

# 35th

**ANNUAL  
REPORT  
2009-2010**



**MAHARASHTRA SCOOTERS LTD.**



# MAHARASHTRA SCOOTERS LTD.

35th ANNUAL REPORT 2009-2010

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### **35th Annual General Meeting:**

Tuesday, the 20th day of July, 2010 at 12.00 noon at the Registered Office.

The Company is arranging local transport for shareholders / proxies attending the meeting.  
For further details, please contact Share Department at Registered Office on  
Phone No. 020 27475811/12/13.

**Board of Directors**

**Madhur Bajaj**  
*Chairman*  
**D.S. Mehta**  
**Jayant H. Shah**  
**Sanjiv Bajaj**  
**Shirish N. Karle**  
**R.K. Nikharge**  
**A.T. Shaikh**  
**Avinash Mahatekar** (Upto 07-01-2010)  
**M.V. Bhagat**  
**P.B. Satam** (From 10-05-2010)

**Audit Committee**

**Jayant H. Shah**  
*Chairman*  
**D.S. Mehta**  
**R.K. Nikharge**

**Shareholders'/Investors'  
Grievance Committee**

**Jayant H. Shah**  
*Chairman*  
**D.S. Mehta**  
**Sanjiv Bajaj**

**Company Secretary**

**N.S. Kulkarni**

**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.**



## Registered Office:

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

## NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the shareholders of **MAHARASHTRA SCOOTERS LIMITED** will be held on **Tuesday, the 20th day of July, 2010 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, 2010 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 Jayant H. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sanjiv Bajaj, 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 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.5,00,000/- (Rupees Five lacs only) plus Taxes as applicable and out-of-pocket, travelling and living expenses."

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution:-**  
"RESOLVED that Shri R.K. Nikharge who was appointed by the Board of Directors of the Company as a Director with effect from 21st May, 2008, in the casual vacancy existing on the Board 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."
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution:-**  
"RESOLVED that pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the reappointment of Shri Ranjit Gupta as "Manager" of the Company for a further period of three years from 1st April, 2010, with liberty to the Board to alter and vary the terms and conditions of his appointment in such manner as may be acceptable to Shri Ranjit Gupta, provided however that no remuneration would be payable by the Company to him during the said period of his appointment."

By Order of the Board  
For MAHARASHTRA SCOOTERS LTD.

**N. S. Kulkarni**

*Company Secretary*

Pune, 10th May, 2010.

**NOTES:**

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos.5, 6 & 7 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. THE PROXY FORM SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 1st day of July, 2010 to Tuesday, the 20th day of July, 2010 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 24th July, 2010 to those shareholders, whose names appear (a) As Beneficial Owners as at the end of the business of 30th June, 2010, 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 Kavy Computershares Pvt. Ltd., 17-24, Vitthalrao Nagar, Madhapur, Hyderabad - 500 081, Share Transfer Agents (STA) of the Company on or before 30th June, 2010.
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, 2010.  
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, 2010. 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.  
In terms of the provisions of Section 205C of the Companies Act, 1956 as amended, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund and in due compliance thereof, the Company had transferred the unclaimed dividend amounts for the years 1996-97 to 2001-02 to the Investor Education & Protection Fund within the prescribed time limit.  
The unclaimed dividend for the accounting year 2002-03 will become due for transfer by the Company to the Investor Education & Protection Fund on 23rd August, 2010. 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 is 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 related section on Corporate Governance incorporated in the Annual Report.
10. SEBI, vide circular dated 20th May, 2009, has made it mandatory, for 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.



## 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, 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. 6

Shri R.K. Nikharge, who was appointed as Director in the casual vacancy then existing on the Board, holds office until the ensuing Annual General Meeting and is eligible for re-appointment. In terms of the provisions of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a member signifying his intention to propose the name of Shri R.K. Nikharge as a Director of the Company.

Brief profile and particulars of Shri R.K. Nikharge is given in the related section of Corporate Governance incorporated in the Annual Report.

Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company, except Shri R.K. Nikharge is interested or concerned in the resolution.

### Item No. 7

The term of Shri Ranjit Gupta, Chief Executive, who was appointed as "Manager" under the Companies Act, 1956 ended on 31st March, 2010. The Board of Directors have reappointed him as the "Manager" under the Companies Act, 1956 for a further period of three years with effect from 1st April, 2010 on the terms and conditions set out in the Resolution. No remuneration is payable to Shri Gupta, since he draws remuneration from his employer, Bajaj Finserv Ltd. The said appointment is subject to the approval of the shareholders.

The Resolution is commended for the approval of the shareholders at the meeting.

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

By Order of the Board  
For MAHARASHTRA SCOOTERS LTD.

**N. S. Kulkarni**

*Company Secretary*

Pune, 10th May, 2010.

## DIRECTORS' REPORT

### INTRODUCTION:

The Directors present their Thirty Fifth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2010.

### OPERATIONS:

Consequent to cessation of production of geared scooters from April, 2006, the manufacturing activity of the Company during the year under review was limited to manufacture of pressure die casting dies, jigs and fixtures, primarily meant for two and three-wheeler industry.

During the year under review, Income from treasury operations amounted to Rs.1,991.92 lacs as against Rs.2,427.94 lacs during the previous year. Aggregate turnover was Rs.2,433.54 lacs as against Rs.2,698.16 lacs during the previous year.

### FINANCIAL RESULTS:

	(Rs. in lacs)	
	2009-10	2008-09
Net Sales and Other Income	2,433.54	2,698.16
Gross Profit before Interest and Depreciation	744.22	1,192.66
Interest	0.04	0.01
Depreciation	104.11	104.63
Profit before Tax	640.07	1,088.02
Provision for Taxation including Fringe Benefit Tax	-	1.30
Net Profit	640.07	1,086.72
Debit / (Credit) relating to earlier years – Taxation	(201.07)	(3.83)
Disposable surplus after Adjustments for earlier years	841.14	1,090.55
Provision for Proposed Dividend (inclusive of Dividend Distribution Tax)	732.97	735.40
Balance carried to General Reserve	108.18	355.15

### 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, 2010. The amount of dividend and the tax thereon aggregates to Rs.732.97 lacs.

Dividend paid for the year ended 31st March, 2009 was Rs.5.50 per share (55%) amounting to Rs.735.40 lacs, inclusive of tax thereon.

### RESEARCH, DEVELOPMENT AND TECHNOLOGY ABSORPTION:

During the year under review, no expenditure has been incurred by the Company attributable to Research and Development activities.

### CONSERVATION OF ENERGY:

During the year under review, the Company continued to initiate requisite steps with a view to effect savings in the consumption of power, fuel, oil, water, including maintaining power factor to Unity, use of biogas, solar heaters, recycling of treated effluent.

### SAFETY, HEALTH AND ENVIRONMENT:

The Company has taken adequate measures to reduce noise pollution inside the factory, by use of screw compressor, reduction in the volume / timing of siren, etc.

Environment Audit was carried out as stipulated.

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, while the foreign exchange earnings were nil, the outgo on that account was Rs.3.26 lacs.

### CASH FLOW STATEMENT:

A Cash Flow Statement for the year 2009-10 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 Central Depository Services (I) Ltd. (CDSL). The company's shares are tradable compulsorily in dematerialised form only. As on 31st March, 2010, 46,82,496 number of equity shares comprising 40.97% of total shareholding have been dematerialised.

### INDUSTRIAL RELATIONS:

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

### DIRECTORS:

- During the year under review Western Maharashtra Development Corporation Ltd. (WMDC) (i) recalled the nomination of Shri Avinash Mahatekar, who was a non-



retiring Director and Shri. A.T.Shaikh, their nominee Director on the Board was made a non-retiring Director. (ii) nominated Shri. P.B.Satam as a Director, retiring by rotation.

- b) Shri R.K. Nikharge holds office until the ensuing Annual General Meeting and is eligible for re-appointment.
- c) Shri Jayant H. Shah and Shri Sanjiv Bajaj, retire by rotation and being eligible, offers themselves 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 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.

## **REAPPOINTMENT OF "MANAGER" UNDER THE COMPANIES ACT, 1956:**

The Board of Directors, subject to the approval of shareholders, have reappointed Shri Ranjit Gupta, Chief Executive of the Company, as "Manager" under the Companies Act, 1956, for a further period of three (3) years effective from 1st April, 2010, on the terms and conditions as set out in the Resolution contained in the Notice convening the ensuing Annual General Meeting. The Directors commend the said Resolution for the approval of Shareholders.

## **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, 2010 is annexed hereto as Annexure - 1.

## **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 the Company's compliance of Corporate Governance is annexed to this Report as Annexure - 2.

## **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 & Co., 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, 2011. Government approval for the appointment is awaited.

On behalf of the Board of Directors

**Madhur Bajaj**

*Chairman*

Pune, 10th May, 2010.



## 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 seven non-executive Directors. Of these Directors, four 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, 2010:

Name	Executive/ Non-executive/ Independent	Other Directorships held *	Other Committee positions	
			As Chairman	As Member
Madhur Bajaj	Non-executive, Chairman	5	-	-
Avinash Mahatekar [Upto 07-01-2010]	Non-executive, Independent	1	-	-
D.S. Mehta	Non-executive, Independent	4	1	4
Jayant H. Shah	Non-executive, Independent	1	2	-
Sanjiv Bajaj	Non-executive	10	-	4
Shirish N. Karle	Non-executive	1	-	-
R.K. Nikharge	Non-executive, Independent	1	-	-
A.T. Shaikh	Non-executive	1	-	-
M.V. Bhagat	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, 2010 and at the last AGM:

Name	Number of Board meetings		Attendance at the last AGM held on 14-07-2009
	Held	Attended	
Madhur Bajaj	4	4	Yes
Avinash Mahatekar [Upto 07-01-2010]	3	1	No
D.S. Mehta	4	3	Yes
Jayant H. Shah	4	4	Yes
Sanjiv Bajaj	4	4	Yes
Shirish N. Karle	4	-	No
R.K. Nikharge	4	4	Yes
A.T. Shaikh	4	4	Yes
M.V. Bhagat	4	3	Yes

The Board met four times during the year on 20th May, 2009, 14th July, 2009, 14th October, 2009 and 11th January, 2010.

### 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, 2010. 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.

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 20th May, 2009, 14th July, 2009, 14th October, 2009 and 11th January, 2010.

While Shri Jayant H. Shah and Shri R.K. Nikharge were present at all the four meetings, Shri D.S. Mehta attended three meetings.

## 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.

The Committee specifically looks into the redressal of all shareholder and investor grievances at its meetings. The committee met once during the year on 11th January, 2010, which was attended by Shri Jayant H. Shah and Shri Sanjiv Bajaj. Shri Shyamprasad D. Limaye, Secretarial Auditor was also present at the meeting. The relevant details are as under:-

Name of Non-Executive Director heading the committee	: Shri Jayant H. Shah
Name and designation of Compliance Officer	: Shri N.S. Kulkarni, Company Secretary
Number of shareholders' complaints received during the year	: 67
Number of shareholders' complaints not solved to the satisfaction of shareholders	: Nil
Number of share transfers pending for over 30 days as on 31-03-2010	: Nil