

LML LIMITED

L A N T A D 9 4 8 2 C O M P A N Y .

The beginning of a new era.



A N N U A L R E P O R T 2 0 0 1 - 2 0 0

BOARD OF DIRECTORS

M R B PUNJA, Chairman
 K A NAJMI, IFCI Nominee
 KULWANT SINGH, IDBI Nominee
 SHIROMANI SHARMA
 S K AGGARWAL
 LALIT KUMAR SINGHANIA, Whole-time Director
 SANJEEV SHRIYA, Whole-time Director
 DEEPAK SINGHANIA, Managing Director

EXECUTIVE DIRECTOR (COMMERCIAL) & COMPANY SECRETARY

K C AGARWAL

AUDITORS

BANSI S. MEHTA & Co., Chartered Accountants, Mumbai
 PARIKH & JAIN, Chartered Accountants, Kanpur

COST AUDITOR

J K KABRA & Co., Cost Accountants, New Delhi

BANKERS

STATE BANK OF INDIA
 BANK OF INDIA
 BANK OF BARODA

REGISTERED OFFICE

C-3, Panki Industrial Estate,
 Kanpur- 208 022

WORKS

- Site Nos. II & III
 Panki Industrial Estate, Kanpur - 208 022
- Co-operative Industrial Estate, Kanpur - 208 022
- 895, Udyog Vihar, Phase I
 Gurgaon (Haryana)

ADMINISTRATIVE OFFICE

MUMBAI
 714, Raheja Chambers, Nariman Point

REGIONAL OFFICE

NEW DELHI
 B-17, Greater Kailash Part-I

SALES OFFICES

- MUMBAI
 103-A, Kalpita Enclave,
 Swami Nityanand Marg, Andheri (East)
- BANGALORE
 56, Mission Road
- KOLKATA
 5A, 41, Hazra Road
- AHMEDABAD
 61, Geekini House, Parkland Apts.,
 Law Garden, Ellis Bridge
- BHOPAL
 Plot No. 165-A, Star Arcade Zone-I,
 Opp Vijai Sthamb, M P Nagar
- CHANDIGARH
 SCO 84-85 (1st Floor), Sector 17-C
- HYDERABAD
 24, Nagarjuna Hsg. Soc., Punjagutta
- JAIPUR
 B-192, University Marg, Bapu Nagar
- PATNA
 1st Floor, Surya Apartment, Fraser Road
- CHENNAI
 110, Nelson Manikam Road, Aminjikarai
- GUWAHATI
 Hema Ram Keot, Nilomani Thukan Path, Christian Basti
- BHUBNESHWAR
 256-D, 1st Floor, Forest Park
- COCHIN
 OS-15, 11th Floor, GCDA Complex, Marine Drive, Ernakulam

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The beginning of a new era.



85

km per litre

Unmatched pick up

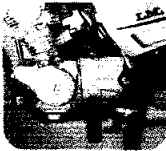


Long life Long life halogen bulb gives day like brightness with a powerful beam	Multi-reflector durable SURE-LOP headlight Long life halogen bulb gives day like brightness with a powerful beam	Combination of large diameter (130mm) front and rear SURE-STOP brakes With 9 x 18 tyre gives pin-point braking and road grip	Long service life Long service life suspension system that makes riding over the roughest roads smooth and comfortable	Long life Long life suspension system that makes riding over the roughest roads smooth and comfortable
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LML
FREEDOM
Ride it with pride

The advanced, new generation LML Freedom redefines all other motorcycles in its category. At its heart is an all-aluminium, low-friction, 4-stroke, 110cc ALOFRIC™ engine with an internal oil transfer system. Along with an economical 85 km/litre* mileage, it delivers quick and ready pick-up and reduces the need to change gears frequently. Strong, durable and completely reliable, the rock-steady balance, firm road-grip, sure-stop braking, amazingly smooth ride, extra-comfortable seat for you and your family and daylight-bright headlight of the LML Freedom makes it the perfect motorcycle for Indian conditions. The style and performance of the LML Freedom will exceed your expectations on every count. And be more than a match for any challenge you can think of.

New Generation Features



Higher Torque
Minimises the need to shift gears frequently at lower speeds. Helps take steep inclines effortlessly.



Pass-by Switch
This switch, located on the left side of the handlebar, allows you to flash the headlight while overtaking to ensure safe riding.



Unique Side Stand
The specially designed side stand has a gear interlock that does not allow the rider to put the motorcycle into gear unless the stand is removed, thus reducing the possibility of accidents. The main stand has a unique lever that allows the rider to put the motorcycle on the stand with the least effort.



Higher Ground Clearance
Ensures a comfortable ride over speed-breakers and potholes.



Ergonomically Designed Seat
The overall seat length, seat width and incline coupled with an ideal handlebar position ensure a comfortable, fatigue-free ride for the rider and his family even over long distances.



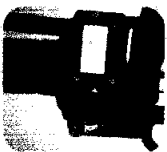
Heat Shield on Silencer
The silencer is fitted with a special chrome-plated heat shield to ensure safety for the rider and pillion.



Tail Light & Indicators
Unique and very durable multi-reflector tail light and indicators that are clearly visible from a long distance to ensure on-road safety.



Choke on Handlebar
A thoughtfully located choke on the handlebar makes life so much easier.



Electrical Switches
Very modern and durable design of switches with push-to-cancel function for indicators, and a separate engine "cut" switch.

**2 year
30,000 km
WARRANTY***

**Very Durable
and Reliable
Low Maintenance**

LML Freedom is available in
Serene Blue Jet Black Lightning Silver

*At steady speed under standard test conditions. **Conditions apply.

LML LIMITED**NOTICE**

NOTICE is hereby given that Twenty-eighth Annual General Meeting of Members of LML Limited will be held on Saturday, the 14th September, 2002 at 11.00 A.M. at its Registered Office at C-3, Panki Industrial Estate, Kanpur - 208 022 (U.P.) to transact the following business(es) :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date, together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S K Aggarwal, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Sanjeev Shriya, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration and, to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT, pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors, M/s Parikh & Jain, Chartered Accountants, Kanpur and M/s Bansi S. Mehta & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors and/or any Committee thereof."

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Shiromani Sharma, who was appointed as an Additional Director and holds such office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member, proposing Mr. Shiromani Sharma's candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to the provisions of Sections 198, 309 & 310 read with Schedule XIII, of the Companies Act, 1956, read with Section 10(10CC) of the Income-tax Act, 1961, as amended by Finance Act, 2002, Income-tax Rules, 2001 (22nd Amendment) and other applicable provisions (if any) of the Companies Act, 1956, Income-Tax Act, 1961 & Income-tax Rules, as amended from time to time, and subject to such approvals / permissions as may be required (if any), the consent of the Company be and is hereby accorded to discharge the Income Tax liability(ies), by the company, on all perquisites (other than by way of monetary payment) of Mr. Deepak Singhania, Managing Director and Mr. L K Singhania & Mr. Sanjeev Shriya, Whole-time Directors, for balance tenure of their respective employments, w.e.f. 01.04.2002."
"RESOLVED FURTHER THAT Income Tax on said perquisites shall be paid by the Company even in case of absence or inadequacy of profits in any financial year, and such payment together with other remuneration (salary + all perquisites), shall be treated as minimum remuneration payable to them."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and to execute any agreement(s) or instrument(s) as may be required to give effect to the said resolution."
7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :-
"RESOLVED THAT the Equity Shares of the Company be delisted from the Delhi Stock Exchange Association Ltd., New Delhi in accordance with the relevant laws, rules, regulations and guidelines (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary and in compliance with such conditions and modifications as may be necessary for this purpose."
"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary delisting, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in regard to delisting of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient as may be deemed fit and for this purpose, to delegate the authority duly vested in it by virtue hereof to the Managing Director or the Company Secretary or any other person whom the Managing Director may consider suitable to do the various acts, deeds and things as required to be done in this behalf."

By Order of the Board of Directors

K C AGARWAL
Executive Director (Comm.) &
Company Secretary

Place : New Delhi
Dated : 29th July, 2002

**NOTE(S) :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a PROXY to attend and, on a poll, to vote instead of himself/herself. A blank form of proxy is enclosed and, if intended to be used, should be returned to the Registered Office of the Company not less than forty-eight hours before the scheduled time of the Meeting. A proxy so appointed need not be a member.
2. Explanatory statement as required u/s 173(2) of the Companies Act, 1956, relating to special business at item Nos. 5, 6 & 7 and information under Clause 49 of the Listing Agreement regarding re-appointment of Directors is appended hereinbelow.
3. The Register of Members and the Share Transfer Books of the company will remain closed from Monday, the 9th September, 2002 to Saturday, the 14th September, 2002 (both days inclusive).
4. Company's shares are being compulsorily traded in Demat form w.e.f. 17th January, 2000. Members may send Dematerialisation Request Form (DRF) alongwith Share Certificates/Option Letter through their Depository Participants for demat of shares to **LML Shares Registry**, C-10, Panki Industrial Estate, Site-II, Kanpur - 208 022.
5. Pursuant to the provisions of Section 205 (A) of the Companies Act, 1956, as amended, the dividends which remains un-paid or un-claimed for a period of Seven years will be transferred to "Investor Education and Protection Fund" of the Central Government. Members who have not encashed the Dividend Warrant so far, for the Financial year ended 31st March, 1997 or any subsequent financial year are requested to send the un-encashed dividend warrants to **LML Shares Registry** for necessary action.
6. Members are requested to notify changes in their address(es), if any, to **LML Shares Registry**, quoting their folio No(s). Members whose share holdings are in the electronic mode are requested to send the intimation for change of address(es) to their respective Depository Participants.
7. Members, who are holding Shares in identical order of names in more than one Folio, are requested to write to **LML Shares Registry**, enclosing their share certificates for consolidation in one folio.
8. Company has established a Trust for easy marketability of its Odd Lot Shares. Shareholders may dispose off their ODD LOT SHARES held in physical form through the Trust. Kindly send your ODD LOT SHARES alongwith duly signed Transfer Deed(s) at the following address for sale in the market:
LML Limited - Odd Lot Shares Trust
 C-10, Panki Industrial Estate, Site - II, Kanpur - 208 022
 Tel : 0512-691381-85
 Fax : 0512-691393, 691985 & 691191
9. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance so as to enable the Company to keep information ready.
10. Shareholders, who wish to nominate a person, may furnish us required details in the prescribed Form.
11. Members / Proxies should bring the attendance slips filled in for attending the meeting.

**EXPLANATORY STATEMENT U/s 173 (2) OF THE COMPANIES ACT, 1956 & INFORMATION UNDER
 CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT OF DIRECTORS**

Item No. 2

Mr. S K Aggarwal, aged 69 years is a Chartered and Cost Accountant and is a Director of the Company since 15th May, 1989. He has vast experience of over 30 years in Finance, Accounting and General Corporate Management. He is one of the members of Sub-Committee of Directors, Audit Committee and Share Transfer & Shareholders/Investors' Grievance Committee of your Company.

Item No. 3

Mr. Sanjeev Shriya, aged 43 is a Chartered Accountant and has wide experience in Two Wheeler Industry, Foreign Trade and IT Industry. He has widely travelled and is actively involved in day to day affairs of the Company since 09.10.1982 as a Director and w.e.f. 18.07.1984 as a Whole-time Director.

He is also Director in the other Companies viz: Essar Steels Ltd., Gold Rock Investments Ltd., Gold Rock World Trade Ltd., Sugata Investments Ltd., Saryu Investments Ltd., Gold Rock Card Co. Ltd., Smart Chip Ltd., Syscom Technologies Ltd., Tridhar Finance & Trading Ltd., Blue Point Leasings Ltd., Aircel Digilink India Ltd., Sterling Cellular Ltd. and Karthik Financial Services Ltd.

He is member of Sub-Committee of Directors of your Company.

Item No. 5

Board had appointed Mr. Shiromani Sharma as an Additional Director of the Company on 28.01.2002. Mr. Shiromani Sharma aged about 69 years is an Ex-IAS officer having wide experience at various positions in Government as well as in Public & Private Sector Companies. Mr. Sharma had earlier been a Director of the Company as a Financial



Institution's Nominee for about 5 years (from 10.08.1992 to 02.06.1997) and also as an Alternate Director for about 2 years during 1998-99 & 1999-2000.

Mr. Sharma is also Director of Star Paper Mills Co. Ltd., Ginni International Ltd., Cheviot Co. Ltd. and Hanil Era Textiles Ltd.

He is Chairman of Audit Committees of Star Paper Mills Co. Ltd. and Ginni International Ltd. He is member of Audit Committee and Remuneration Committee of your Company.

Company has received a notice in writing from a member proposing the candidature of Mr. Shiromani Sharma for the office of Director under Section 257 of the Companies Act, 1956 alongwith the requisite deposit of Rs. 500/-. Resolution contained at Item No. 5 of the accompanying Notice is commended by the Board for your approval.

None of the Directors of the Company except Mr. Shiromani Sharma, is in any way, concerned or interested in the passing of the said resolution.

Item No. 6

Ministry of Finance (Department of Revenue), Central Board of Direct Taxes, vide Notification F.No.142/44/2001/TPL, on 25.9.2001 had amended the Income-tax Rules for valuation of perquisites, provided by the employers (hereinafter referred to as Company) directly / indirectly to its employees. As per these amendments, employees of the Company are required to pay the tax on perquisites availed by them from the Company. The Company has been providing perquisites (other than by way of monetary payment) to its Managing Director and Whole-time Director(s) as per terms of their respective appointments, which were approved by the members in past.

Further, w.e.f. 1.4.2002, Section 10(10CC) of the Income-tax Act, 1961 provides an option to the Employer (Company), to pay the Income Tax on the whole or part of perquisites (other than by way of monetary payments), on behalf of its employees, without making any deduction from the income of the employees, which is proposed to be met by the Company.

In terms of Sections 198, 309 & 310, read with Schedule XIII of the Companies Act, 1956, such discharge of tax liability by the Company, would amount to an increase in remuneration of such Directors. However, such increase will be within the permissible limits and the same has been considered and approved by the Remuneration Committee in its meeting held on 30.04.2002. Such increase in remuneration requires approval of Members by way of Ordinary Resolution. Accordingly, the resolution is placed for your approval.

The aforesaid details of such increase in remuneration of Managing Director and Whole-time Directors shall be deemed to be the extracts of remuneration required to be furnished u/s 302 of the Companies Act, 1956.

The agreement(s) entered into by the Company regarding the appointment and change in their remuneration will be made available for inspection at the Registered Office of the Company on all working days between 11.00 AM to 1.00 PM upto the date of this Annual General Meeting.

Mr L K Singhania, Mr Deepak Singhania & Mr Sanjeev Shriya are concerned or interested in the resolution. None of the other Directors are concerned or interested.

Item No. 7

Presently, the Equity Shares of the Company are listed on the Stock Exchanges at Ahmedabad, Delhi, Kanpur, Mumbai and the National Stock Exchange. Consequent to the recent changes in the capital market in relation to the manner of dealing in shares/securities of companies, the volume of trading in Company's Equity Shares on the Delhi Stock Exchange has reduced substantially. On the recommendation of the Share Transfer & Shareholders / Investors Grievance Committee, the Board of Directors of the Company at their meeting held on 29.07.2002 has, therefore, decided to get the shares of the Company voluntarily delisted from the Delhi Stock Exchange Association Ltd., New Delhi in accordance with the applicable laws, rules, regulations and guidelines.

As required under the Listing Agreement entered into by the Company with the said Stock Exchange and SEBI Guidelines on voluntary delisting of shares, your approval for the proposal is sought by way of a Special Resolution for delisting the shares of the Company from the said Stock Exchange.

A similar proposal to delist the shares of the Company from Ahmedabad Stock Exchange was placed before the Members in the AGM held on 22.08.2000 and, the members had consented for the same with more than 3/4th majority (special resolution).

The Special Resolution mentioned at Sl.No. 7 of the Notice is commended by your Directors for your approval.

None of the Directors, is, in any way, concerned or interested, in the above resolution.

By Order of the Board of Directors

K C AGARWAL

*Executive Director (Comm.) &
Company Secretary*

Place : New Delhi
Dated : 29th July, 2002



MANAGEMENT DISCUSSION AND ANALYSIS

Macro-economic Developments & the Industry

Estimates of growth of Indian GDP for F.Y. 2001-02 were revised downwards from the initial target of 6.5% to around 5.4% due to a lower than foreseen growth in the Industrial sector. This was despite a higher growth in the services sector and an improvement in the agricultural sector. The macro economic environment during the year, attributable to overall global political scene, had its impact on growth rates in Indian industry. Events on & after 11th September have changed our lives perhaps in an irreversible way.

Inflation situation in our country turned benign in 2001-02 with average inflation as measured by Wholesale Price Index (WPI) estimated at around 4.7% as against 7% at the beginning of the year.

Against the backdrop of economic slowdown and low inflation, the Reserve Bank of India maintained a soft interest rate throughout the financial year. The Cash Reserve Ratio (CRR) to be maintained by banks was brought down from 8% at the beginning of the year to 5.5% at the end of the year in 3 stages. As a result of the easy money policy & increased availability of consumer finance, there have been indications of revival in purchases in certain sectors of industry. Automobile Industry exhibited a marked resilience.

Mission and Business Strategy :

We redefine our mission so as to become "a world class Two-Wheeler Company" - benchmarking ourselves against international standards and best practices in terms of product offerings, technology, manufacturing efficiency, service levels, management audit compliance, and governance.

Our business strategy emphasizes the following:

1. Leverage our technology & manufacturing platforms to extend our product coverage in Two-Wheeler market - particularly in all segments of Motorcycles and Scooters.
2. Increase our market share by delivering high quality products & customer service at economic operating costs.
3. Innovate and upgrade products and features and improve upon services & thus attract target customers and address inefficiencies in the Indian Two-Wheeler sector.
4. Focus on high earnings growth with reduced volatility.

Two-wheeler segment

Despite revival of consumer interest in automobile industry in general & two wheeler segment in particular, your Company faced a decline in its overall turnover. We could have been able to do better during the year but for the reasons discussed in para related to performance short comings :

Metal Bodied Geared Scooters (MBGS) continued facing a very severe and rapid decline in its share of the total two wheeler market.

The share of the two wheeler market between the four main categories of two wheelers has been as follows during the last 12 years-

(Nos lacs)

Category	1990-91		1995-96		1999-2000		2000-2001		2001-2002	
	No.	%age	No.	%age	No.	% age	No.	%age	No.	%age
Geared Scooters (Metal Body)	8.35	46.20	10.79	40.59	9.73	25.80	6.22	16.60	5.60	13.00
Gearless Scooters (Plastic Body)	0.77	4.30	1.44	5.42	2.81	7.40	2.80	7.47	3.15	7.30
Motorcycles	4.68	25.90	8.09	30.44	17.97	47.60	21.56	57.56	29.50	68.30
Mopeds	4.26	23.60	6.26	23.55	7.26	19.20	6.88	18.37	4.94	11.40
Total	18.06	100.00	26.58	100.00	37.77	100.00	37.46	100.00	43.19	100.00

Source: SIAM and other secondary sources



Chart 1 Market Scenario (1990-91)

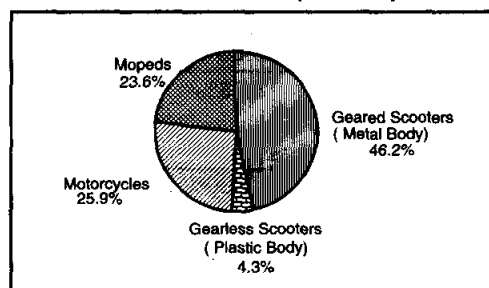
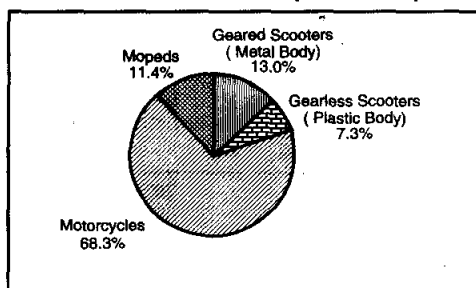


Chart 2 Market Scenario (2001-2002)



Motorcycles are now the dominant choice of Indian two wheeler riders and is expected to continue to remain so for the foreseeable future. Resilience in MBGS has been witnessed during the year under review to some extent, and people seem to be moving to Motorcycles from Mopeds also.

The probable inter-segment weightage distribution during next 5 years is likely to be :

Category	2002-03 %	2003-04 %	2004-05 %	2005-06 %	2006-07 %
Gearless Scooters (Metal Body)	10	8	5	4	4
Gearless Scooters (Plastic Body)	10	10	10	10	10
Motorcycles	70	74	77	79	79
Mopeds	10	8	8	7	7
Total	100	100	100	100	100

Chart 3 Market Scenario (2002-03)

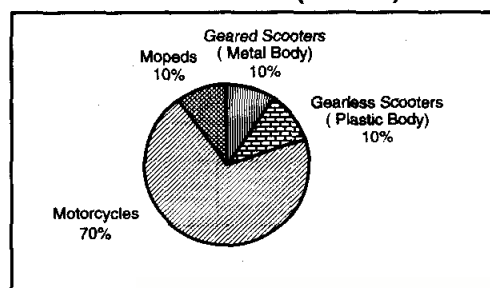
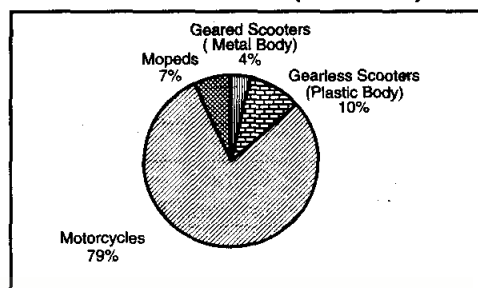


Chart 4 Market Scenario (2006-2007)



Performance & Current Outlook

Domestic sales performance of your company is analysed below:

	2000-01 (Nos.)	2001-02 (Nos.)
Gearless Scooters	151,447	117,581
Gearless Scooters	9,734	3,184
Motorcycles (Niche Segment)	36,160	44,723

Scooters - both Geared & Non-Geared versions encountered a decline in volumes due to shift in consumer preference. On Account of this LML's source of business, i.e. product coverage in the Two-wheeler market declined significantly as is evident below :



Time	Source of Business (Product Coverage)		Penetration (in source of business)	Market Share (in Two-wheeler industry)
1997 (Dec)	40.0%	geared scooters	⇒ 25%	10.00%
2000 (Dec)	13.0%	geared scooters	⇒ 21%	4.75%
	6.6%	niche motorcycles	⇒ 30%	
2002 (Apr)	19.6%			
	9.0%	geared scooters	⇒ 21%	3.20%
	6.0%	niche motorcycles	⇒ 22%	
	15.0%			

(All figures are very approximate)

It is virtually impossible to go back to 10%, market share with our product coverage remaining restricted to 15% of the Two-wheeler market. Therefore, increasing the product coverage (progressively) is the only feasible route for returning to profitability.

We have recently introduced FREEDOM, our motorcycle in the Deluxe Commuter segment in July 2002 in certain select markets. The Deluxe Commuter segment currently commands a market share of 55% of the motorcycle market and with this introduction our product coverage will increase to 56% of Two-wheeler market. We propose to launch another motorcycle at entry level and later a 4-stroke gearless scooter, which should increase our product coverage to the level of 89% of the total Two-wheeler market.

Financial Performance

(Rs. in crores)

	2001-02	2000-01
Gross Sales	539.10	628.18
Net Sales	466.91	513.42
Operating Profit / (Loss)	(14.92)	5.86
Operating Margin	-	1.14%
Other Non-operating Income	10.34	9.47
Profit/(Loss) before Interest, Depreciation & Taxation	(4.58)	15.33
Interest	40.71	33.57
Cash Profit / (Loss)	(45.29)	(18.24)
Depreciation	23.32	23.05
Taxation	-	-
- Current	-	-
- Deferred Tax (Net)	(24.22)	-
Net Profit / (Loss)	(44.39)	(41.29)

The performance during the year was adversely affected due to further drop in the MBGS category and limited product coverage, which resulted in significant compression of our sales volume and consequent erosion of operating profitability. Operating expenses, particularly on manpower were maintained at normal level, as Company expects substantial increase in sales volume on introduction of FREEDOM. Interest cost increased during the year as provision of interest has been made on unpaid interest pending approval of restructuring proposal submitted by the Company to the Financial Institutions and the Banks.

Exports

Despite a global slow down, the Company exported 7241 units. It also added a number of new countries to its export list which now covers over 38 countries, and include even developed countries.

During current financial year the Company expects to do significantly better with the inclusion of Motorcycles in its product offerings. In addition it will commence exports of its Scooters to the U.S.A. upon grant of the EPA and DOT certification. It is also estimated that the general recovery in the American market, which will have an influence on the world economy more particularly in the South American market, would help in increasing our export volume.

Cautionary Statement

Management Discussion and Analysis detailing the Company's objectives and expectations may have "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas.