

Report  Junction.com



MAHARASHTRA SCOOTERS LTD.

23rd Annual Report 1997-98

CONTENTS

Board of Directors	1
Notice to Annual General Meeting	2
Report of the Directors	4
Five Years' Highlights	11
Report of the Auditors	12
Balance Sheet	14
Profit & Loss Account	15
Schedules forming part of Accounts	16
Balance Sheet Abstract and Company's General Business Profile	24
Cash Flow Statement	25
Graph of Appreciation of Investment in Maharashtra Scooters Limited	

**23rd Annual General Meeting : Friday, the 24th day of July, 1998 at 12.30 p.m.
at the Registered Office.**

**For shareholders and proxies attending the meeting, local transport is
being arranged. For details, please contact Registered Office.**

**Board of Directors**

Rahul Bajaj
Chairman

Lingraj Vallyal
R.M. Pathan
D.S. Mehta
Jayant H. Shah
Madhur Bajaj
B.V. Patil
S.P. Wagh

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

Chief Executive

Ranjit Gupta

General Manager

S.R. Rege

Secretary & Dy. G.M. (Finance)

J. Sridhar

Auditors

P.C. Parmar & Co., Pune

Cost Auditors

P.M. Nanabhoy & Co., Mumbai

Bankers

Central Bank of India

Registered Office

C/o Bajaj Auto Limited,
Mumbai-Pune Road, Akurdi,
Pune 411 035.
Tel. Nos. (0212)-775811-12-13
Fax No. (0212)-772764

Works

Plot No. C-1, M.I.D.C. Area,
Satara 415 004.
Maharashtra.



MAHARASHTRA SCOOTERS LTD.

23rd Annual Report 1997-98

Registered office:
C/o Bajaj Auto Limited,
Mumbai-Pune Road, Akurdi,
Pune 411 035.

NOTICE

NOTICE is hereby given that the Twenty-third Annual General Meeting of the shareholders of MAHARASHTRA SCOOTERS LIMITED will be held on Friday, the 24th day of July, 1998 at 12.30 p.m. at the Registered Office of the Company at C/o.Bajaj Auto Limited, Mumbai-Pune Road, Akurdi, Pune-411 035 to transact the following business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 1998 and Profit and Loss Account of the Company for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Jayant H. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B.V. Patil, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED pursuant to Section 224-A of the Companies Act, 1956 that M/s. P.C.Parmar & Company, Chartered Accountants, Pune, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration of Rs.250,000 (Rupees Two lacs fifty thousand only) plus out-of-pocket, travelling and living expenses."

By Order of the Board,
For MAHARASHTRA SCOOTERS LIMITED

J. SRIVIDHAR
SECRETARY & DGM (FINANCE)

Pune, 8th May, 1998

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.5 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 1st day of July, 1998 to Friday, the 24th day of July, 1998, both days inclusive.
4. If Dividend on shares as recommended by the Directors is approved at the meeting, payment of such dividend will be made to those shareholders whose names appear on the Register of Members of the Company on 24th July, 1998.
5. Shareholders desiring dividend to be paid to the banks or other mandatees may register the mandates with the Company latest by 1st July, 1998.

MAHARASHTRA SCOOTERS LTD.

6. Shareholders are requested to advise the Company immediately of any change in their address.
7. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed dividends upto the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

The unclaimed dividends for the following accounting years will be deposited by the Company with Central Government on the dates specified against each of the years:

<u>Year</u>	<u>Date</u>
1994-95	21-09-1998
1995-96	03-10-1999
1996-97	05-09-2000

Shareholders who have not encashed the Dividend Warrants for the above years are, therefore, requested to immediately forward the same to the Company for revalidation.

8. Register of Contracts, Companies and Firms in which directors are interested under section 301 of the Companies Act, 1956 would be open for inspection to the Members at the Registered Office of the Company on all working days except on Thursdays between 11.00 a.m. and 2.00 p.m.
9. Register of Directors' shareholding under section 307 of the Companies Act, 1956 would be open for inspection to the Members at the Registered Office of the Company on the date of the Annual General Meeting during office hours.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(As required by Section 173(2) of the Companies Act, 1956)

Item No.5

Section 224-A of the Companies Act, 1956 requires that in a company in which not less than 25% of the subscribed share capital is held by the Government, Government companies, nationalised banks and public financial institutions referred to therein, the appointment of auditors is to be made by a special resolution. Since Western Maharashtra Development Corporation Limited, a Government Company, holds more than 25% of the subscribed share capital of the Company, the special resolution in item No.5 is submitted to this meeting to accord sanction to the appointment of the said auditors and for payment of the said remuneration to them.

None of the Directors is interested or concerned in the resolution.

By Order of the Board
For MAHARASHTRA SCOOTERS LIMITED

J. SRIDHAR
SECRETARY & DGM (FINANCE)

Pune, 8th May, 1998



MAHARASHTRA SCOOTERS LTD.

DIRECTORS' REPORT TO THE MEMBERS

1. Your Directors have pleasure in presenting their Twenty-third Annual Report and Audited Statement of Accounts for the year ended 31st March, 1998.

2. OPERATIONS:

- 2.1 The Production and Sales during the year under review could not be maintained at the levels of the previous year, due to the lack-lustre market conditions, which prevailed in the scooter industry during a major portion of the year. The market in the current year also has not shown any particular buoyancy so far.
- 2.2 Your Company suffered a 6% drop in the production of scooters from 154,356 Nos. during the previous year to **145,016** Nos. during the year under review.
- 2.3 Sale of scooters also fell by 7.80% from 150,036 Nos. in the previous year to **138,337** Nos. during the year under review.
- 2.4 With "Other Income" during the year under review coming down from Rs.155 Million during the previous year to **Rs.118** Million during the year under review, Sales and Other Income in aggregate recorded a decline of 5.86% over the previous year from Rs.2930 Million to **Rs.2758** Million in the year under review.

3. FINANCIAL RESULTS:

	(Rs. in million)	
	1997-98	1996-97
Sales and Other Income	2758	2930
Gross Profit before Interest and Depreciation	217	254
Interest	-	3
Profit before Depreciation	217	251
Depreciation	14	11
Profit Before Taxation	203	240
Provision for Taxation	56	82
Net Profit	147	158
Disposable surplus after Adjustments for earlier years	147	159
Provision for Proposed Dividend	23	23
Provision for Dividend Tax	2	2
Balance carried to General Reserve	122	134

4. DIVIDEND:

- 4.1 The Directors recommend for consideration of shareholders at the Annual General Meeting, payment of dividend of Rs. 2 per share on the paid-up capital of the Company as enhanced by the bonus issue in the ratio of 1:1 made in the previous year, i.e., on 11,428,568 equity shares of Rs.10 each for the year ended 31st March, 1998. The dividend, if approved, will absorb Rs. 23 million.

**5. ISSUE OF BONUS SHARES:**

- 5.1 During the year under review, the allotment of 5,714,284 Bonus Shares of Rs.10 each in the proportion of one Bonus Share for every existing equity share was completed by capitalising a sum of Rs.57,142,840/- from the Reserves. The issued share capital of the Company, on the issue of the said Bonus Shares, has increased to Rs.114,285,680/-.

6. DEBTS AND INVESTMENTS:

- 6.1 A Debt Disclosure Statement, which may be read in conjunction with the Schedules to the Balance Sheet on Secured and Unsecured Loans, is set out at Item 1 in Annexure 2 to this Report.

7. COMPETITION AND MARKET SHARE:

- 7.1 The overall growth rate of two-wheeler market in 1997-98 at 2.7% was the lowest in four years. With a significant shift in the composition of the two-wheeler market, the declining trend in the scooter market continued in 1997-98.
- 7.2 Against the above backdrop, your Company during the year under review recorded a market share of 11.63% of the Indian scooter industry (excluding scooterettes), against 12.04% in the previous year.
- 7.3 Under the guidance and superintendence of your Company's principals viz., Bajaj Auto Ltd., thrust on after-sales-service continued under the programme 'New Approach to Service' by further improving the dealer workshop infrastructure, systems and training and bringing about a clear focus on customer satisfaction.

8. DISCLOSURE OF SPECIAL PARTICULARS:

Information as per clause (e) of sub-section (1) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 1998 is given below:

8.1 Conservation of Energy:

- 8.1.1 As in the previous years, your Company took several steps during the year under review, which helped your Company in effecting significant savings in the consumption of power, fuel, oil, water and other energy sources.
- 8.1.2 Bio-gas Plant and Vermiculture Plant operating on canteen waste are working smoothly. Solar heaters for Canteen requirements are also operative. These activities have attracted a favourable attention of many organisations in the region of Western Maharashtra, where the plant is situated.
- 8.1.3 Your Company has maintained power factor of 0.98 for the last several years ensuring optimum efficiency levels in energy utilisation.

8.2 Technology Absorption, Adaptation and Innovation:

- 8.2.1 As reported in the past, your Company has Technical Collaboration Agreement with Bajaj Auto Limited and through continuous inter-action, such product and technology improvements achieved by their Research and Development Department as are relevant to the products of your Company are duly incorporated by your Company from time to time. As such, no separate expenditure has been incurred by your Company on Research and Development activities during the year under review. Your Company has not imported any technology in view of the technical arrangement with Bajaj Auto Limited.



MAHARASHTRA SCOOTERS LTD.

Year ended 31st March 1998

8.3 Foreign Exchange Earnings and Outgo:

8.3.1 Your Company has not undertaken any activity relating to exports during the year under review.

8.3.2 During the year under review, the total foreign exchange used was Rs.0.27 million, while foreign exchange earnings were Nil.

9. PARTICULARS OF EMPLOYEES:

9.1 Information as per sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1998 is given in Annexure 1 to this report.

10. QUALITY:

10.1 After an inspection of your Company's Satara Plant, the Bureau Veritas Quality International (BVQI) has awarded ISO 9002 Certification to the said Plant.

11. SAFETY, HEALTH AND ENVIRONMENT:

11.1 Your Company continues to accord high priority for ensuring highest safety standards in operations at every level. Through a declared policy on Safety and Health, your Company has once again kept the accident levels very low during the year under review.

11.2 Your Company is proposing to modify the existing Fire Hydrant line as per Tariff Advisory Committee requirements to ensure additional safety precautions. Various training programmes for safety awareness were organised during the year, in which 224 employees were trained in this aspect.

11.3 Your Company is now preparing for ISO-14000 certification for Environmental Management System.

11.4 Your Company has employed a separate qualified Environmental Engineer to monitor air and water samples and to take care of all eco-friendly activities. Work of setting up of laboratory for testing samples of effluent is nearing completion.

11.5 Environmental audit for the year 1997-98 is being carried out as stipulated.

12. SHAREHOLDING PATTERN:

12.1 Shareholding pattern of your Company as on 31st March, 1998 in terms of Distribution of Shareholding as well as Category-wise Shareholding is given in Item 2 & 3 of Annexure 2 to this Report.

12.2 A Table showing the Monthly Highs and Lows of share prices on Pune, Mumbai and National Stock Exchanges and some basic data for the use of the shareholders are included at Item 4 in Annexure 2 to this Report.

12.3 In tune with the current developments in capital markets and considering the importance of moving towards paperless trading in securities, your Company is considering a proposal to join the National Securities Depositories Ltd. (NSDL).

13. INDUSTRIAL RELATIONS:

13.1 The relations with staff and workers continued to be cordial.

**14. DIRECTORS:**

- 14.1 Shri Jayant H. Shah and Shri B.V. Patil retire by rotation and being eligible, offer themselves for re-appointment as Directors.
- 14.2 Particulars of Directors, their relatives and the remuneration/commission drawn by them during the year under review are set out at Item 5 in Annexure 2 to this report.

15. CASH FLOW STATEMENT:

- 15.1 A Cash Flow Statement for the year 1997-98 is included in the annexed Statement of Accounts.

16. ADDITIONAL DISCLOSURES:

- 16.1 Some voluntary disclosures for the information of Shareholders are made in Annexure 2 to this report, as referred to earlier in this report.
- 16.2 Your Company has not given any loan to its Directors or their relatives during the year under review.
- 16.3 No material differences in assets and liabilities have taken place between the end of the financial year and the date of this Report.
- 16.4 Items appearing in the Annual Accounts have been treated appropriately in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

17. AUDITORS' REPORT:

- 17.1 The observations made in the Auditors' Report read together with the relevant notes thereon are self-explanatory and hence, do not call for any further comments under section 217 of the Companies Act, 1956.

18. AUDITORS:

- 18.1 The Auditors M/s. P.C. Parmar & Company, Chartered Accountants, Pune, who retire at the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. Since this is a Company in which Western Maharashtra Development Corporation Limited holds not less than 25% of the subscribed capital of the Company, the appointment of Auditors is required to be made by a Special Resolution, as required by section 224-A of the Companies Act, 1956. The Shareholders are requested to appoint the Auditors and fix their remuneration.
- 18.2 Your Company has received a Government Order for conduct of the audit of Cost Accounts, maintained by the Company for the year ending 31st March, 1999. M/s. P.M. Nanabhoy & Co., Cost Accountants, Mumbai have been appointed as cost auditors to conduct the said audit. Government approval in this regard is being obtained.

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Pune, 8th May, 1998.