

34th ANNUAL REPORT 2008-2009

Report  junction.com



MAHARASHTRA SCOOTERS LTD.

CONTENTS

Board of Directors	1
Notice of Annual General Meeting	2
Directors' Report	5
Corporate Governance	7
Annexures to Corporate Governance	13
Management Discussion And Analysis	14
Auditors' Certificate on Corporate Governance	15
Declaration on Code of Conduct	15
Report of the Auditors	16
Balance Sheet	18
Profit & Loss Account	19
Schedules forming part of Accounts	20
Balance Sheet Abstract and Company's General Business Profile	31
Cash Flow Statement	32
Five Years' Highlights	34
Proxy Form	

34th Annual General Meeting:

Tuesday, the 14th day of July, 2009 at 12.00 noon 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****Madhur Bajaj***Chairman***Avinash Mahatekar** (From 03-12-2008)**D. S. Mehta****Jayant H. Shah****Sanjiv Bajaj****Shirish N. Karle** (From 14-06-2008)**R.K. Nikharge****A.T. Shaikh** (From 14-06-2008)**M.V. Bhagat** (From 15-01-2009)**Mrs. Mary Neelima Kerketta** (Upto 14-06-2008)**P.R. Suryavanshi** (Upto 22-10-2008)**D.W. Patil** (Upto 22-10-2008)**Audit Committee****Jayant H. Shah***Chairman***D. S. Mehta****R.K. Nikharge** (From 15-01-2009)**P.R. Suryavanshi** (Upto 22-10-2008)**Shareholders'/Investors'
Grievance Committee****Jayant H. Shah***Chairman***D. S. Mehta****Sanjiv Bajaj****P.R. Suryavanshi** (Upto 22-10-2008)**Company Secretary****A. H. Damle****Chief Executive****Ranjit Gupta****Senior Manager (Satara)****R.D. Haware****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 Thirty Fourth Annual General Meeting of the shareholders of **MAHARASHTRA SCOOTERS LIMITED** will be held on **Tuesday, the 14th day of July, 2009 at 12.00 noon** 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, 2009 and Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri D.S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:-
"RESOLVED that pursuant to Section 224-A of the Companies Act, 1956, 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.3,50,000/- (Rupees three lacs fifty thousand only) plus Taxes as applicable and out-of-pocket, travelling and living expenses."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:-
"RESOLVED that Shri A.T. Shaikh who was appointed by the Board of Directors of the Company as a Director with effect from 14th June, 2008, in the casual vacancy caused by the withdrawal of nomination of Shri P.N. Patil by Western Maharashtra Development Corporation Ltd. and who vacates office at this annual general meeting under section 262 of the Companies Act, 1956 but who is eligible for reappointment and in respect of whom the company has, as required by section 257 of the Companies Act, 1956, received a notice in writing from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:-
"RESOLVED that Shri M.V. Bhagat who was appointed by the Board of Directors of the Company as a Director with effect from 15th January, 2009, in the casual vacancy caused by the withdrawal of nomination of Shri P.R. Suryavanshi by Western Maharashtra Development Corporation Ltd. and who vacates office at this annual general meeting under section 262 of the Companies Act, 1956 but who is eligible for reappointment and in respect of whom the company has, as required by section 257 of the Companies Act, 1956, received a notice in writing from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.

A. H. DAMLE

Company Secretary

Pune, 20th May, 2009.

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos.4, 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. Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 1st day of July, 2009 to Tuesday the 14th day of July, 2009 both days inclusive for the purpose of Annual General Meeting and payment of dividend.
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 18th July, 2009 to those shareholders, whose names appear (a) As Beneficial Owners as at the end of the business of 30th June, 2009, 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 Karvy Computershares Pvt. Ltd., 17-24 Vitthalrao Nagar, Madhapur, Hyderabad 500 081, Share Transfer Agents (STA) of the Company, on or before 30th June, 2009.
5. Shareholders holding shares in physical form are requested to notify change of address, if any, to the Share Transfer Agents (STA) of the Company, Karvy Computershares Pvt. Ltd., 17-24, Vitthalrao Nagar, Madhapur, Hyderabad-500 081 immediately preferably along with their bank/ECS details, unless already notified, so as to reach the STA on or before 30th June, 2009.
Beneficial Owners holding shares in electronic form are requested to notify any change in address, bank particulars, ECS particulars etc., to their respective depository participants and make sure that such changes are recorded by them correctly on or before 30th June, 2009. The particulars recorded with the depository participants will be considered for making the payment of dividend either by issuing payment instruments or by ECS. Shareholders are requested to take appropriate action in the matter, in their own interest, to avoid delay in receiving the payment of dividend.
Where dividend payments are made through ECS, intimations regarding such remittances would be sent separately to the concerned shareholders.
6. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed dividends upto the financial year 1995-96 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.
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 be transferred to the Investor Education and Protection Fund. Accordingly, the Company had transferred the unclaimed dividend amounts for the years 1996-97 to 2000-01 to the Investor Education & Protection Fund within the prescribed time limit.
The unclaimed dividend for the accounting year 2001-02 will become due for transfer by the Company to the Investor Education & Protection Fund on 24th August, 2009.
Shareholders, who have not encashed the Dividend Warrants for the said year are, therefore, requested to immediately forward the same to the STA for payment.
7. 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.
8. 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.
9. Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, the information in respect of the Directors to be reappointed has been provided in the section on Corporate Governance incorporated in the Annual Report.
10. SEBI, vide Circular dated 20th May, 2009, has made it mandatory, for transactions in securities market and off-market/private transactions involving transfer of shares in physical form, for the transferee/s to furnish copy of PAN card to the STA/Company for registration of such transfer of shares.



MAHARASHTRA SCOOTERS LTD.

**Annexure to Notice
Explanatory Statement**

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

Item No. 4

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, either singly or in any combination, the appointment of auditors shall 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 appointment of the Auditors and payment of remuneration to them requires approval of the shareholders by a Special Resolution.

Directors recommend the resolution as a Special Resolution for the approval of Shareholders.

None of the Directors of the Company is concerned or interested in the Special Resolution aforesaid.

Item No. 5 & 6

Shri A.T. Shaikh and Shri M.V. Bhagat, who were appointed as Directors in the casual vacancies hold office until ensuing Annual General Meeting.

Brief profile and particulars of Shri A.T. Shaikh and Shri M.V. Bhagat are given in the related section of Corporate Governance incorporated in the Annual Report.

Directors recommend the resolutions for approval of the shareholders.

None of the Directors of the Company, except Shri A.T. Shaikh and Shri M.V. Bhagat are interested or concerned in the respective resolutions.

Report Junction.com

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.

A. H. DAMLE

Company Secretary

Pune, 20th May, 2009.



DIRECTORS' REPORT

INTRODUCTION:

The Directors present their Thirty Fourth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2009.

OPERATIONS:

Manufacturing activity of the Company, during the year under review, was limited to the manufacture of pressure die casting dies, jigs and fixtures primarily for two and three-wheeler industry.

During the year under review, Income from treasury operations was Rs.2,427.94 lacs as against Rs.2,360.82 lacs during the previous year. Overall turnover was Rs.2,698.16 lacs as against Rs.2,919.26 lacs during the previous year.

FINANCIAL RESULTS:

	(Rs. in lacs)	
	2008-09	2007-08
Net Sales and Other Income	2,698.16	2,919.26
Gross Profit before Interest and Depreciation	1,192.66	1,304.28
Interest	0.01	0.12
Depreciation	104.63	106.03
Profit before Tax	1,088.02	1,198.13
Provision for Taxation including Fringe Benefit Tax	1.30	1.20
Net Profit	1,086.72	1,196.93
Debit/(Credit) relating to earlier years – Taxation	(3.83)	21.23
Disposable surplus after Adjustments for earlier years	1,090.55	1,175.70
Provision for Proposed Dividend (inclusive of Dividend Distribution Tax)	735.40	802.25
Balance carried to General Reserve	355.15	373.45

DIVIDEND:

The Directors recommend for consideration of the shareholders at the ensuing Annual General Meeting, payment of dividend of Rs.5.50 per Equity Share (55%) on 1,14,28,568 Equity Shares of Rs.10 each for the year ended 31st March, 2009. The amount of dividend and the tax thereon aggregates to Rs.735.40 lacs.

Dividend paid for the year ended 31st March, 2008 was Rs.6.00 per share (60%). The amount of dividend and tax thereon aggregated to Rs.802.25 lacs.

RESEARCH, DEVELOPMENT AND TECHNOLOGY ABSORPTION:

No expenditure has been incurred by the Company on Research and Development activities during the year under review.

CONSERVATION OF ENERGY:

The Company continued to take several steps during the year under review to effect savings in the consumption of power, fuel, oil, water such as use of CFL lamps at all prominent locations, modifying jig boring room to suit lower capacity air conditioners.

Other measures taken to save energy included :

control on maximum demand of electricity, maintaining power factor to almost unity, introduction of energy efficient devices on shop floor, effective operation and use of biogas plant, solar heaters, recycling of treated effluent and water harvesting.

SAFETY, HEALTH AND ENVIRONMENT:

The Company has taken adequate measures to reduce noise pollution inside the factory.

Environment Audit was carried out as stipulated.

The Company has displayed its 'Safety & Health' Policy at the Factory Main Gate and has made efforts to achieve 'Zero Accident' target during the year.

The Company has formulated AIDS Policy and has displayed the same at prominent locations at the factory premises.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, the foreign exchange earnings and outgo were nil.

CASH FLOW STATEMENT:

A Cash Flow Statement for the year 2008-09 is included in the annexed Statement of Accounts.

DEPOSITORY:

Shares of the Company can be held and traded in electronic form both through National Securities Depository Ltd. (NSDL) and through Central Depository Services (I) Ltd. (CDSL). The company's shares are tradable compulsorily in dematerialised form only. As on 31st March, 2009, 46,46,263 number of equity shares comprising 40.65% of total shareholding have been dematerialised.

INDUSTRIAL RELATIONS:

Industrial relations continued to be cordial during the year under review.



MAHARASHTRA SCOOTERS LTD.

DIRECTORS:

- a) During the year:
 - i) Western Maharashtra Development Corporation Ltd. (WMDC) has withdrawn the nomination of Shri P.R. Suryavanshi, Shri D.W. Patil and Mrs. Mary Neelima Kerketta.
 - ii) WMDC has nominated Shri S.N. Karle and Shri Avinash Mahatekar as non-retiring Directors and Shri A.T. Shaikh and Shri M.V. Bhagat as Directors retiring by rotation.
- b) Shri A.T. Shaikh and Shri M.V. Bhagat hold office until the ensuing Annual General Meeting and are eligible for re-appointment.
- c) Shri D.S. Mehta, Director, retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by sub-section (2AA) of Section 217 of the Companies Act, 1956, 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 judgments 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.

PARTICULARS OF EMPLOYEES:

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, 2009: Nil

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled "Corporate Governance" has been included in this Annual Report along with the section on Management Discussion and Analysis.

A certificate from the auditors of the Company regarding Company's compliance of Corporate Governance is annexed to this Report as Annexure-I.

AUDITORS' REPORT:

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.

AUDITORS:

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 Western Maharashtra Development Corporation Limited, a Government Company, holds more than 25% of the subscribed capital of the Company, the appointment of Auditors and the payment of remuneration to them is required to be made by a Special Resolution, pursuant to Section 224-A of the Companies Act, 1956. The Shareholders are requested to appoint the Auditors and fix their remuneration.

Shri A.P. Raman, Cost Accountant, Pune has been appointed as cost auditor to conduct the audit of cost accounts maintained by the Company for the year ending 31st March, 2010. Government approval for the said appointment has been obtained.

On behalf of the Board of Directors

Madhur Bajaj

Chairman

Pune, 20th May, 2009.

CORPORATE GOVERNANCE

Maharashtra Scooters Limited (MSL) believes in and has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders on the four key elements of Corporate Governance – transparency, fairness, disclosure and accountability.

BOARD OF DIRECTORS:

The Company is managed by a Board of Directors comprising a non-executive Chairman and eight non-executive Directors. Of these Directors, five are independent Directors.

Composition of the Board of Directors and the number of other Directorships and committee positions held by the Directors during the year ended 31st March, 2009:

Name	Executive/ Non-executive/ Independent	Other Directorships held *	Other Committee positions	
			As Chairman	As Member
Madhur Bajaj	Non-executive, Chairman	11	–	–
Avinash Mahatekar [From 03-12-2008]	Non-executive, Independent	1	–	–
D.S. Mehta	Non-executive, Independent	4	–	6
Jayant H. Shah	Non-executive, Independent	1	2	–
Sanjiv Bajaj	Non-executive	9	–	4
Shirish N. Karle [From 14-06-2008]	Non-executive	1	–	–
R.K. Nikharge	Non-executive, Independent	1	–	–
A.T. Shaikh [From 14-06-2008]	Non-executive	2	–	–
M.V. Bhagat [From 15-01-2009]	Non-executive, Independent	1	–	–
Mrs. Mary Neelima Kerketta [Upto 14-06-2008]	Non-executive	2	–	–
P.R. Suryavanshi [Upto 22-10-2008]	Non-executive, Independent	1	–	–
D.W. Patil [Upto 22-10-2008]	Non-executive, Independent	1	–	–

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

Attendance of Directors at the Board Meetings during the year ended on 31st March, 2009 and at the last AGM:

Name	Number of Board meetings		Attendance at the last AGM held on 08-07-2008
	Held	Attended	
Madhur Bajaj	4	3	Yes
Avinash Mahatekar [From 03-12-2008]	1	1	Not applicable
D.S. Mehta	4	4	Yes
Jayant H. Shah	4	4	Yes
Sanjiv Bajaj	4	4	Yes
Shirish N. Karle [From 14-06-2008]	3	-	No
R.K. Nikharge	4	4	Yes
A.T. Shaikh [From 14-06-2008]	3	3	Yes
M.V. Bhagat [From 15-01-2009]	1	1	Not applicable
Mrs. Mary Neelima Kerketta [Upto 14-06-2008]	1	-	Not applicable
P.R. Suryavanshi [Upto 22-10-2008]	2	2	Yes
D.W. Patil [Upto 22-10-2008]	2	2	Yes

The Board met four times during the year on 21st May, 2008, 8th July, 2008, 22nd October, 2008 and 15th January, 2009.



MAHARASHTRA SCOOTERS 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 and such other information.

The Board also reviewed, from time to time, the legal compliance report presented by the Chief Executive of the Company.

Code of Conduct:

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code as on 31st March, 2009. Annual Report of the Company contains a declaration to this effect signed by the Chief Executive.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee comprising three non-executive Directors, all being independent Directors. The members of the Committee are Shri Jayant H. Shah, Shri D.S. Mehta and Shri R.K. Nikharge. Shri Jayant H. Shah, Chairman of the Committee is an independent Director. All members of the Audit Committee are financially literate. Shri D.S. Mehta and Shri Jayant H. Shah have accounting/related financial management expertise.

During the year, Shri R.K. Nikharge has been appointed as a member of the Audit Committee in place of Shri P.R. Suryavanshi whose nomination had been withdrawn with effect from 15th January, 2009.

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

The committee met four times during the year on 21st May, 2008, 8th July, 2008, 22nd October, 2008 and 15th January, 2009.

While Shri Jayant H. Shah and Shri D.S. Mehta were present at all the four meetings, Shri P.R. Suryavanshi and Shri R.K. Nikharge attended two meetings and one meeting respectively.

Broad terms of reference and role of the Audit Committee:

- 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.
- Review with the management, matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
- Review with the management, the quarterly financial statements before submission to the Board for approval.
- Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Carrying out any other functions as mentioned in the terms of reference of the Audit Committee.

Review of the information by the Audit Committee:

The Audit Committee reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors; and
- Internal audit reports relating to internal control weaknesses.

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 sitting fees for attending the meetings of the Board and the Committee/s thereof.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Company has constituted a Shareholders'/Investors' Grievance Committee, comprising three non-executive Directors, two being independent Directors. The members of the Committee are Shri Jayant H. Shah, Shri D.S. Mehta and Shri Sanjiv Bajaj. Shri Jayant H. Shah, Chairman of the Committee is an independent Director.

With effect from 22nd October, 2008, Shri P.R. Suryavanshi ceased to be a member of the Shareholders'/Investors' Grievance Committee due to withdrawal of his nomination from the Board of Directors of the Company by Western Maharashtra Development Corporation Ltd.