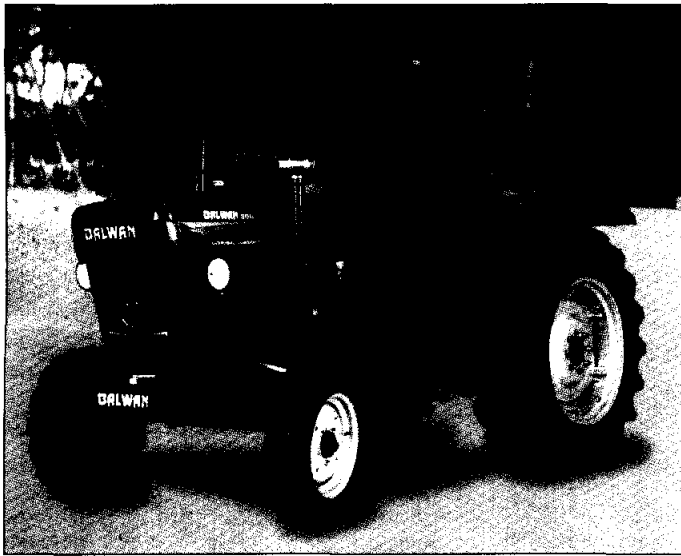


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New Balwan 500 Tractor



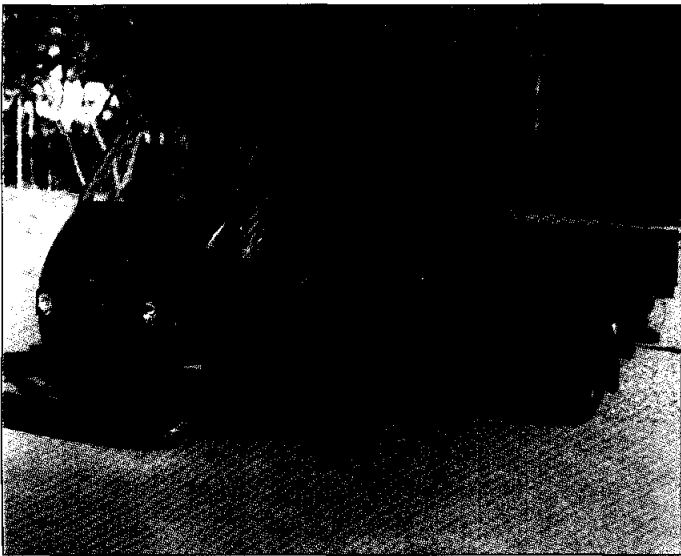
New Tempo Traveller CNG



New Trax Cruiser Delivery Van



New Tempo Trax JUDO Deluxe



New Minidor Comfort Cabin Pickup



New Minidor Delivery Van



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

Mr. Gurudutt Manjeshwar

Dr. Rolf Bacher

Dr. V. G. Bhide

Mr. Vinay Kothari

Mr. Sudhir Mehta

Mr. M. G. Chopda
Joint Managing Director

★ (w. e. f. 17th July, 2001)

Secretary :

Mr. S. A. Gundecha

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



NOTICE

Notice is hereby given that the 42nd Annual General Meeting of the Members of Bajaj Tempo Limited will be held on Friday the 28th day of September, 2001 at 11.00 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, 2001 together with Auditor's Report thereon.
2. To appoint a Director in place of Dr. V. A. Pai Panandiker, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Sudhir Mehta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Dr. R. J. Rath, 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 an Ordinary Resolution :-

"RESOLVED that pursuant to the provisions of Section 293 and other applicable provisions, if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for contributing to charitable and other funds, not directly related to the business of the Company or welfare of its employees, a sum of Rs. 50,00,000/- (Rupees Fifty Lakhs Only) during the Financial Year 2001-2002."

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 No. 7 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 remain closed from Wednesday, the 26th day of September, 2001 to Friday, the 28th day of September, 2001 (both days inclusive).
4. 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.
5. The unclaimed dividend upto the Company's financial year 1994-95 has been transferred to the General Revenue Account of the Central Government.
6. 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. The Company has paid the annual listing fees to each of these Stock Exchanges.
7. 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 : 13th August, 2001 Co. Secretary & Vice President

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM NO. 7**

As per the provisions of Section 293 (1) (e) of the Companies Act, 1956, the Board of Directors of a public company is authorised to contribute to charitable and other funds, not directly related to the business of the Company or welfare of its employees, amounts, the aggregate of which in any financial year shall not exceed Rs. 50,000/- or 5% of its average net profit as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, made during the three financial years immediately preceding whichever is greater. Considering the Company's profitability position in recent years and the requirement of donating certain amounts to charitable institutions, the Board of Directors consider that the

consent of the shareholders of the Company should be obtained to contribute the sum up to Rs. 50,00,000/- to the charitable institutions and funds during the financial year 2001-2002.

None of the Directors of the Company is interested in the resolution mentioned at Item No. 7.

By Order of the Board of Directors

For BAJAJ TEMPO LIMITED

Pune 411 035

S. A. GUNDECHA

Date : 13th August, 2001 Co. Secretary & Vice President



DIRECTORS' REPORT

To :

The Members,

The Directors have pleasure in presenting the 42nd Annual Report of the Company together with the audited accounts for the financial year ended on 31st March, 2001.

Financial Results

	2000-2001	1999-2000
	Rs.	Rs.
Gross Sales	614,84,18,679	678,56,23,689
Gross Profit	15,25,20,889	26,24,10,467
Depreciation	32,37,63,270	40,98,96,777
Taxation	22,82,766	18,90,000
Last Year Profits	—	1,41,09,814
Carried forward		

The gross sales reduced from Rs. 678.56 crores to Rs.614.84 crores, during the previous year i.e. by 9.4%, due to the combined effect of, Plant closure for 33 days at Akurdi in the months of May and June, 2000 and recessionary conditions in the market. The Company continued to make heavy provision on account of depreciation. The Company was able to plough back approximately Rs.15 crores in spite of contracted operations.

Implementation of 'SAP/R3 Enterprise Resource Planning Software'

As reported earlier, the Company successfully implemented 'SAP/R3, Enterprise Resource Planning (ERP) Software'. The operations in the new environment of information technology are settling down and the initial problems which arose out of the changeover to the new software have reduced. There has been a slight delay, because of this new electronic data processing environment, in declaring the audited results for F.Y. 2000-01 and also for the results of Q1, F.Y. 2001-02. The operations in the SAP environment are now streamlined, and it is expected that there should not be any delay in processing the data for declaring the results.

Dividend

Due to absence of profits, the Board of Directors are unable to recommend payment of any dividend for the Financial Year 2000-01.

Promoter's Shareholding

As reported earlier, DaimlerChrysler AG transferred its 16.80% shareholding in the equity capital of the Company to co-promoter of the Company, Jaya Hind Investments Private Limited. The transfer of these shares was registered in the first week of June, 2001.

Market Situation

The market for Commercial Vehicles continues to be depressed, in addition to experiencing inter-segment changes. The segment which is experiencing relatively better demand is the category of Commercial Vehicles with payload between 6 to 9 tonnes, whereas the Light Commercial Vehicles of lighter payload and Commercial Vehicles of higher payload continue to experience slack demand.

The composition of the market is also changing in terms of the vehicle ownership pattern, wherein the percentage of corporate, institutional or organised sector customers has increased and the proportion of individual owner operators is declining. This change reflects the effect both of depressed market conditions for the transportation business, as also the effect of the changing culture of logistics management for the movement of industrial goods, consumer durables, fast moving consumer goods and also agriproduce etc. in the country.

The Utility Vehicles segment has experienced a substantial shift in customer preference towards upmarket vehicles. The Company's sale of Utility Vehicles, especially developed for operation in rural areas, and offering high reliability and fuel economy i.e. the 'GAMA' and the 'JUDO' range of Utility Vehicles, particularly the specially developed Taxi versions, also has been severely affected. This is mainly due to the decision of the Excise Commissionerate at Indore to refuse to grant refunds of excise duty for legitimate Taxi operations. This decision of the Commissionerate at Indore has had a very severe effect on the sale of the Company's products in the Taxi segment, which has virtually come to a halt. It is particularly important to record that the competitors' vehicles, cleared under identical categories of Central Excise Classification, continue to enjoy free and quick Excise Duty Refund, as various other Excise Commissionerates at Mumbai, Pune, Nashik, Bangalore, Kolkata, etc. have regularly been granting the Excise tax refunds to Taxi owners. The sum in question, approximately Rs. 35,000/-, per vehicle is significant. The matter highlights the very



peculiar situation in India, where such actions can have serious detrimental effect on the maintenance of fair and competitive situation in the market.

There is a crying need for large scale deregulation of the passenger transport business, allowing free market operation of Taxi Cabs, Maxi Cabs, Autorickshaws and privately-owned buses throughout the country, similar to the full freedom enjoyed by the operators engaged in the transportation of goods - whether carried in Light Commercial Vehicles, Medium or Heavy Commercial Vehicles. In regard to goods carriage the availability of permits for operating vehicles for hire is a matter of right for the operator, and the Government's involvement and interference is limited to the extent of levying registration taxes and inter-state permit fees. This has led to free, fair and competitive trade. Whereas the trade in passenger carriage is distorted, restrictive and unfairly protected. The difference in treatment between Goods carriage regulations and Passenger carriage regulations is archaic and urgently needs to be removed.

The Government continues to maintain in the Central Excise Tariff Act, a peculiar classification 8702 which is deviant from the internationally accepted Harmonised Tariff Code, wherein an artificial category of vehicles is created in India, for vehicles with a seating capacity of 7 to 12 persons. This is being treated on par with the passenger cars so far as excise duty rates are concerned. The original dispensation which was valid from 1986-87 when the International Harmonised Tariff Code was accepted, for a continuous period of 10 years, was to treat passenger vehicles with a capacity of 10 and above, as being on par with commercial vehicles for taxation purposes - as is the practice worldwide. The distortion (artificial category of 7-12 Seats) built into the excise classification in 1996-97, has subjected all Utility Vehicles to higher rate of excise duty, and consequently restricted demand than was the condition upto 1996-97, till when the Utility Vehicles segment was growing at a healthy rate. It is important to note in this matter of Chapter 8702 that so far as the Customs Tariff is concerned, the country continues to follow the International Code, and vehicles with a seating capacity of 10 and above are governed by a bound rate of only 35 per cent of Customs Duty. No protection against imports is provided for such Utility Vehicles.

The net effect of the above peculiar treatment is that vehicles produced by the Utility Vehicles manufacturers in India are dis-incentivised in the market place due to the high tariff rate of 32 per cent of excise duty, and the same vehicles are denied the

protection granted to the passenger car industry wherein the passenger car industry is protected against imports by a trade barrier of 120% of protective customs duty for new vehicles and 183% for secondhand vehicles. This peculiar decision of the Government is all the more surprising as major manufacturers in the Utility Vehicles field are Indian Companies - which are denied protective legislation, whereas the recently set up Indian operation of Multi-national Companies who are the major players in the passenger car industry, are being actively protected. While it can be argued that Indian companies need not be unfairly protected against global competition - the logic of protecting global corporates against Indian companies is not explicable.

The Tractor market saw a significant down-turn during the year 2000-01 on account of depressed farm economy and poor availability of credit to the farm sector.

New Models

The Company had to prepone introduction of Euro II and CNG version vehicles, due to the pre-emption of Euro I/Bharat Stage II Emission Regulations for metros, including for the national capital region, as also due to the decision of the Hon'ble Supreme Court of India to permit only CNG vehicles in certain categories in the national capital region. The upgraded Euro II Engines and the newly developed CNG Engines derived from the Company's well established family of OM 616 Engines are now productionised. It is expected that in the coming months these will find wider market.

The 25 Horse Power OX 25 Tractor was launched during the previous year and has been very well accepted in the market, as a high technology product in the small horse power segment, offering excellent productivity and operational economy to the farmer. The Company has developed the 'BALWAN' 500 and the 'BALWAN' 400 Tractors, as further extension on the Company's well accepted OX 45 and OX 35 Tractors.

The Company's diversified product portfolio, the result of intensive in-house Research & Development today offers 'Best in Class' products in all segments that the Company competes in. The focus in operations is shifting to creating a stronger marketing organisation and competent dealer channel network. The Company has taken up a strong drive to establish close tie-ups with financing organisations to support retail sales.

Operations

As a part of improving the operations of the Company, effective steps have been taken to reduce operating



costs in terms of manpower costs and manufacturing and operating expenditures in all Divisions and Plants of the Company. During the current year, it is proposed to carry forward the process of Divisionalisation to create 'Product Centric Businesses', for Tractors, for 3-Wheelers and for Vehicles, each driven by its own market forces, technology environment and operating organisation.

Exports

The Company continues to meet with good success in export of the Tempo Trax range of vehicles, particularly to Germany. The thrust on exports is being increased to create new markets for products such as 3-Wheelers, Tractors and Utility Vehicles.

The export of components to DaimlerChrysler AG, particularly sheet metal parts, is expected to grow in the near future.

Research & Development

Research & Development activity has been further strengthened with a view to introduce new and upgraded products, both to widen the product range and to enhance the products attractiveness, in all product ranges. The expenditure on Research & Development for new products, including the expenditure on projects and Tool Engineering, was 2.09% of the total turnover.

Foreign Collaborations

The Company has entered into a technology support agreement with Messers DaimlerChrysler AG. This is expected to result in enabling to upgrade the Company's export activity.

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

Industrial Relations

The Company succeeded in negotiating wage agreements at both the Akurdi and the Pithampur Plants. The Industrial Relations situation continues to be cordial and constructive. Workmen at both the Plants have shown willingness to participate in improving productivity and quality, with a view to increase the competitive ability of the Company. The Company has undertaken a variety of training programmes to appraise the workforce of the new economic environment, and of the imperative of the work ethic in a highly competitive market.

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

Constant efforts to improve energy conservation are on, both in terms of improving fuel economy of vehicles manufactured by the Company and in terms of consumption of energy for operational purposes.

Environment

The Company has developed through its own R&D efforts, environment-friendly and regulation complaint line-up of engines, for its entire product range. Further upgradation of engines is being attempted to meet future Emission Regulations. The Company is playing its role in environment protection by effective control of pollution from automotive engines.

Fixed Deposits

117 Deposits amounting to Rs. 9,14,000/- matured for repayment on or before 31st March, 2001, but remained unclaimed on that date, out of which 46 deposits amounting to Rs. 5,06,000/- have since been repaid/renewed.

Orders for Machinery

Since the close of the Accounting Year the Company has placed orders for new machinery and equipment for Rs. 1.28 crores.

Demat

The Company has initiated the process of dematerialization of its shares quoted on stock exchanges. It is expected that this process will be completed shortly.

Directors

Mr. Juergen Ziegler, Alternate Director to Mr. Helmut Petri, resigned from the Directorship of the Company w.e.f. 3rd July, 2001. Mr. Hans-Ulrich Maik, Mr. Helmut Petri, Dr. Rolf Werner Friedrich Bartke, Mr. Wolf-Kristian Schneider, and Dr. Wolf Schultze Scharnhorst ceased to be Directors of the Company by resignation w.e.f. 16th July, 2001.

These Directors resigned from the Board of Directors of the Company in view of transfer of shares by DaimlerChrysler AG to Jaya Hind Investments Private Limited.

The Board expresses its sincere appreciation of the services rendered by Mr. Hans-Ulrich Maik, Mr. Helmut Petri, Dr. Rolf Werner Friedrich Bartke, Mr. Wolf-Kristian Schneider, Mr. Juergen Ziegler, and Dr. Wolf Schultze Scharnhorst during their association with the Company as Directors.

BAJAJ **Tempo** LTD.

Dr. V. A. Pai Panandiker, Mr. Sudhir Mehta, Dr. R. J. Rathi, and Dr. V. G. Bhide, Directors of your Company, retire by rotation, and being eligible offer themselves for reappointment.

Audit Committee

The Board of Directors of the Company appointed "Audit Committee". The Audit Committee consists of Dr. V. A. Pai Panandiker, Dr. V. G. Bhide and Mr. Vinay Kothari, Non-Executive Directors of the Company. The terms of reference of Audit Committee are as per the applicable law and the provisions of Listing Agreement.

Corporate Governance

As per the provisions of clause 49 of the Listing Agreement, executed by the Company with the Stock Exchanges, the Company is required to take actions to implement the provisions of the said clause within the Financial Year 2001-02, but not later than 31st March, 2002. The Company has initiated the process to comply with the requirements of the said clause and expects to complete all actions required for implementation before 31st March, 2002.

Directors' Responsibility Statement

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

- a) in the preparation of Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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/loss of the Company for that period.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Annual Accounts are prepared on a going concern basis.

Other

The statement pursuant to Section 212 of the Companies Act, 1956 relating to 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 the 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 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 14 employees as on 31st March, 2001, who were in receipt of a remuneration exceeding Rs. 12,00,000/- per annum and who were employed throughout the year and 3 employees who were in receipt of a remuneration exceeding Rs. 1,00,000/- 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, financial institutions, 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 FIRODIA

Pune 411 035

Date : 13th Aug., 2001 CHAIRMAN & MANAGING DIRECTOR

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, 2001 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, 2001.
 - and
 - ii) in the case of the Profit and Loss Account, of the LOSS for the year ended on that date.
 - f) On the basis of confirmations received from other Public Limited Companies in which directors of the Company are directors and on the basis of confirmations received from the concerned directors of the Company, none of the directors of the Company is disqualified from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act. 1956.

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

Pune 411 045
Date : 3rd July, 2001

S. S. Athavale
Partner