

MAHARASHTRA SCOOTERS LTD.

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26th Annual Report 2000 - 2001

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26th Annual General Meeting:

Friday, the 27th July, 2001 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.


MAHARASHTRA SCOOTERS LTD.

Board of Directors

Rahul Bajaj
Chairman

Prakash Mhaske (From 28-07-2000)

R. M. Pathan (upto 04.05.2001)

D. S. Mehta

Jayant H. Shah

Madhur Bajaj

B. V. Patil

V. G. Naikawadi (Upto 05-12-2000)

Jalprakash J. Chhajed (From 05-12-2000)

Bajirao R. Patil (From 05-12-2000)

Audit Committee

Jayant H. Shah
Chairman

D. S. Mehta

B. V. Patil

Shareholders'/Investors' Grievance Committee

Jayant H. Shah
Chairman

D. S. Mehta

B. V. Patil

Chief Executive

Ranjit Gupta

General Manager

S. R. Rege

Controller of Finance & Company Secretary

J. Sridhar

Auditors

P. C. Parmar & Co.,
Pune

Cost Auditor

A. P. Raman,
Pune

Bankers

Central Bank of India

Registered Office

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

Works

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




MAHARASHTRA SCOOTERS LTD.

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

Notice

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the shareholders of MAHARASHTRA SCOOTERS LIMITED will be held on Friday, the 27th day of July, 2001 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:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2001 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 Service Tax as applicable and out-of-pocket, travelling and living expenses."

Special Business:

6. To appoint Shri Bajirao R. Patil, an Additional Director of the Company, who vacates office at this meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which due Notice under Section 257 of the Companies Act, 1956, has been received by the Company, Shri Patil having filed with the Company his consent to act as Director, if appointed, as required under Section 264(1) of the Companies Act, 1956:-

"RESOLVED that Shri Bajirao R. Patil, who was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956, and holds such office until this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Bajirao R. Patil's candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.



J. Sridhar
J. SRIDHAR

Controller of Finance & Company Secretary

Pune, 4th May, 2001

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items No.5 & 6 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 Saturday, the 14th day of July, 2001 to Friday, the 27th day of July, 2001, 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 a) As Beneficial Owners as at the end of the business of 13th July 2001, as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (I) Ltd. in respect of the shares held in electronic form and b) As Members on the Register of Members of Company on 27th July, 2001.
5. Shareholders are requested to advise the Company/DP immediately of any change in their address.
6. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed dividends upto the financial year 1994-95 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, Pune.

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Consequent upon the amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by The Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall hereafter be transferred to the Investor Education and Protection Fund.

The unclaimed dividends for the following accounting years will be deposited by the Company in the Investor Education & Protection Fund on the dates specified against each of the years:

Year	Date
1995-96	03-10-2003
1996-97	05-09-2004
1997-98	04-10-2005
1998-99	27-08-2006
1999-2000	07-09-2007

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

7. Register of Contracts with 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.
8. 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 during the period beginning fourteen days before the date of Annual General Meeting and ending three days after the date of its conclusion, during office hours.
9. Although Clause 49 of the Listing Agreement is applicable to the Company from the financial year 2001-02, the information in respect of directors being appointed or reappointed as stipulated under the said clause has been provided voluntarily in the section of Corporate Governance incorporated in the Annual Report.
10. If you have been allotted more than one account / ledger folio number in respect of the shares held by you in the same name or in the same order of names, we would request you to send us the share certificates for merger of accounts into one account.

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.

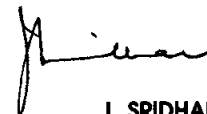
Item No. 6

Shri Bajirao R. Patil was appointed on 5th December, 2000 an Additional Non-Executive Director of the Company in terms of Section 260 of the Companies Act, 1956 as a nominee of Western Maharashtra Development Corporation Ltd.

Shri Bajirao Patil vacates his office at this Annual General Meeting pursuant to the provisions of section 260 of the Companies Act, 1956. Due notice under section 257 of the Companies Act, 1956, has been received from a Member, proposing the appointment of Shri Patil as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation. Requisite consent has been filed by Shri Bajirao Patil, pursuant to the provisions of Section 264(1) of the Companies Act, 1956, to act as such Director, if appointed. Your Directors commend the resolution for approval of the members.

None of the Directors of the Company, other than Shri Bajirao Patil, is interested in this resolution.

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.



J. SRIDHAR

Controller of Finance & Company Secretary

Pune, 4th May, 2001




MAHARASHTRA SCOOTERS LTD.

Directors' Report to the Members

1. Your Directors have pleasure in presenting their Twenty-sixth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2001.

2. OPERATIONS :

- 2.1 The scooter industry went through an extremely sluggish phase during the year under review. **Production** of scooters was cut down sharply by 35% from **140,530** Nos. during the previous year to **91,739** Nos. during the year under review, since **Sale** of scooters plummeted by 34% from **146,673** Nos. in the previous year to **96,755** Nos. during the year under review, due to the shifting of customer preferences from scooters to motorcycles gaining further momentum during the year. This apart, the margins were also under tremendous pressure throughout the year under review.
- 2.2 **Sales and Other Income** during the year under review plunged by 36% from Rs.3394 Million (inclusive of Rs.282 Million as Other Income) during the previous year to Rs.2174 Million (inclusive of Rs.103 Million as Other Income) during the year under review. However, the figures of **Other Income** for the two years are strictly not comparable on account of the following:-
- 2.2.1 Interest on scooter booking advance amounting to Rs.127 Million had been written back as Income during the previous year consequent upon a decision of the Supreme Court in Company's case received during that year, upholding the validity of the terms of booking, whereby no interest was payable on cancellation of booking. During the year under review, there was no corresponding income.
- 2.2.2 Interim Dividend of Rs.43 Mn. was earned on various investments during the previous year, in addition to the normal dividend of Rs.34 Mn. received during that year. Thus, as against dividend income of Rs.77 Mn. earned during the previous year, it was only Rs.7 Mn. during the year under review.

3. FINANCIAL RESULTS :

	(Rs. in million)	
	2000-01	1999-2000
Sales and Other Income	2174	3394
Gross Profit before Interest and Depreciation	54	351
Interest	3	2
Profit before Depreciation	51	349
Depreciation	20	20
Extra-ordinary Item of Expense - Compensation under Voluntary Retirement Scheme amortised	7	-
Profit before Taxation	24	329
Provision for Taxation	-	78
Net Profit	24	251
Disposable surplus after Adjustments for earlier years	23	233
Interim Dividend	-	23
Provision for Proposed Dividend	12	-
Provision for Corporate Dividend Tax	1	3
Balance carried to General Reserve	10	207

4. DIVIDEND :

- 4.1 Your Directors recommend for consideration of shareholders at the Annual General Meeting, payment of dividend of Rs.1.00 per Equity Share on 11,428,568 Equity Shares of Rs.10 each for the year ended 31st March, 2001. This Dividend, if approved, will absorb Rs.11.43 Mn. besides Corporate Dividend Tax thereon.

5. COMPETITION AND MARKET SHARE :

- 5.1 There was no growth in the overall two-wheeler market during the year under review. The market for geared scooters, however, suffered badly, due to the fast changing preferences of the customers towards motorcycles over scooters and fell sharply by around 38% during the year under review.
- 5.2 The market share of your company during the year under review fell from 11.70% to 10.73% of the Indian geared scooter market.
- 5.3 Under the guidance and superintendence of your Company's principals viz., Bajaj Auto Ltd., your Company, however, continued to place its thrust on after-sales-service to gain better customer satisfaction and also introduced a few innovative sales promotion schemes for the benefit of the customers.

6. DIRECTORS' RESPONSIBILITY STATEMENT :

- 6.1 The Directors confirm:
 - a) that in the preparation of annual accounts, the applicable accounting standards have been followed.
 - b) that the Directors have selected such accounting policies and have 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 of the Company for that period.
 - c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 - d) that the Directors have prepared the annual accounts on a going concern basis.

7. 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, 2001 is given below:

7.1 Conservation of Energy:

As in the previous years, your Company took several steps during the year under review to effect savings in the consumption of power, fuel, oil, water and other energy sources viz:

- Usage of Metal Halide lamps in place of MV/SV lamps to get more lumens for same wattage.
- Use of well water for colony and recycle of treated effluent for process as well as for gardening.
- Introduction of Liquid Petroleum Gas (LPG) for oven heating in Paint Shop.
- Optimising efficiency levels of electrical systems by maintaining power factor at 0.98.
- Closer monitoring of electrical consumption through installation of separate Tri-vactometer and shop-wise KWH meters.
- Recycling of various packing materials to conserve the natural resources.

7.2 Technology Absorption, Adaptation and Innovation:

- 7.2.1 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.

7.3 Foreign Exchange Earnings and Outgo:

- 7.3.1 Your Company has not undertaken any activity relating to exports during the year under review.
- 7.3.2 During the year under review, the total foreign exchange used was Rs.1.60 million, while foreign exchange earnings were Nil.



MAHARASHTRA SCOOTERS LTD.

8. PARTICULARS OF EMPLOYEES :

- 8.1 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, 2001 is given in Annexure 1 to this report.

9. QUALITY :

- 9.1 Fifth Surveillance Audit of QMS/ISO 9002 was successfully completed by the Bureau Veritas Quality International (BVQI) in August 2000.
- 9.2 BVQI have re-certified your Company's Quality Management System under new draft ISO 9001-2000.

10. SAFETY, HEALTH AND ENVIRONMENT :

- 10.1 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. Various training programmes like programmes on First Aid to improve safety and environment awareness amongst the employees were organised during the year under review.
- 10.2 Your Company has taken major steps like Floor painting, provision of dust collectors, dust proof enclosure for Engine Assy etc., to ensure an improved environment and quality.
- 10.3 BVQI, which had awarded your Company ISO 14001 certification for Environmental Management Systems has reconfirmed the certification, after conducting the Surveillance Audit during the year under review. Your Company has taken steps to improve its colony premises as per the requirements of ISO 14001-1996 and has also obtained the certification for it under the scope of EMS.
- 10.4 Your Company has installed smoke/fume collection systems for various processes to ensure better shop environment.
- 10.5 Your Company has replaced its painting lines with eco-friendly processes, with focus on safety aspects, energy conservation and better utilisation of resources.
- 10.6 Your Company has installed eco-friendly belt-type continuous sludge separator for phosphate bath in its PTCED process, which would ensure minimum losses of chemicals, bath stability, better quality and improved work environment.
- 10.7 Your Company has introduced an improved system for handling of paint sludge and phosphate sludge.
- 10.8 Environment Audit has been carried out as stipulated.
- 10.9 **Special Award:**
- 10.9.1 Your Company has been awarded the prestigious **MCCIA - Dr.R.J. Rathi Award-2000** for Excellence in Environmental Management and for outstanding efforts in controlling pollution and protecting the environment by Mahratta Chamber of Commerce, Industries & Agriculture, Pune.

11. DEPOSITORY :

- 11.1 Shares of your Company can be held and traded in electronic format both through National Securities Depository Ltd. (NSDL) and through Central Depository Services (I) Ltd. (CDSL) and your company's shares are now tradable compulsorily in dematerialised form only. As on 31st March, 2001, 2,537,768 Nos. of equity shares comprising of 22.21% of total paid-up capital have been dematerialised.

12. INDUSTRIAL RELATIONS :

- 12.1 Industrial relations continued to be harmonious and cordial during the year under review.

13. DIRECTORS :

- 13.1 In a vacancy existing in the Board, Shri Prakash Mhaske, nominee of Western Maharashtra Development Corporation Ltd. (WMDC) was appointed a Director of the Company on 28th July, 2000.
- 13.2 Shri V.G. Naikawadi, nominee of WMDC resigned as Director during the year under review and in his place, Shri Jaiprakash Chhajed was appointed a Director of the Company on 5th December, 2000.
- 13.3 Shri R.M. Pathan, nominee of WMDC resigned as Director on 4th May, 2001 and a fresh nomination from WMDC to replace him is awaited.
- 13.4 Your directors place on record the valuable contribution made by Shri R.M. Pathan and Shri V.G. Naikawadi during their tenure as Directors of the Company.

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- 13.5 Shri Jayant H. Shah and Shri B.V. Patil retire by rotation and being eligible, offer themselves for re-appointment as Directors.
- 13.6 Shri Bajirao Patil, nominee of WMDC was appointed an additional Director of the Company on 5th December, 2000 and as such, he holds office till the conclusion of the ensuing Annual General Meeting and is to be appointed as Director by the shareholders at the said Annual General Meeting.

14. CASH FLOW STATEMENT :

- 14.1 A Cash Flow Statement for the year 2000-01 is included in the annexed Statement of Accounts.

15. CORPORATE GOVERNANCE :

- 15.1 Your Company, as part of good corporate governance, has been making significant voluntary disclosures for the benefit of shareholders right from the year 1996-97. This year, like in the previous year, voluntary disclosures are made by way of an exclusive report on corporate governance on the lines of the stipulations contained in clause 49 introduced in the listing agreements by the Stock Exchanges under the directives of Securities & Exchange Board of India, although these provisions apply to your Company only from the financial year 2001-02. Some of the disclosures in the report relating to financial and non-financial aspects are over and above what are stipulated under the said Clause 49.

16. AUDITORS' REPORT :

- 16.1 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.

17. INFORMATION TECHNOLOGY :

- 17.1 Your Company continued to make significant investments in the Information Services/Technology area to cope with the growing information necessary to manage the operations more effectively.

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, 2002. Mr. A.P. Raman, Cost Accountant, Pune has been appointed as cost auditor to conduct the said audit.

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune, 4th May, 2001.


MAHARASHTRA SCOOTERS LTD.

Annexure 1 to Directors' Report

PARTICULARS OF EMPLOYEES (PARA 8.1 OF DIRECTORS' REPORT)

Particulars of employees as per Section 217(2A)(b)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

Sr. No.	Name	Designation/ Nature of Duties	Qualifications	Age (Years)	Gross Remuneration (Rs.)	Date of commen- cement of employment	Total Experience (Years)	Last employment and Designation
A. Employed throughout the year and in receipt of remuneration of not less than Rs.1,200,000 per annum:								
1	Rege S.R.	General Manager	B.E. (Mech), M.Tech, MMS, MIE,MISME	62	1,485,140	01-04-1994	37	Bajaj Auto Ltd., Dy. Gen. Manager (Quality Audit)
B. Employed for part of the year and in receipt of remuneration of not less than Rs.100,000 per month:								
1	Athavale V.G.	Dy.Manager (Safety)	B.SC,DBM, DIP (IND. SAFETY)	52	923,241	04-10-1976	29	Hind Rectifiers Ltd., Paint Shop Supervisor
2	Bhosale R.N.	Driver-I	10th Std.	48	438,949	10-08-1976	23	-
3	Bhurke P.Y.	Asst.Manager (Fac. Support)	DME, DIP. MET. ENGG	52	747,159	16-04-1978	26	Western India Radiator & Engineering Co. Ltd., Chief Inspector
4	Chapalgaonkar C.S.	Sr. Clerk	B.Com.	49	322,886	18-10-1982	19	Kirloskar Press, Clerk
5	Chavan S.J.	Jr. Assistant	B.Com.	51	479,918	28-12-1976	23	-
6	Ghorpade N.S.	Jr. Foreman	FY B.A., ITI M/Mec.	48	538,698	23-07-1976	24	-
7	Ghorpade S.K.	Jr. Officer	B.A.	48	687,479	14-09-1976	24	-
8	Kadam R.K.	Driver-I	6th Std	54	451,567	31-07-1976	28	Sahyadri Krishi Udyog, Driver
9	Kapale N.M.	Sr. Clerk	SSC	43	406,799	02-04-1979	21	-
10	Limaye S.L.	Sr. Assistant	SSLC	54	510,123	23-04-1976	25	MLBCC Sub-Division, Typist
11	Mahadik S.N.	Chargeman	10th Std.	51	416,120	01-10-1976	24	-
12	Nalawade U.D.	Sr. Clerk	FY B.A., ITI M/Mec.	48	449,296	18-05-1977	25	MSRTC Motor Mechanic
13	Paranjape R.D.	Dy. Manager (Civil)	DCE	46	1,070,574	11-10-1978	24	New Trio Builders, Site Engineer
14	Salunke S.S.	Chargeman	SSC, ITI M/Mec.	46	406,750	18-04-1978	22	-
15	Subbaraman K.S.	Manager (Excise)	B.Com.	57	1,260,256	10-02-1976	37	Rayala Corporation Ltd., Supply Manager

Notes:

- The gross remuneration shown above is subject to tax and includes Salary, Bonus, Allowances, Company's Contribution to Provident Fund, Superannuation and Gratuity Schemes and monetary value of other perquisites calculated on the basis of Rules prescribed in this behalf by the Department of Company Affairs.
- None of the employees mentioned above is a relative of any Director of the Company.
- The services of the employee mentioned at A-1 are loaned by Bajaj Auto Limited and are on charge-basis.