

Scooters India Limited

(A Government of India Enterprise)

An ISO 9001 Company

28th ANNUAL REPORT & ACCOUNTS

Report  junction.com

1999-2000





SCOOTERS INDIA LIMITED

BOARD OF DIRECTORS

Dr. A. Sahay
Sri Pradeep Kumar
Sri K.S. Sawhney
Sri N.K. Trivedi

Chairman-cum-Managing Director
Director
Director
Director

Company Secretary
Sri Manoj Agrawal

Statutory Auditors
M/s Rajeev Nandan & Co.,
Chartered Accountants
5-A, Prince Complex
Third floor, Hazratganj,
Lucknow-226 001

Internal Auditors
M/s Krishna Sharma & Co.
Chartered Accountants
Avanbhai Mansion,
3, Vidhan Sabha Marg,
Lucknow-226 001

Cost Auditors
Sri R.N. Tripathi,
C-121, Indira Nagar
Faizabad Road,
Lucknow-226 016

M/s Sanjay Rajiv & Company
Chartered Accountants
2nd Floor, YMCA Complex,
13, Rana Pratap Marg,
Lucknow-226 001

Bankers
State Bank of India
Indian Overseas Bank

M/s Kapoor Banga & Company
Chartered Accountants
2169, Main Road,
West Patel Nagar,
New Delhi-110 002

Delhi Sales & Liaison Office
64-65, Najafgarh Road,
Industrial Area,
New Delhi-110 015

M/s Girish Gupta & Associates
Chartered Accountants,
3/24, Vishal Khand,
Gomti Nagar,
Lucknow - 226 010

Registered Office & Works
Lucknow-Kanpur Road,
(16th Mile Stone)
Post Bag No. 23 (GPO)
(P.O.) Sarojini Nagar
Lucknow-226 008

DIRECTORS' REPORT

The Members,
Scooters India Limited

The Board of Directors of your Company is pleased to present the 28th Annual Report on the business and operations of the Company together with the audited Balance Sheet and Profit and Loss Account and Auditors' Report thereon for the financial year ended 31st March, 2000.

1. FINANCIAL REVIEW :

The salient features of the Company's financial results for the year under review, are as follows:

	(Rs. in Lakhs)	
	<u>1999-2000</u>	<u>1998-99</u>
a) Profit before Depreciation	748.59	725.56
b) Depreciation	97.17	94.02
c) Profit for the year	651.42	631.54
d) Prior period adjustments	26.85	28.82
Net Profit	678.27	660.36

2. PRODUCTION REVIEW :

The production performance for the year is shown below in physical terms :

	<u>1999-2000</u>	<u>1998-99</u>
Three wheelers	15,335	15,305

3. SALES REVIEW :

The Sales performance for the year is shown below :

	<u>1999-2000</u>		<u>1998-99</u>	
	<u>Physical</u>	<u>Financial</u>	<u>Physical</u>	<u>Financial</u>
	<u>(in Nos.)</u>	<u>(Rs. in lakhs)</u>	<u>(in Nos.)</u>	<u>(Rs. in lakhs)</u>
Three Wheelers	15,470	12,596.08	15,021	11,818.51
Two Wheelers	4	0.33	35	2.93
Fans	1	0.01	479	2.38
Spares & Power Pack	-	484.96	-	438.85
Petrol, Diesel, Lubricants etc.	-	222.12	-	127.76
Other Sales	-	88.55	-	98.27
TOTAL		13,392.05		12,488.70

4. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY :

An expenditure of Rs. 88.15 lakhs was incurred on account of advertisement and publicity during the year.

**5. WAYS AND MEANS :**

The ways and means position of the Company has been satisfactory.

6. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED FROM 1ST APRIL, 2000 TO DATE :

- a) With regard to plying of scrubber fitted 3-wheelers in Lucknow and assistance to Electric Vehicle developed by SIL, the Hon'ble High Court in its decision dated 14th July, 2000 directed the Chief Secretary to call a meeting of Principal Secretary (Institutional Finance), Principal Secretary (Power) and Principal Secretary (Transport) to evolve a policy within the shortest possible time.
- b) Government of India have decided to divest their shares to convert SIL into a Joint Venture Company to enable the Company to have continuous access to, inter-alia, modern technology and management techniques.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information in accordance with provisions of Section 217 (1) (e) of the Companies Act, 1956, regarding the conservation of energy, technology absorption and foreign exchange earnings and outflow are given in Annexure - I to this report.

8. PARTICULARS OF EMPLOYEES :

The Company has no employee getting salary more than the prescribed limits. Accordingly information required under Sec. 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 be treated as NIL.

9. ANCILLARIES AND SMALL SCALE UNITS :

SIL has purchased material worth Rs. 2,79,52,350 from Small Scale Units during the financial year 1999-2000. The Company supports them technically and encourages to compete in the market.

10. INDUSTRIAL RELATIONS :

During the period under review, the industrial relations in the Company remained, by and large, satisfactory.

11. VIGILANCE :

Vigilance Group continues to function with particular emphasis on the aspects of preventive and corrective vigilance. In specified areas, surprise checks and systems studies were carried out.

**12. WORKERS' PARTICIPATION IN MANAGEMENT :**

Works Committee comprising all sections of employees continued to meet regularly. The number of Shop Councils has been increased from 13 to 16 to widen the coverage of areas/operations. The meetings of Shop Councils are held every month.

13. TRAINING AND DEVELOPMENT :

The Company appreciates the importance of broadening the knowledge base and, therefore, continued to place emphasis on human resource development. In-house training programmes, both for skill development and motivation, were organised regularly throughout the year. The Company also sponsored employees for outside training by reputed organisations/institutions.

14. HINDI IMPLEMENTATION :

The progress of the implementation of the annual programme issued by the Department of Official Language, Ministry of Home Affairs, Government of India, is reviewed by the Official Language implementation Committee in its quarterly meetings. To commemorate Hindi Divas, every year Hindi Fortnight is observed and creative writing competitions are organized for employees. The Company also contributed to the organisation of All India Official Language Convention organised by Nagar Rajbhasha Karyanvayan Samiti, Lucknow, on the occasion of Rajbhasha Swarna Jayanti.

15. RESERVATIONS FOR SCHEDULED CASTES/SCHEDULED TRIBES :

As on 31.3.2000, the total strength of the Company was 1970. Out of these, 314 employees belong to Scheduled Castes and 2 employees to Scheduled Tribes.

16. FAMILY PLANNING :

Incentive was provided to one employee of the Company for operation of tubectomy during 1999-2000.

17. DIRECTORS :

Sri N. K. Trivedi was appointed as President's nominee on the Board of the Company w.e.f. 17th March, 2000.

Sri R. K. Sadhu, BIFR nominee Director, was discharged on 10th May, 2000.

18. AUDITORS :

M/s Rajeev Nandan & Company have been appointed by the Company Law Board on the recommendations of the Comptroller and Auditor General of India, as Statutory Auditors of the Company for the year 1999-2000.

**19. AUDITORS' REPORT :**

In regard to paragraph 2(e) of Statutory Auditors' Report, attention is invited to the notes No. 5, 7, 8, 9 and 12 forming part of the Accounts appearing in Schedule 19, which are self explanatory. Comments of the Comptroller and Auditor General of India are placed at Annexure - II. The review of accounts by the Comptroller and Auditor General of India is annexed at Annexure-III.

20. COST AUDIT :

Sri R.N. Tripathi, Cost Accountant, Lucknow has been appointed as Cost Auditor of the Company vide letter No. 52/412/CAB-89(CLB) dated 2nd August, 2000 from the Government of India, Ministry of Law, Justice & Company Affairs, Deptt. of Company Affairs, for auditing cost records relating to manufacture of Motor Vehicles for the financial year ending 31st March, 2000.

21. ACKNOWLEDGEMENT :

The Board of Directors would like to express their grateful appreciation for the sincere support and co-operation extended by its Bankers, Financial Institutions, Dealers and Suppliers. The Directors would also like to express their sincere thanks for the co-operation and advice received from Government of India, particularly, Department of Heavy Industry, the State Government, and the local authorities for their continued support, co-operation and guidance.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of employees. And to you, our Shareholders, the Directors are deeply grateful for the confidence and faith reposed in us.

For and on behalf of the Board

Place : Lucknow
Date : 28-8-2000

A. Sahay
Chairman-cum-Managing Director

ACCOUNTING POLICIES

Annexed to and forming part of the Accounts

1. SYSTEM OF ACCOUNTING :**(i) Basic assumptions :**

The accounts have been prepared under historical cost convention on accrual basis and as per applicable Mandatory Accounting Standards.

(ii) Going concern :

Accounts have been prepared on the principle applicable to a going concern.

2. DEPRECIATION :

Depreciation on fixed assets is charged on straightline method in accordance with rates prescribed in Schedule XIV to the Companies Act, 1956 as amended vide Companies (Amendment) Act, 1988, except in case of special tools where depreciation is charged @ 20% as was being done prior to introduction of Schedule XIV.

3. INVENTORIES :

(i) Raw-materials, components and spare-parts, tools and consumables and other stocks are valued at cost. Scrap and disposable goods are valued at estimated realisable value.

(ii) Stock-in-trade is valued at lower of cost or realisable value and for this purpose STM prices have been treated as realisable value.

(iii) Customs duty on bonded material is allocated to the cost of goods and equipment.

(iv) Expenditure on stationery, uniform, medicine etc. are charged off to revenue at the time of receipt. But the stock remaining at the year end are credited to the revenue account at cost and shown as closing stock.

(v) Work-in-progress is valued at cost. Where the jobs are in progress their conversion cost is taken at 50% of the standard cost regardless of the stage of completion. Completed jobs pending inspection are valued at cost or realisable value whichever is less.

4. FIXED ASSETS :

(i) Land is valued at cost. The cost of the lease land is amortised over the lease span of 90 years.

(ii) Plant, Machinery, Equipment and Fixture costing individually Rs.5000 and below are depreciated fully in the year of purchase. The tools manufactured departmentally and



costing individually Rs.5000 and below are charged off to revenue at the time of issue.

- (iii) Depreciation is also provided on assets which have been declared surplus and are not in use.

5. INVESTMENTS :

Investments are valued at cost. However, in case of permanent diminution in the value of investments, suitable provision is made in the books of accounts.

6. PROVISION FOR REDUNDANCY/OBSOLESCENCE :

Provision for redundancy is made at 0.5% of the value of closing inventory of raw materials and components, stores and spare-parts excluding finished goods, gasoline in petrol pump, medicines, materials in bond and under inspection and scraps. Wherever necessary, additional provision for redundancy/obsolescence of materials is made in individual cases keeping in view their realisable value.

7. SALES :

Sales are set up as per the Sale of Goods Act. They represent value of goods sold at the ex-factory price plus incidentals like freight, insurance etc. embedded in the sale price. The value of sales is inclusive of Excise Duty.

8. ACCOUNTING FOR INCOME AND EXPENDITURE :

Income and expenditure are accounted for in the current year on accrual basis under natural heads of account. However, expenditure upto Rs.100/- each event though pertaining to the prior periods is accounted for in the current year.

9. RETIREMENT BENEFITS :

Contribution to Provident Fund, Gratuity Fund and Leave Encashment Fund are made to the recognised funds and charged to the Profit and Loss Account. Gratuity and Leave Encashment liability is ascertained by Life Insurance Corporation of India on actuarial valuation at the year end.

10. DEFERRED CREDIT :

In case of purchase of fixed assets on deferred credit, the purchase price of fixed assets and interest on outstanding amount accruing upto the date of erection and commissioning are capitalised.

11. RESEARCH AND DEVELOPMENT :

Research and development expenditure is charged off to the Profit and Loss Account in the year of occurrence. However, Research and Development expenditure which results in the development of a project, the benefits whereof are to be reaped in future years, is treated as deferred revenue expenditure and amortised over a period of 10 years.

**12. JOBS DONE FOR INTERNAL USE :**

Jobs done for internal use are valued on the basis of technical estimates of materials and conversion cost.

13. CLAIMS RAISED BY GOVERNMENT AUTHORITIES :

Claims raised by Government Authorities regarding taxes and duties to the extent disputed by the Company are accounted for based on merits of each claim. Adjustments, if any, are made in the year in which the disputes are settled or decided. Such disputed liabilities are, however, disclosed in notes annexed to and forming part of the accounts.

14. ACCOUNTING OF GOVERNMENT GRANT :

- (i) Government Grant of revenue nature are accounted for in the Profit and Loss Account under the head "other income" in the year of receipt and the expenditure is charged to revenue as and when incurred.
- (ii) In case of any specific Government grant the treatment in the books of accounts is made on the basis of specific stipulation for the same.

As per our separate report of even date

For Rajeev Nandan & Company

Chartered Accountants

Rajeev Agarwal

Partner

S.C. Pande

OSD (Finance)

N. K. Trivedi

Director (Tech.)

A. Sahay

Chairman-cum-Managing Director

Place : Lucknow

Date : 20-7-2000



SCOOTERS INDIA LIMITED

BALANCE SHEET AS AT MARCH 31, 2000

	SCHEDULE	AS AT 31-3-2000 RS.	AS AT 31-3-1999 RS.
1. SOURCES OF FUNDS			
i) Shareholders' Funds			
a) Capital	1	399,938,188	383,788,188
b) Reserves & Surplus	2	926,083	926,083
		<u>400,864,271</u>	<u>384,714,271</u>
ii) Loan Funds			
a) Secured Loans	3	156,366,801	160,078,293
b) Unsecured Loans	4	79,190,000	63,040,000
		<u>235,556,801</u>	<u>223,118,293</u>
		<u>636,421,072</u>	<u>607,832,564</u>
2. APPLICATION OF FUNDS			
i) Fixed Assets			
a) Gross Block	5	352,314,172	335,051,752
b) Less: Depreciation		270,281,274	261,028,584
c) Net Block		82,032,898	74,023,168
d) Capital work-in-progress	6	3,688,871	2,765,436
		<u>85,721,769</u>	<u>76,788,604</u>
ii) Investments	7	336,054	336,054
iii) Current Assets, Loans & Advances	8		
a) Inventories		269,471,959	320,028,490
b) Sundry Debtors		143,751,260	88,903,106
c) Cash and Bank balances		335,325,629	308,155,061
d) Loans and Advances		62,316,035	56,374,383
		<u>810,864,883</u>	<u>773,461,040</u>
Less :			
Current Liabilities and Provisions	9		
a) Liabilities		260,344,338	310,418,297
b) Provisions		185,171	189,261
		<u>260,529,509</u>	<u>310,607,558</u>
Net Current Assets / (-) Liabilities		550,335,374	462,853,482
iv) Profit & Loss Account	10	27,875	67,854,424
		<u>636,421,072</u>	<u>607,832,564</u>
Accounting Notes and Contingent Liabilities	19		

Schedule 1 to 10 and 19, alongwith accounting policy are integral part of the Balance-sheet.

As per our separate report of even date
For Rajeev Nandan & Company
Chartered Accountants

Rajeev Agarwal
Partner

S.C. Pande
OSD (Finance)

N. K. Trivedi
Director (Tech.)

A. Sahay
Chairman-cum-Managing Director

Place : Lucknow
Dated : 20th July 2000