36th ANNUAL REPORT 2010-2011

MAHARASHTRA SCOOTERS LTD.

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36th Annual General Meeting:

Tuesday, the 12th day of July, 2011 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** (Upto 05-04-2011) **M.V. Bhagat** **P.B. Satam** (From 10-05-2010 to 17-01-2011) **Smt. Kanchan Vijayan** (From 17-01-2011) **G.R. Jangda** (From 16-05-2011)
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**
Dy. General 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.**
Website	**www.mahascooters.com**

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

NOTICE

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the shareholders of **MAHARASHTRA SCOOTERS LIMITED** will be held on **Tuesday, the 12th day of July, 2011 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, 2011 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 appoint a Director in place of Shri M.V.Bhagat, 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 Smt. Kanchan Vijayan, who was appointed by the Board of Directors of the Company as a Director with effect from 17th January, 2011, in the casual vacancy caused by the withdrawal of nomination of Shri P.B. Satam by Western Maharashtra Development Corporation Limited and who vacates office at this annual general meeting under section 262 of the Companies Act, 1956 and 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 her as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, not 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 Shri.G.R.Jangda, who was appointed by the Board of Directors of the Company as a Director with effect from 16th May, 2011, in the casual vacancy caused by the withdrawal of nomination of Shri A.T. Shaikh by Western Maharashtra Development Corporation Limited and who vacates office at this annual general meeting under section 262 of the Companies Act, 1956 and 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 as a Director of the Company, liable to retire by rotation."

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.

N.S. Kulkarni
Company Secretary

Pune, 16th May, 2011

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 Friday, the 1st day of July, 2011 to Tuesday, the 12th day of July, 2011, 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 and between 16th July, 2011 to 19th July, 2011 to those shareholders, whose names appear (a) As Beneficial Owners as at the end of the business of 30th June, 2011, 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 Computershare Pvt. Ltd., 17-24, Vitthalrao Nagar, Madhapur, Hyderabad-500 081, Share Transfer Agents (STA) of the Company on or before 30th June, 2011.
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 Computershare 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, 2011.

   Beneficial Owners holding shares in electronic form are requested to notify any change in address, bank particulars, ECS/NECS particulars etc., to their respective depository participants and make sure that such changes are recorded by them correctly on or before 30th June, 2011. The particulars recorded with the depository participants will be considered for making the payment of dividend either by issuing payment instruments or by ECS/NECS. 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/NECS, intimations regarding such remittances would be sent separately to the concerned shareholders.
6. In compliance of the provisions of 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 2002-03 to the Investor Education and Protection Fund within the prescribed time limit and no claims in respect thereof shall lie against the Fund or the Company.

   The unclaimed dividend for the accounting year 2003-04 will become due for transfer by the Company to the Investor Education and Protection Fund on 27th September, 2011. Shareholders, who have not encashed the Dividend Warrants for the said year are therefore, requested to immediately forward the same to the Share Transfer Agents of 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 is open for inspection to the Members at the Registered Office of the Company on all working days, except on Saturdays and 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/transmission of shares in physical form, for the transferee/s to furnish copy of PAN card to the STA/Company for registration of such transfer/transmission of shares.
11. Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the **E-COMMUNICATION REGISTRATION FORM** inserted 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 mandates 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

Smt. Kanchan Vijayan, who was appointed as Director in the casual vacancy caused by the withdrawal of nomination of Shri P.B. Satam by Western Maharashtra Development Corporation Limited, holds office until 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 Smt. Kanchan Vijayan as a Director of the Company, not liable to retire by rotation.

Brief profile and particulars of Smt. Kanchan Vijayan 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 Smt. Kanchan Vijayan is interested or concerned in the said resolution.

Item No. 7

Shri G.R. Jangda, who was appointed as Director in the casual vacancy caused by the withdrawal of nomination of Shri A.T. Shaikh by Western Maharashtra Development Corporation Limited, holds office until 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 G.R.Jangda as a Director of the Company, liable to retire by rotation.

Brief profile and particulars of Shri G.R. Jangda 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 G.R. Jangda is interested or concerned in the said resolution.

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.

N.S. Kulkarni
Company Secretary

Pune, 16th May, 2011

DIRECTORS' REPORT

INTRODUCTION:

The Directors present their Thirty Sixth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2011.

OPERATIONS:

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

Income from treasury operations, during the year under review, amounted to Rs.3,472.38 lacs as against Rs.1,991.92 lacs during the corresponding period of previous year, while aggregate turnover was Rs.4,109.31 lacs as against Rs.2,433.54 lacs during the previous year.

FINANCIAL RESULTS:

(Rs. in lacs)

	2010-11	2009-10
Net Sales and Other Income	4,109.31	2,433.54
Gross Profit before Interest and Depreciation	2,214.33	744.22
Interest	0.09	0.04
Depreciation	101.35	104.11
Profit before Tax	2,112.89	640.07
Provision for Taxation	-	-
Net Profit	2,112.89	640.07
Debit/(Credit) relating to earlier years – Taxation	(59.65)	(201.07)
Disposable surplus after adjustments for earlier years	2,172.54	841.14
Provision for Proposed Dividend (inclusive of Dividend Distribution Tax)	1,195.43	732.97
Balance carried to General Reserve	977.10	108.18

DIVIDEND:

The Directors are pleased to recommend payment of dividend of Rs.9.00 per Equity Share i.e. 90%, subject to the approval of Shareholders at the ensuing Annual General Meeting, on 1,14,28,568 Equity Shares of Rs.10 each, amounting to Rs.1,195.43 lacs, inclusive of tax thereon.

Dividend paid for the year ended 31st March, 2010 was Rs.5.50 per share (55%) amounting to Rs.732.97 lacs, inclusive of tax thereon.

RESEARCH, DEVELOPMENT AND TECHNOLOGY ABSORPTION:

No expenditure is incurred by the Company attributable to Research, Development and Technology Absorption during the year under review.

CONSERVATION OF ENERGY:

With a view to effect savings in the consumption of power, the Company maintained power factor to Unity throughout the year under review, resulting in getting maximum rebate in electricity bills, while continuing to effectively put in operation biogas plant, wormi composting, solar heaters and effluent treatment so as to conserve energy.

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 Policy on AIDS, Safety and Health and has displayed the same at prominent locations at the factory premises.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

CASH FLOW STATEMENT:

A Cash Flow Statement for the year 2010-11 is included in the annexed Statement of Accounts.

INDUSTRIAL RELATIONS:

Industrial relations continued to be cordial during the year under review. After elapse of earlier wage agreement on 30th September, 2010, the Company has entered into a new wage agreement with the Workers Union, valid for a period of 5 years effective 1st April, 2011.

DIRECTORS:

a) During the year under review, Western Maharashtra Development Corporation Ltd. (WMDC) nominated Smt. Kanchan Vijayan and Shri G.R. Jangda on the Board of the Company, in place of Shri P.B. Satam and Shri A.T. Shaikh respectively. While Smt. Kanchan Vijayan would represent WMDC as a non-retiring Director, the appointment of Shri G.R. Jangda is liable to retire by rotation. Smt. Kanchan Vijayan and Shri G.R. Jangda holds office until the ensuing Annual General Meeting and are eligible for re-appointment.

b) Shri D.S. Mehta and Shri M.V. Bhagat, 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.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance, Management Discussion and Analysis statement forms part of the Annual Report.

AUDITORS' REPORT:

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

STATUTORY AUDITORS:

The Statutory 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 share 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.

COST AUDITORS:

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, 2012. Government approval for the appointment is since received.

On behalf of the Board of Directors

Madhur Bajaj
Chairman

Pune, 16th May, 2011.

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, 2011:

Name	Executive/ Non-executive/ Independent	Other Directorships held *	Other Committee positions	
			As Chairman	As Member
Madhur Bajaj	Non-executive, Chairman	6	-	-
D.S. Mehta	Non-executive, Independent	4	-	5
Jayant H. Shah	Non-executive, Independent	-	-	-
Sanjiv Bajaj	Non-executive	9	1	5
Shirish N. Karle	Non-executive	1	-	-
R.K. Nikharge	Non-executive, Independent	3	-	-
A.T. Shaikh (upto 05-04-2011]	Non-executive	1	-	-
M.V. Bhagat	Non-executive, Independent	1	-	-
P.B. Satam [from 10-05-2010 to 17-01-2011]	Non-executive, Independent	1	-	-
Smt. Kanchan Vijayan [from 17-01-2011]	Non-executive, Independent	2	-	-

* 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, 2011 and at the last AGM:

Name	Number of Board meetings		Attendance at the last AGM held on 20-07-2010
	Held	Attended	
Madhur Bajaj	4	4	Yes
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 [upto 05-04-2011]	4	4	Yes
M.V. Bhagat	4	3	No
P.B. Satam [from 10-05-2010 to 17-01-2011]	4	1	No
Smt. Kanchan Vijayan [from 17-01-2011]	1	1	Not applicable

The Board met four times during the year on 10th May, 2010, 20th July, 2010, 15th October, 2010 and 17th January, 2011.

Information placed before the Board of Directors:

The Board of the Company was presented with all the relevant and necessary information at their meetings as specified under covenants contained in the Listing Agreement and as stipulated under the Companies Act, 1956 and other enactments as applicable.

The Board also reviewed, periodically, 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, 2011. Declaration from Chief Executive to this effect forms part of this report.

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, Dy.General Manager (Satara), Senior Manager (Finance), Sr.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 10th May, 2010, 20th July, 2010, 15th October, 2010 and 17th January, 2011.

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

Terms of reference of 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 17th January, 2011, which was attended by all the members. 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	:	62
Number of shareholders' complaints not solved to the satisfaction of shareholders	:	Nil
Number of share transfers pending for over 30 days as on 31-03-2011	:	Nil