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**MAHARASHTRA SCOOTERS LTD.**

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27th Annual Report 2001 - 2002

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### **27th Annual General Meeting:**

Friday, the 26th July, 2002 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.**


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## Board of Directors

**Rahul Bajaj**  
*Chairman*

**Prakash Mhaske**

**D. S. Mehta**

**Jayant H. Shah**

**Madhur Bajaj**

**B. V. Patil**

**Jaiprakash Chhajed**

**Bajirao R. Patil**

**Mrs. Sonia Sethi** (From 15-01-2002)

### 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**

### Company Secretary

**A. H. Damle**

### Chief Executive

**Ranjit Gupta**

### General Manager

**S. R. Rege**

### Senior Manager (Finance)

**R. B. Laddha**

### 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-Seventh Annual General Meeting of the shareholders of **MAHARASHTRA SCOOTERS LIMITED** will be held on **Friday, the 26th day of July, 2002 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, 2002 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 Madhur Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Jaiprakash Chhajed, 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 3,00,000/- (Rupees Three lacs only) plus Service Tax as applicable and out-of-pocket, travelling and living expenses."

By Order of the Board  
For MAHARASHTRA SCOOTERS LTD.

**A. H. DAMLE**  
Company Secretary

Pune, 10th May, 2002

### 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 Saturday, the 13th day of July, 2002 to Friday, the 26th day of July, 2002 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 on or after 31st July, 2002 to those shareholders, whose names appear (a) As Beneficial Owners as at the end of the business of 12th July, 2002, 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 in the Register of Members of the Company, after giving effect to all valid share transfers lodged with the Company on or before 12th July, 2002.
5. No Income-tax will be deducted at source from dividend payable to individual shareholder upto Rs. 1,000/- during a financial year. Eligible members who are likely to receive dividend of more than Rs. 1,000/- and who estimate that their total income during the financial year ending 31st March, 2003 is likely to be less than the minimum amount liable to income-tax, may file, with the company on or before 12th July, 2002 a declaration in Form 15-G, in duplicate, or the Tax Exemption Certificate to receive the dividend payment without deduction of tax at source.
6. Shareholders are requested to advise the Company/DP 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 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed

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the Dividend Warrants for the said period, are requested to claim the amount from the Registrar of Companies, Maharashtra, Pune.

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 and 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
2000-01	06-09-2008

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.

8. Register of Contracts with Companies and Firms in which directors are interested under Section 301 of the Companies Act, 1956 will be open for inspection to the Members at the Registered Office of the Company on all working days, except on Sundays, between 11.00 a.m. and 2.00 p.m.
9. Register of Directors' shareholding under Section 307 of the Companies Act, 1956 will 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.
10. Clause 49 of the Listing Agreement with Stock Exchanges became applicable to the Company from 31st March, 2002. As required thereunder, the information in respect of directors being reappointed has been provided in the section of Corporate Governance incorporated in the Annual Report.

## 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 LTD.



**A. H. DAMLE**  
Company Secretary

Pune, 10th May, 2002


**MAHARASHTRA SCOOTERS LTD.**

## Directors' Report to the Members

1. Your Directors have pleasure in presenting their Twenty-seventh Annual Report and Audited Statement of Accounts for the year ended 31st March, 2002.

### 2. OPERATIONS

- 2.1 The depressed market conditions in the scooter industry prevalent since the last three years continued in the year under review. **Production** of scooters was curtailed by 34% from **91,739** Nos. during the previous year to **60,216** Nos. during the year under review, due to the sharp drop in the **Sale** of scooters from **96,755** Nos. in the previous year to **61,456** Nos. during the year under review, owing to the shift in customer preference from scooters to motorcycles continued during the year. The Company is operating 4 days a week since January, 2001. This apart, margins were also under tremendous pressure throughout the year under review.
- 2.2 **Sales and Other Income** during the year under review dropped sharply by 40% from 2174 Million (inclusive of Rs.103 Million as Other Income) during the previous year to Rs.1313 Million (inclusive of Rs.113 Million as Other Income) during the year under review.

### 3. FINANCIAL RESULTS

	(Rs. in million)	
	2001-02	2000-01
Sales and Other Income	1313	2174
Gross Profit before Interest and Depreciation	67	47
Interest	1	3
Profit before Depreciation	66	44
Depreciation	22	20
Profit before Taxation	44	24
Provision for Taxation	-	-
Add: Deferred Tax	9	-
Net Profit	53	24
Disposable surplus after Adjustments for earlier years	50	23
Provision for Proposed Dividend	11	13
Balance carried to General Reserve	39	10

### 4. DIVIDEND

- 4.1 Your Directors recommend for consideration of shareholders at the Annual General Meeting, payment of dividend of Re.1 per Equity Share on 11,428,568 Equity Shares of Rs.10 each for the year ended 31st March, 2002, subject to deduction of tax at source. This dividend, if approved, will absorb Rs.11.43 Mn.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

- 5.1 As required by sub-section (2AA) of Section 217 of the Companies Act, 1956, the Directors confirm:
- that in the preparation of annual accounts, the applicable accounting standards have been followed.
  - 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.

#### **6. 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, 2002 is given below:

##### **6.1 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:

- Operation of Bio-gas Plant & Vermiculture plant on canteen waste and use of Solar heaters for canteen requirements.
- Use of well water for colony to save on MIDC water and recycling of treated effluent for process as well as for gardening and auto flushing of toilet blocks.
- Optimising efficiency levels of electrical systems by close monitoring of maximum demand and by maintaining power factor constantly almost to 'Unity'.

##### **6.2 Technology Absorption, Adaptation and Innovation:**

6.2.1 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 Agreement with Bajaj Auto Limited.

##### **6.3 Foreign Exchange Earnings and Outgo:**

- 6.3.1 Your Company has not undertaken any activity relating to exports during the year under review.
- 6.3.2 During the year under review, the total foreign exchange used was Rs.1.91 million, while foreign exchange earnings were Nil.

#### **7. PARTICULARS OF EMPLOYEES :**

7.1 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, 2002 - Nil.

#### **8. QUALITY :**

- 8.1 Re-certification audit of QMS/ISO 9002 with new draft ISO 9001-2000 was successfully completed in April, 2001.
- 8.2 First Surveillance Audit of QMS and Fifth Surveillance Audit of EMS/ISO 14001 were also successfully completed in September, 2001.

#### **9. SAFETY, HEALTH AND ENVIRONMENT :**

- 9.1 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 to improve safety and environment awareness amongst the employees were organised during the year under review.
- 9.2 Colony premises of the Company are covered under the scope of Environmental Management System/ISO 14001-1996.
- 9.3 Your Company has undertaken a tree plantation programme in colony premises during the year to keep up a green and clean environment.
- 9.4 Environment Audit is being carried out as stipulated.





## MAHARASHTRA SCOOTERS LTD.

### 10. DEPOSITORY :

- 10.1 Shares of your Company can be held and traded in electronic form both through National Securities Depository Ltd. (NSDL) and through Central Depository Services (I) Ltd. (CDSL). Your company's shares are tradable compulsorily in dematerialised form only. As on 31st March, 2002, 2,922,210 Nos. of equity shares comprising 25.57% of total paid-up capital have been dematerialised.

### 11. CASH FLOW STATEMENT :

- 11.1 A Cash Flow Statement for the year 2001-02 is included in the annexed Statement of Accounts.

### 12. CORPORATE GOVERNANCE :

- 12.1 Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled "A Report on Corporate Governance" has been included in this Annual Report.
- 12.2 A certificate from the auditors of the Company concerning the Company's compliance with the stipulations of clause 49 relating to Corporate Governance has been included in this Annual Report.

### 13. INDUSTRIAL RELATIONS :

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

### 14. DIRECTORS :

- 14.1 Mrs. Sonia Sethi, nominee of Western Maharashtra Development Corporation Ltd., was appointed as a Director of the Company on 15th January, 2002 in the vacancy caused by the resignation of Shri R.M. Pathan.
- 14.2 Shri Madhur Bajaj and Shri Jaiprakash J. Chhajed retire by rotation and being eligible, offer themselves for re-appointment as Directors.

### 15. AUDITORS' REPORT :

- 15.1 The observations made in the Auditors' Report, read 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.

### 16. AUDITORS :

- 16.1 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.
- 16.2 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, 2003. Shri A.P. Raman, Cost Accountant, Pune has been appointed as cost auditor to conduct the said audit. Government approval in this regard has been obtained.

On behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

Pune, 10th May, 2002.



## Report on Corporate Governance

The provisions of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) through clause 49 of the Listing Agreement with the Stock Exchanges became applicable to the Company from the Financial Year 2001-02. However, in light of the pro-active and progressive practices adopted by the Company in matters concerning Corporate Governance, Report on Corporate Governance as per clause 49, was included in the Annual Report for the years 1999-2000 and 2000-01, i.e., two years ahead of the schedule.

### 1. Board of Directors :

The Company is managed by an independent Board of Directors comprising a non-executive Chairman and 8 non-executive directors. Of these directors, 4 are independent directors.

The composition of directors and their attendance at the board meetings during the year and at the last annual general meeting, as also the number of their other directorships/committee positions are given in the following tables:-

**Table 1:** Composition of Board of Directors and number of other directorships and committee positions held as on 31st March, 2002:

Director	Executive/Non-executive/ Independent	Other Directorships held +	Other Committee positions	
			As Chairman	As Member
Rahul Bajaj	Non-executive, Chairman	6	-	-
D. S. Mehta	Non-executive	9	1	5
Madhur Bajaj	Non-executive	7	-	-
Jayant H. Shah	Non-executive, Independent	2	-	1
Prakash Mhaske	Non-executive	3	-	-
Mrs. Sonia Sethi	Non-executive	3	-	-
B. V. Patil	Non-executive, Independent	1	-	-
Jaiprakash Chhajed	Non-executive, Independent	2	-	-
Bajirao R. Patil	Non-executive, Independent	1	-	-

+ Directorships as stipulated under section 275 of the Companies Act, 1956.

**Table 2 :** Attendance of Directors at Board Meetings and at the last AGM:

Director	Number of Board Meetings		Last AGM Attendance
	Held	Attended	
Rahul Bajaj	6	6	Yes
D. S. Mehta	6	5	Yes
Madhur Bajaj	6	6	Yes
Jayant H. Shah	6	5	Yes
R. M. Pathan	1	1	*
Prakash Mhaske	6	3	No
Mrs. Sonia Sethi	2	2	**
B. V. Patil	6	6	Yes
Jaiprakash Chhajed	6	3	Yes
Bajirao R. Patil	6	6	Yes

\* Ceased as director from 4th May, 2001.

\*\* Not applicable as appointed after the last AGM held on 27th July, 2001.

**Table 3 :** No. of Board Meetings held and dates of meetings:

No. of Board Meetings held during the year 2001-02	Dates of Meetings
6	04-05-2001, 27-07-2001, 17-09-2001, 23-10-2001, 15-01-2002, 15-03-2002



## MAHARASHTRA SCOOTERS LTD.

### Disclosure regarding directors considered for appointment/re-appointment :

At the annual general meeting of the Company, Shri Madhur Bajaj and Shri Jaiprakash Chhajed, are retiring by rotation and being eligible for re-appointment are proposed to be re-appointed. Their brief particulars are as under:-

**Shri Madhur Bajaj** – Shri Madhur Bajaj has completed schooling at Doon School, Dehra Dun, in 1969 and obtained B.Com Degree from Sydenham College, Mumbai in 1973. He did his MBA at International Institute of Management Development (IMD), Lausanne, Switzerland in 1979.

He is currently Vice-Chairman of Bajaj Auto Limited – the leader in the motorised 2 and 3 wheeler sector.

Besides being on the Board of the Company for over seven years he holds directorships in the following companies:-

- |                             |   |
|-----------------------------|---|
| 1. Bajaj Auto Ltd.          | 5. Econium Investments & Finance Ltd.           |
| 2. Bajaj Auto Finance Ltd.  | 6. Fusion Investments & Financial Services Ltd. |
| 3. Bajaj Electricals Ltd.   | 7. Catalyst Finance Ltd.                        |
| 4. Bajaj Auto Holdings Ltd. | 8. Madhur Securities Pvt. Ltd.                  |

He is Past-Chairman of the Confederation of Indian Industry (Western Region) and the present National Council Member of the CII. He is Chairman of the 'Latin America Committee' and the 'Health & Population Committee' of CII.

He is Vice-President of Maharashtra Chamber of Commerce, Industries and Agriculture (MCCIA), the apex industries association of Pune.

**Shri Jaiprakash J. Chhajed** – Shri Jaiprakash J. Chhajed is a Commerce Graduate. He is presently the General Secretary of Maharashtra Pradesh Congress Committee. He is associated with various associations such as Susanskar Pratishthan, National Association for Blind, Nasik and Marathi Lokkala Pratishthan. He is Director of Maharashtra Industrial Development Corporation (MIDC).

Besides being on the Board of the Company, he holds directorship in Western Maharashtra Development Corporation Limited and Haffkin Ajintha Pharmaceuticals Ltd.

### Information placed before the Board of Directors:

The Board of the Company was presented with all the relevant and necessary information at their meetings such as production, sales, capital expenditure budgets, actual performance statistics, review of business, any legal proceedings by or against the Company, share transfer and demat compliance, quarterly financial results, minutes of the meetings of the Audit Committee and Shareholders/Investors Grievance Committee, staff matters including senior appointments, significant labour and human relations matters, voluntary retirement scheme and such other information.

### 2. Audit Committee :

The Company has constituted a three-member Audit Committee, comprising of non-executive directors of whom two are independent directors. The members of the Committee are Shri Jayant H. Shah, Chairman, Shri D.S. Mehta and Shri B.V. Patil. Shri D.S. Mehta has good financial and accounting knowledge.

The meetings of the Audit Committee are attended by the members and the invitees viz., the Chief Executive, General Manager, Senior Manager (Finance), Manager (Internal Audit) and the statutory auditors. The Company Secretary acts as the Secretary to the Committee.

The broad terms of reference of the Audit Committee are as follows:-

- Review of the Company's financial reporting process and its financial statements.
- Review of accounting and financial policies and practices.
- Review of the internal control and internal audit systems.
- Review of risk management policies and practices.

The committee met four times during the year ended 31st March, 2002 on 4th May, 2001, 27th July, 2001, 23rd October, 2001 and 15th January, 2002.

While Shri B.V. Patil and Shri D.S. Mehta were present at all the four meetings of the Committee, Shri Jayant H. Shah attended three meetings.

### 3. Remuneration Committee :

The Company has not constituted a Remuneration Committee, since all the directors of the Company are non-executive directors and are paid only the sitting fees payable to them for attending the meetings of the Board and the Committee/s thereof.

