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BAJAJ

Akurdi, Pune - 411 035. INDIA

Tempo

LTD.

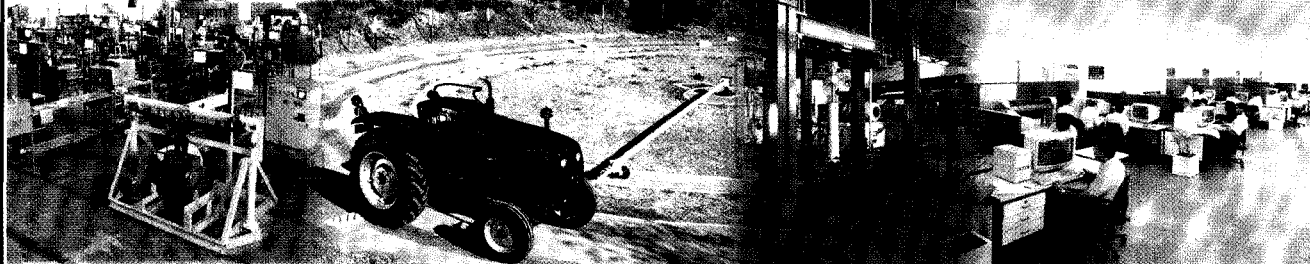
A Firodia Enterprise

44TH ANNUAL REPORT 2002-2003

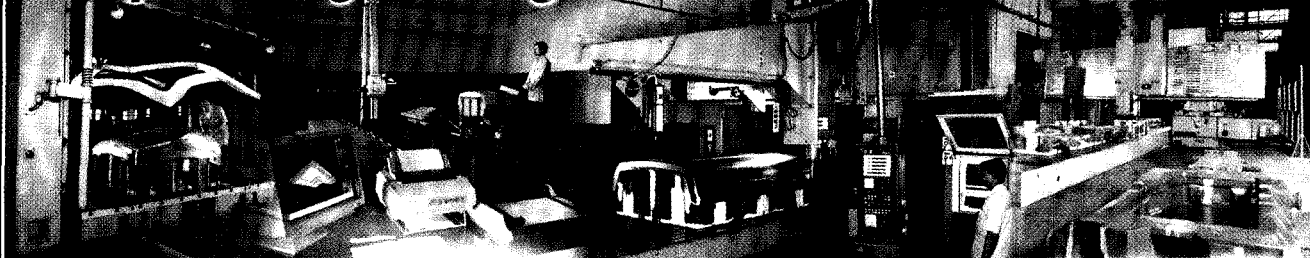


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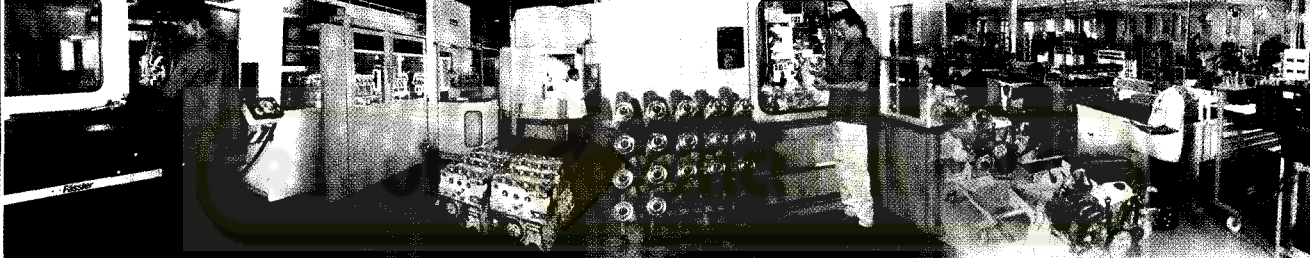
Tempo is Innovation



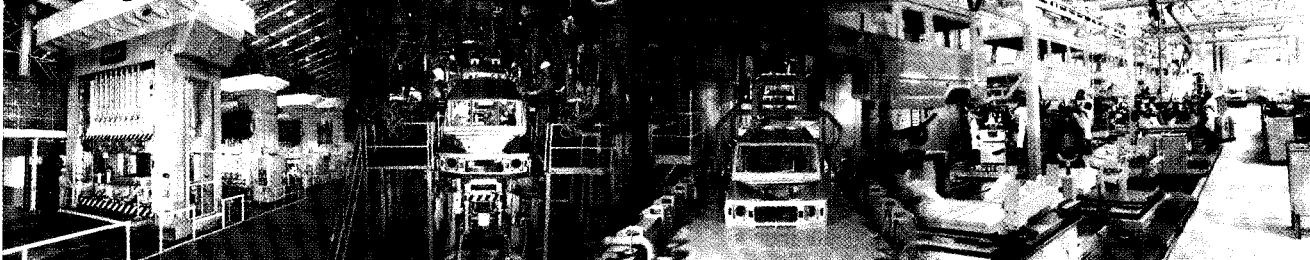
Tempo is Engineering



Tempo is Power Drive



Tempo is Manufacturing



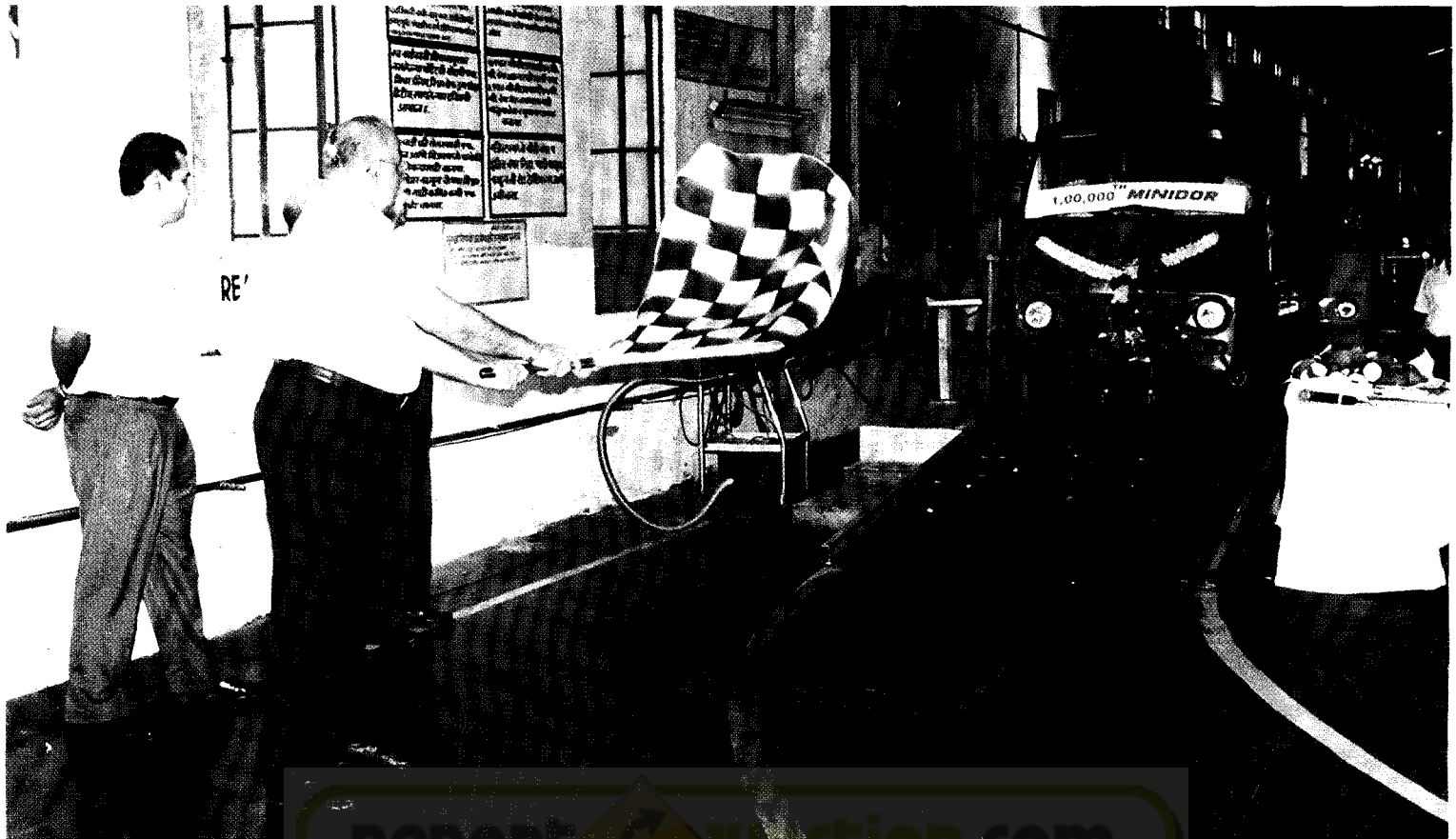
Tempo is Marketing



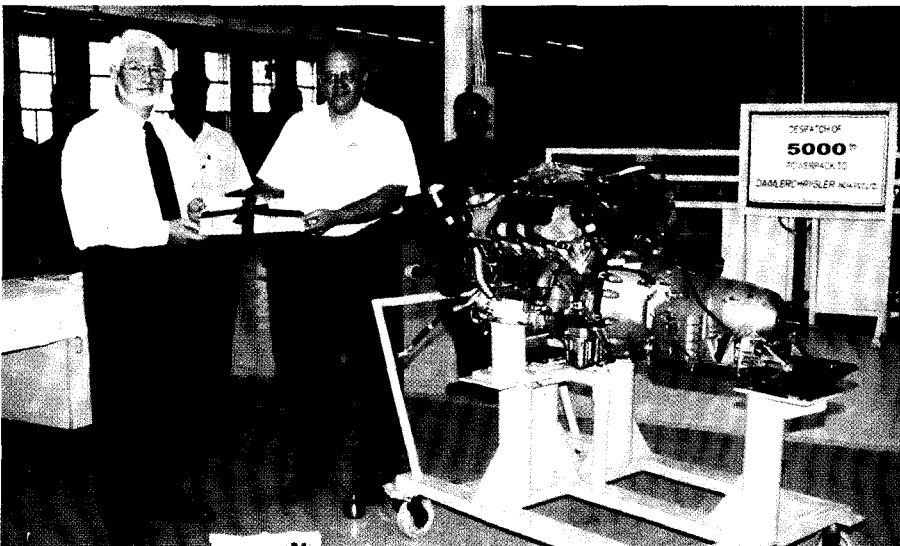
TODAY'S TEMPO - Giving Wheels to India

MILESTONES

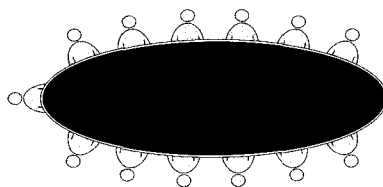
Tempo



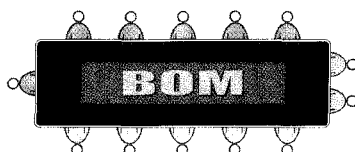
- Tempo Achieves the Milestone of Rolling out 1,00,000th MINIDOR
- Tempo Achieves the Milestone of Rolling out 10,000th TRACTOR
- 5000th Engine was handed over by Mr. Abhay N. Firodia, Chairman & Managing Director, to Mr. Rolf Loeffler, Technical Director of DaimlerChrysler India Ltd.



BOARD OF DIRECTORS



BOARD OF MANAGEMENT



DIRECTORS

Mr. Abhay Firodia

Chairman & M. D.

Mr. M. G. Chopda

Jt. M. D.

Mr. Sudhir Mehta

Dr. Rolf Bacher

Mr. S. A. Gundecha

Mr. M. Venkataiah

MEMBERS

Mr. P. V. K. Rao

V. P. (Production Engineering)

Mr. P. V. Inamdar

V. P. (3-Wheeler & Tractor Business)

Mr. Arvind Goel

V. P. (4-Wheeler & Transmission Business)

Mr. A. N. Joshi

V. P. (Engine Business)

Mr. Ravinder Singh

V. P. (Sales & Marketing)

DEPUTY MEMBERS

Mr. Sandeep Sarda

Sr. G. M. (Finance)

Mr. C. S. Maikhuri

G. M. (R & D - 4-Wheelers)

Mr. G. Venkatramanan

G. M. (R & D - Tractors & 3-Wh.)

Mr. S. B. Chordiya

G. M. (Corporate Procurement)

Mr. S. S. Ghatpande

G. M. (I. T.)

Mr. D. K. Sanghvi

Div. Manager (Internal Audit)

SECRETARY TO BOM

Mr. Abhijit Dani

Sr. Manager (HR & BPR)

ADVISORS

Mr. V. M. Mundada

Advisor (Business Development)

Mr. Y. Nath

Advisor (Projects)

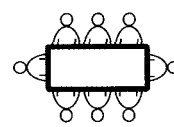
Business Management councils

(BMCs)

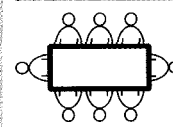
3-WHEELER BMC			<ul style="list-style-type: none"> • P. V. Inamdar • G. V. Ramanan • S.M. Paranjpe • J. G. Gandhe 	<ul style="list-style-type: none"> • V. D. Joshi • S. K. Agrawal • L. D. Natu • P. N. Chopda 	<ul style="list-style-type: none"> • T. S. Rao • Manoj Kumar • P.Suresh Babu & Others
4-WHEELER BMC			<ul style="list-style-type: none"> • Arvind Goel • C. S. Maikhuri • V.V.Deshpande • A.A.Khinvasara • J. G. Gandhe 	<ul style="list-style-type: none"> • B. J. M. Rao • D. P. Shah • M. M. Gupta • S. C. Suneja • B.Chandramohan 	<ul style="list-style-type: none"> • P. Dhadiwal • K. Mukati • Malind Kapur • P.Suresh Babu & Others
TRACTOR BMC			<ul style="list-style-type: none"> • P. V. Inamdar • G. V. Ramanan • J. G. Gandhe • M.P. Chaudhary 	<ul style="list-style-type: none"> • N. K. Oberoi • Balasubramaniam • S. Tandon • Ramseshan 	<ul style="list-style-type: none"> • K. S. Kalra • Milind Soman & Others
ENGINE BMC			<ul style="list-style-type: none"> • A. N. Joshi • G. A. Kulkarni • Dhannalal • A. M. Kulkarni 	<ul style="list-style-type: none"> • K. G. Bhosale • B.Rajadhyaksha • P. Kamawat • H. Saha 	<ul style="list-style-type: none"> • S.V.Shirhattikar & Others
TRANSMISSION BMC			<ul style="list-style-type: none"> • Arvind Goel • M. C. Pujari • M.P.Chaudhary • N. S. Lapsia 	<ul style="list-style-type: none"> • S. A. Jain • M.S. Kumawat • P. Kamawat • A. G. Rajput 	<ul style="list-style-type: none"> • S.V.Shirhattikar & Others

Functional Activity Management Committees

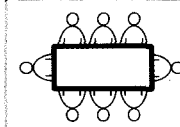
(FAMCs)

R & D
FAMC

- C. S. Maikhuri
- G. V. Ramanan
- G. A. Kulkarni
- Dhannalal
- S. M. Paranjpe
- V. V. Deshpande
- A. S. Yewale
- A. A. Khinvasara
- P. Sivaraman
- R. A. Naikwadi & Others

PROD. ENGG.
FAMC

- P. V. K. Rao
- B. J. M. Rao
- J. G. Gandhe
- V. D. Joshi
- A. M. Kulkarni
- M. P. Choudhary
- D. A. Gundecha
- A. A. Deshpande
- S. M. Bhat
- R. A. Naikwadi & Others

SALES & MKTG.
FAMC

- Ravinder Singh
- Malind Kapur
- Manoj Kumar
- K. S. Kalra
- P Suresh Babu
- Milind Soman
- Ananthasayanam
- C. Kulkarni
- S. V. Shirhattikar
- R. M.s (Field)



BAJAJ

Tempo

LTD.

BOARD OF DIRECTORS★

Mr. Abhay Firodia
Chairman & Managing Director

Mr. S. S. Marathe

Dr. V. A. Pai Panandiker

Mr. S. N. Inamdar

Mr. Sudhir Mehta

Mr. Bharat V. Patel

Mrs. Anita Ramachandran

Dr. Rolf Bacher

Dr. V. G. Bhide

Mr. Vinay Kothari

Mr. M. Venkataiah

Mr. S. A. Gundecha

Mr. M. G. Chopda
Joint Managing Director

★ (w. e. f. 17th January, 2003)

Auditors :

Messrs P. G. Bhagwat
Chartered Accountants,
Pune

Cost Auditors :

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

Registered Office :

Bombay-Pune Road,
Akurdi, Pune - 411 035

Works :

Akurdi, Pune - 411 035

Pithampur,
District Dhar - 452 002

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BAJAJ

Tempo LTD.

NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Members of Bajaj Tempo Limited will be held on Monday, the 29th day of September, 2003 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, 2003 together with Auditor's Report thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Dr. Rolf Bacher, who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Dr. V. A. Pai Panandiker, who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint a Director in place of Dr. V. G. Bhide, who retires by rotation and being eligible offers himself for reappointment.
- 6) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

- 7) To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED that as per the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the payment of remuneration to the Directors, other than the Managing Director and Joint Managing Director, by way of commission up to 1% of the net profits of the Company from the Financial Year 2003-04 to 2007-08."

- 8) 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 Annual General Meeting of the Members of the Company held on 29th September, 1999, 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. 300 crores."

- 9) To appoint Mr. M. Venkataiah as a Director of the Company. Mr. M. Venkataiah was appointed as an Additional Director of the Company w. e. f. 30th October, 2002. 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. M. Venkataiah be and is hereby appointed as a Director of the Company."

- 10) To appoint Mr. S. A. Gundecha as a Director of the Company. Mr. S. A. Gundecha was appointed as an Additional Director of the Company w. e. f. 30th October, 2002. 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. S. A. Gundecha be and is hereby appointed as a Director of the Company."

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. 7 to 10 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 Thursday, the 25th day of September, 2003 to Monday, the 29th day of September, 2003 (both days inclusive) for ascertaining entitlement to dividend.

- 4) The payment of dividend, if sanctioned, would be made after 29th September, 2003 to those Members whose names appear on the Register of Members of the Company on 29th September, 2003 or who hold shares of the Company in dematerialized form and whose name is entered as a beneficial owner in the records of Depositories on that date.
- 5) The requisite information about the Directors retiring by rotation and the Directors proposed to be appointed as regular Directors is included in the Report on Corporate Governance.
- 6) Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Assistant Secretary of the Company so as to reach at least 15 days before the date of the meeting so that the information required may be made available at the meeting.

- 7) The unclaimed dividend up to 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, Shivleela Chambers, 752, Sadashiv Peth, R. B. Kumbhar Marg, Pune - 411 030, and The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. 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
Date : 29th July, 2003

Mrs. A. G. LAMBORE
Asst. Co. Secretary

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

ITEM NO. 7

As per the provisions of Section 309 of the Companies Act, 1956 the Directors, who are neither Managing Director or Wholtime Director, may be paid a remuneration by way of commission, if the Company by a special resolution authorises such payment.

By the Special Resolution passed in 39th Annual General Meeting held on 16th September, 1998, the Members of the Company authorised payment of commission, up to 1% of the net profits of the Company, for the Financial Years 1998-99 to 2002-03.

During this period the Company paid commission to Non-working Directors only for the year ended on 31st March, 2003 of Rs.28,00,000/-. For the other financial years, no commission was paid in view of absence or inadequacy of profits.

In view of the present business conditions, it is necessary that expert advice of Non-working Directors is sought from time to time on ongoing basis concerning with their areas of expertise. Similarly, the Company is required to appoint Independent Directors to comply with the regulations. Various liabilities and risks are incurred/undertaken by the Directors under various legislations. Therefore, it is necessary that sufficient reward is offered to Non-working Directors. Considering these facts, the Board of Directors has decided to put the present proposal before the Members of the Company.

The commission will be distributed amongst the Non-working Directors on the basis to be decided from time to time.

All the Directors of the Company, except Mr. Abhay Firodia, Chairman & Managing Director and Mr. M. G. Chopda, Joint Managing Director, are interested in the resolution mentioned at Item No.7.

A copy of the resolution passed by the Members of the Company in their Annual General Meeting held on 16th September, 1998 is available for inspection at the Registered Office of the Company on any working day from 9.00 a.m. to 4.00 p.m.

ITEM NO. 8

By an Ordinary Resolution passed by the Members of the Company in their 40th Annual General Meeting held on 29th September, 1999 consent was accorded to the Board of Directors for borrowing moneys from time to time for the purpose of business of the Company not exceeding Rs.200 crores.

As per the provisions of Section 293(1)(d) of the Companies Act, 1956 consent of the Company is required for borrowing moneys, if the money to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers) shall exceed the aggregate of its paid up capital and free reserves.



Considering the present volume of Company's business and expansion plans, the Company may be required to borrow additional funds from time to time for the business of the Company. In view of this, the present limit of borrowing powers needs to be raised from Rs. 200 crores to Rs. 300 crores.

None of the Directors of the Company is interested in the resolution mentioned at Item No.8.

A copy of the resolution passed by the Members of the Company in their Annual General Meeting held on 29th September, 1999 is available for inspection at the Registered Office of the Company on any working day from 9.00 a.m. to 4.00 p.m.

ITEM NO. 9

As per the provisions of Section 260 of the Companies Act, 1956 and in exercise of the powers vested by Article 115 of the Articles of Association of the Company, the Board of Directors of your Company appointed Mr. M. Venkataiah as an Additional Director w.e.f. 30th October, 2002.

As per the provisions of the said Section 260 of the Companies Act, 1956, Mr. M. Venkataiah holds office till the date of ensuing Annual General Meeting. The Company has received a notice from a Member proposing the candidature of Mr. M. Venkataiah for the Office of Director.

Mr. M. Venkataiah is M.I.E., and has wide experience in automobile manufacturing and engineering and is associated with automobile companies and engineering companies for over a period of 39 years. He is currently Executive Director of Jaya Hind Industries Limited, Pune. It is in the interest of the Company to avail of the services of Mr. M. Venkataiah as a Director.

None of the Directors of the Company, except Mr. M. Venkataiah, is interested in the resolution mentioned at Item No.9.

ITEM NO. 10

As per the provisions of Section 260 of the Companies Act, 1956 and in exercise of the powers vested by Article 115 of the Articles of Association of the Company, the Board of Directors of your Company appointed Mr. S. A. Gundecha as an Additional Director w.e.f. 30th October, 2002.

As per the provisions of the said Section 260 of the Companies Act, 1956, Mr.S.A.Gundecha holds office till the date of ensuing Annual General Meeting. The Company has received a notice from a Member proposing the candidature of Mr.S.A.Gundecha for the Office of Director.

Mr. S. A.Gundecha is a Commerce Graduate with a degree in Law and is an Associate Member of the Institute of Company Secretaries of India. He has an experience of over 24 years in secretarial, taxation and finance matters and was associated with the Company for 22 years. It is in the interest of the Company to avail of the services of Mr. S. A. Gundecha as a Director.

None of the Directors of the Company, except Mr. S. A. Gundecha, is interested in the resolution mentioned at Item No.10.

By Order of the Board of Directors
For BAJAJ TEMPO LIMITED

Pune 411 035
Date : 29th July, 2003

Mrs. A. G. LAMBORE
Asst. Co. Secretary



BAJAJ

Tempo

LTD.

DIRECTORS' REPORT

To :

The Members,

The Directors have pleasure in presenting the 44th Annual Report together with the audited accounts for the financial year ended on 31st March, 2003.

1. Financial Results

	2002-03 Rs.	2001-02 Rs.
Gross Sales	826,25,17,903	630,33,61,221
Other Income	28,10,41,481	21,72,83,144
Gross Profit	60,27,91,279	29,63,77,239
Depreciation	25,11,47,564	27,91,88,290
Provision for Taxes (net)	2,99,00,000	12,37,475
Profit After Tax	32,17,43,715	1,59,51,474
Proposed Dividend	6,58,81,145	—
Provision For Tax On Distributed Profit	84,41,022	—
Transfer to General Reserve	3,22,00,000	—
Balance Carried Forward	23,11,73,022	1,59,51,474

The gross sales for the year under report increased to Rs. 826.25 crores against the previous year's sale of Rs. 630.33 crores representing a substantial growth of 31%.

2. Dividend

The Board of Directors recommend a dividend of Rs.5/- per share on 1,31,76,229 equity shares of Rs.10/- each fully paid up.

3. In view of the provisions of the Listing Agreement the Market Situation, Status of Operations etc., are dealt with in the "Management Discussion & Analysis" attached hereto.

4. Exports

The export turnover for the year under report was Rs.12.33 crores representing a growth of 190% over the previous year's exports valued at Rs.4.24 crores.

5. Research & Development

The expenditure on Research & Development for new products, including the expenditure on Projects and Tool Engineering, was 2.20% of the turnover. The Company has maintained its emphasis on research, development and tool engineering activities.

6. Foreign Collaborations

As reported earlier, the Company entered into a 'Technology Support Agreement' with Messers DaimlerChrysler AG, to enable upgradation of Company's export activity. The technology has been absorbed and has helped the Company to achieve better quality and higher export turnover.

The Company continues to obtain consultancy assistance from M/s. Ricardo, Dr. Rolf Bacher and Dr. G. L. Sesa.

7. Industrial Relations

Industrial Relations at both plants were cordial during the year.

8. Foreign Exchange

The 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.

9. Conservation of Energy

Constant efforts to improve energy conservation are on, both on terms of fuel economy of the vehicles manufactured by the Company and in terms of consumption of energy for operational purposes. Installation of an Intermediate Controller System, which has helped to regulate use of compressed air has had a beneficial effect on the reduction of energy costs. Power factor improvements at both the Plants have also yielded substantial benefits.

The Company has installed a new state-of-the-art, and highly fuel efficient CED Paint Shop at Akurdi, for painting Tractor panels.

10. Environment

The Company has continued to emphasize development of Emission Friendly Engines for all ranges of vehicles it produces.

The Company has commissioned a 'Chassis Dynamometer for Mass Emission Testing'. This equipment will enable the Company to carry out in house itself a variety of preliminary emission tests, on the full range of Four-Wheelers and Three-Wheelers manufactured by the Company, prior to offering the vehicles for Certification Testing.

11. Fixed Deposits

175 Fixed Deposits of Rs. 20,54,000/- matured for repayment on or before 31st March, 2003, but remained unclaimed on that date. Out of these 72 deposits amounting to Rs. 10,34,000/- have since been repaid/renewed.

12. Orders for Machinery

Since the close of the Accounting Year the Company has placed orders for new machinery, equipments and capital assets for Rs.3.17 crores.