothecation or pledge of all or any of the Company's assets, effects and properties, whether moveable or immovable, on such terms and conditions as the Board of Directors consider fit, notwithstanding the moneys so borrowed together with the moneys already borrowed by the Company may exceed the aggregate of the paid up capital of the Company and its free reserves, provided that the total amount which may be borrowed by the Board of Directors and outstanding at any time shall not exceed Rs. 200 crores."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Explanatory Statement setting out the material facts concerning the Special Business mentioned at Item Nos. 8 & 9 of the Notice, as required by Section 173 of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Sunday, the 26th day of September, 1999 to Wednesday, the 29th day of September, 1999 (both days inclusive) for ascertaining entitlement to dividend.
4. Payment of dividend, if sanctioned, would be made on or after 29th September, 1999 to those Members whose names appear on the Register of Members of the Company on 29th September, 1999.
5. In view of the provisions of Section 194 read with Section 115 O of the Income Tax Act, 1961, no tax will be deducted at source from dividend to be paid, if declared, at the ensuing Annual General Meeting.
6. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Secretary of the Company so as to reach atleast 15 days before the date of the meeting so that the information required may be made available at the meeting.



7. The unclaimed dividend upto the Company's financial year 1994-95 has been transferred to the General Revenue Account of the Central Government.
8. Equity shares of the Company are listed on Pune Stock Exchange Limited, PMT Commercial Building, Deccan Gymkhana, Pune, and The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The Company has paid the annual listing fees to each of these Stock Exchanges.

9. The Members are requested to advise the Company immediately of any change in their addresses.

By Order of the Board of Directors

For BAJAJ TEMPO LIMITED

Pune 411 035

S. A. GUNDECHA

Date : 14th August, 1999 Co. Secretary & Vice President

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 8 :

As per the powers vested by Article No.115 of the Articles of Association of the Company, the Board of Directors of your Company appointed Mr. Hans-Ulrich Maik as an Additional Director w.e.f. 19th March, 1999.

As per the provisions of Section 260 of the Companies Act, 1956, Mr. Hans-Ulrich Maik holds office till the date of ensuing Annual General Meeting. The Company has received a Notice from a Member proposing the candidature of Mr. Hans-Ulrich Maik for the office of Director.

Mr. Hans-Ulrich Maik is a Diploma Engineer and has an experience of more than 25 years in the management of Companies. Mr. Maik is presently working with DaimlerChrysler AG, Germany. It is in the interest of the Company to avail of his services as a Director.

None of the Directors of the Company, except Mr. Hans-Ulrich Maik is interested in the resolution mentioned at Item No. 8.

ITEM NO. 9 :

By an ordinary resolution passed by the Members in their Extraordinary General Meeting held on

25th March, 1996, the Board of Directors of the Company have been authorised to borrow moneys upto Rs. 150 crores. In view of changed situation in the automobile market, the Company may be required to borrow additional funds from time to time for day to day working capital. In view of this the limit on borrowing power needs to be raised to Rs. 200 crores.

None of the Directors of the Company is interested in the resolution mentioned at Item No. 9.

The copy of resolution passed by the Members of the Company in their Extraordinary General Meeting held on 25th March, 1996, is available for inspection at the Registered Office of the Company at Bombay Pune Road, Akurdi, Pune - 411 035 on any working day during 9.00 a.m. to 4.00 p.m.

By Order of the Board of Directors

For BAJAJ TEMPO LIMITED

Pune 411 035

S. A. GUNDECHA

Date : 14th August, 1999 Co. Secretary & Vice President

BAJA **Tempo** LTD.

DIRECTORS' REPORT

To :

The Members,

The Directors have pleasure in presenting the 40th Annual Report of the Company together with the audited accounts for the financial year ended on 31st March, 1999.

Financial Results & Appropriations

	1998-99	1997-98
	Rs.	Rs.
Gross Sales	547,23,47,893	621,19,33,545
Gross Profit	14,12,45,569	57,12,65,744
Depreciation	42,13,09,307	48,79,81,074
Taxation	20,55,398	4,39,63,950
Reserves	—	9,45,900
Proposed Dividend	1,46,25,587	1,44,81,487
(including provision for tax on distributed profits)		
Profits carried forward		
Last year	31,08,54,537	28,69,61,194
This year	1,41,09,814	31,08,54,537

Dividend

The Board of Directors recommend a dividend of Re. 1.00 per share on 1,31,76,204 equity shares of Rs. 10/- each.

Market Situation

The year under review was characterised by continuation of depressed market conditions. The Company's operations were substantially affected. Very poor offtake of the Company's products during the first quarter of 1998-99 resulted in inventory pile-up. Consequently, it was decided to curtail vehicle assembly operations at both Pune and Pithampur Plants for several weeks during the months of May and June 1998. The situation improved from the third quarter of 1998-99 mainly driven by improved sales of 3-Wheeler 'Minidor' vehicles. The conditions in the Automobile Industry generally, barring a select few segments, remained depressed throughout the financial year under review.

Transition of the product mix of the Company from the old line-up to the completely renewed current line-up of Light Commercial Vehicles, 3-Wheelers, Tractors and Utility Vehicles was emphatically pursued by the Company throughout the year under review. As all the new products in each of the 4 lines of business of the Company, i.e. Light Commercial Vehicles, Utility Vehicles, 3-Wheelers and Tractors are self-designed and largely tooled up in house, this re-organisation has been a major activity and achievement. At the present moment, the product mix renewal exercise stands completed, thus greatly enhancing the Company's competitive position. The Company's Marketing Organisation and Dealer Network are being strengthened to fully utilise the advantages accruing from the new product line up.

Simultaneously with the concentration on sales channel improvement, systemic changes in the command and control structure of the Company by way of Divisionalisation on Product-line basis is also being progressed apace.

Traditionally, the Company's organisation structure had a functional orientation. Thus, over the years, functions such as Research & Development, Tool/Production Engineering, Manufacturing, Materials and Sales had company-wide responsibilities. In view of the Divisionalisation, based on product-lines, comprehensive re-organisation of functions is undertaken. For every product-line i. e. Tractors, 3-Wheelers, Light Commercial Vehicles and Utility Vehicles, various functions such as purchasing of materials, manufacturing, sales / marketing, engineering, etc. are grouped with clear responsibility for a particular product-line. Within the divisions, functions such as stores, purchase, production planning, etc. are integrated to improve responsiveness.

This effort at creating a divisionalised structure based on product-lines, is a major re-orientation exercise, which is expected to continue throughout the next year or two.

Light Commercial Vehicles

The EXCEL range is well received in the market. Steady growth in volumes and improvement in market share is expected to be achieved as a result of the introduction of this latest product. At the same time, the indigenisation effort for the Tempo Traveller has received a big boost due to the acquisition of a large quantity of dies from M/s. Daimler Chrysler AG. The Company thus expects to improve its position in the Light Commercial Vehicles field, both in the goods carrier and the passenger carrier segments.



Utility Vehicles

Tempo Trax utility vehicles received a facelift during the past year. Currently, a full range of Utility Vehicles in 4 × 4 and 4 × 2 versions are available. Factory made metal top version of the Tempo Trax is also shortly being introduced. This metal top versions sports further improvements in aesthetics and interiors in conformity with the market trends. The well known superiority of the Tempo Trax in terms of the Engine, the Drive-Line and Mechanicals, is thus to be enhanced by contemporary packaging.

3-Wheeler Autorikshaws

The Minidor, in both, the Pick-up and the passenger versions, have been well received in all the markets. Passenger version sales are dependent on the regulatory environment which varies from city to city and state to state in the country. There is growing acceptance for the Minidor Pick-up, in view of its outstanding durability, excellent operating economy and user friendly manoeuvrability.

Tractors

The 35 HP Tractor was successfully launched during the year under report and has been well received. The Marketing Organisation, Dealer Network and the Service Support activity for the Tractor range is being widened to cover more markets and is being strengthened for increased penetration.

The Company expects to complete the development and production activity for the OX-25 Tractor during the current financial year, in order to complete the full line-up of Tractors, as soon as possible.

All the above vehicle families are currently fitted with environment-friendly engines. While the export of Tempo Trax 4 × 4 'Gurkha' for some time has been achieved with Euro - II status engines, the Company has also completed the design and development tasks for engines meeting the India 2000 Emission Norms (Euro - I comparable) for the domestic market. Further sustained development activity is on, to prepare Euro - II versions for all product lines in all the domestic market segments.

Business Divisions & Business Processes

In addition to the emphasis on Divisionalisation, the Business Process Re-engineering activity is continued aggressively with highly encouraging results. The implementation of the SAP Software System by the third quarter of the current year will further improve Business Process and strengthen the operational control.

Exports

The Export activity has received a boost due to improved offtake of Gear Boxes by Daimler Chrysler AG., Germany. The gear boxes with full local content produced by the Company are fitted on Military Versions of the 'Gelandewagen' range of 'Mercedes Cross-Country Vehicles.' These are specially configured to be supplied to demanding European Armies.

The supply of sheet metal components and body sub-assemblies for the Traveller (T-1) range of vehicles, to fulfil the after market requirement of Daimler Chrysler AG., has been commenced.

Y2K

The implementation of SAP Software, as also the introduction of several programmes based on Y2K compatible Oracle Software, will enable the Company to effectively counter the Y2K problem. The Company has completed an internal audit on the Y2K situation and has taken effective countermeasures to safeguard its operations.

R & D Expenditure

The expenditure on Research and Development during the previous year was 1.55 % of the turnover.

Foreign Collaborations

The progress of implementing the existing foreign technology agreements is satisfactory. The Company continues to obtain consultancy assistance from M/s. Ricardo, Dr. Bacher, Dr. Sesa and Mr. Feucht.

Industrial Relations

The Industrial Relations at Akurdi and Pithampur plants were cordial during the year under report.

Foreign Exchange

Foreign exchange outgo arising out of import of raw materials, components and capital goods is as per the details mentioned in the Notes to Accounts.

Conservation of Energy

The efforts to conserve the energy are emphasised by use of improved capacitors, auto load control systems and synchronizing various equipments.

Environment

The main effort of the Company on the Environment front is centered at the moment on creating product-

BAJAJ **Tempo** LTD.

lines with further eco-friendly engines, in keeping with regulatory requirements.

Fixed Deposits

108 deposits amounting to Rs. 6,15,000/- matured for repayment on or before 31st March, 1999, but remained unclaimed on that date, out of which 16 deposits amounting to Rs. 79,000/- have since been repaid / renewed.

Orders for Machinery

Since the close of accounting year, Company has placed orders for new machinery and equipment for Rs. 1.80 crores.

Directors

Mr. Hans-Ulrich Maik was appointed as an Additional Director of the Company w. e. f. 19th March, 1999. Mr. Maik holds the office of Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice proposing his candidature for the office of Director.

Dr. R. J. Rath, Mr. S. N. Inamdar, Mr. C. S. Lodha and Dr. V. G. Bhide, Directors of your Company, retire by rotation and being eligible offer themselves for reappointment.

Other

The statement, pursuant of Section 212 of the Companies Act, 1956, relating to the subsidiary company and its accounts are annexed hereto.

Under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to Directors Report. However, in terms of the provisions of section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors Report is being

sent to all the shareholders of the Company excluding the aforesaid annexure. The shareholders interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. The Company had 33 employees as on 31st March, 1999 who were in receipt of a remuneration exceeding Rs. 6,00,000/- per annum and who were employed throughout the year and 11 employees who were in receipt of a remuneration exceeding Rs. 50,000/- per month and employed for part of the year.

You are requested to appoint Auditors for the current year and fix their remuneration. M/s. P. G. Bhagwat, Chartered Accountants, Pune, Auditors to the Company, who retire at the ensuing Annual General Meeting, are eligible for reappointment.

The Central Government directed to conduct audit of the cost records and accordingly M/s. Dhananjay V. Joshi & Co., Cost Accountants, Pune, were appointed as the Cost Auditors for the year under report. The Cost Audit Report is under preparation.

The Directors express their grateful thanks to the banks, suppliers and dealers for their support and express their warm appreciation of sincere co-operation and dedicated work by the employees.

For and on behalf of the Board of Directors

ABHAY FIORDIA

Pune 411 035

Date : 29th May, 1999

CHAIRMAN & MANAGING DIRECTOR



BAJAJ **Tempo** LTD.

AUDITORS' REPORT

To The Members of Bajaj Tempo Limited

We have audited the attached Balance Sheet of Bajaj Tempo Limited, Akurdi, Pune-411 035 as at 31st March, 1999 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and report that :

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 (4-A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 such books.
 - c) The Balance Sheet and the Profit and Loss Account referred to in this Report are in agreement with the books of account.
 - d) In our opinion, the Profit and Loss and Balance Sheet comply with the Accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
 - and
 - ii) in the case of the Profit and Loss Account, of the LOSS for the year ended on that date.

For **M/s. P. G. Bhagwat**
Chartered Accountants

Pune 411 004
Date : 29th May, 1999

S. S. Athavale
Partner



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in para 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management at reasonable intervals. As informed to us no discrepancies were noticed on such verification.
2. None of the Fixed Assets has been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion 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.
7. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
9. Loans and advances in the nature of loans were given to employees and other parties who are re-paying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
10. 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 purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year 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 for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, 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 from the public.
14. In our opinion, reasonable records have been maintained by the Company for sale and disposal of scrap. The Company has no by-products.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the order 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 records have been maintained. As informed to us the making of accounts is under preparation.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **M/s. P. G. Bhagwat**
Chartered Accountants

Pune 411 004
Date : 29th May, 1999

S. S. Athavale
Partner



Balance Sheet as at 31st March, 1999

	Schedule	Rupees	As at 31st March, 1999 Rupees	As at 31st March, 1998 Rupees
I SOURCES OF FUNDS :				
1. Shareholders' Funds				
(a) Share Capital	1	13,17,89,990		13,16,77,830
(b) Reserves and Surplus	2	130,94,20,853		160,51,56,136
			144,12,10,843	173,68,33,966
2. Loan Funds				
(a) Secured Loans	3	53,90,49,175		70,56,95,711
(b) Unsecured Loans	4	16,44,37,000		6,28,70,000
			70,34,86,175	76,85,65,711
Total			214,46,97,018	250,53,99,677
II APPLICATION OF FUNDS :				
1. Fixed Assets	5			
(a) Gross Block		463,63,85,125		433,59,49,678
(b) Less : Depreciation		352,20,00,455		310,41,95,441
(c) Net Block		111,43,84,670		123,17,54,237
(d) Capital Work-in-progress		4,07,75,549		10,46,74,606
			115,51,60,219	133,64,28,843
2. Investments	6		2,58,85,144	2,57,37,610
3. Current Assets, Loans and Advances	7			
(a) Inventories		191,66,54,893		193,43,50,227
(b) Sundry Debtors		22,87,87,831		20,32,40,143
(c) Cash and Bank Balances		4,67,48,258		4,29,45,524
(d) Other Current Assets		17,69,922		24,40,578
(e) Loans and Advances		46,38,01,117		49,47,09,426
		265,77,62,021		267,76,85,898
4. Less : Current Liabilities & Provisions	8			
(a) Liabilities		167,94,84,779		148,81,41,594
(b) Provisions		1,46,25,587		4,63,11,080
		169,41,10,366		153,44,52,674
Net Current Assets			96,36,51,655	114,32,33,224
Total			214,46,97,018	250,53,99,677

As per our separate report of even date attached

For **M/s. P. G. Bhagwat**
Chartered Accountants

S. S. Athavale
Partner

S. A. Gundecha
Secretary

A. N. Firodia
V. A. Pai Panandiker
C. S. Lodha
V. G. Bhide
M. G. Chopda

Chairman & Managing Director

Directors

Joint Managing Director

Pune 411 004
Date : 29th May, 1999

Pune 411 035
Date : 29th May, 1999