

Scooters India Limited

(A Government of India Enterprise)

An ISO 9001 Company

29th ANNUAL REPORT & ACCOUNTS

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2000-2001





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



SCOOTERS INDIA LIMITED

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the members of Scooters India Limited will be held at **3.00 p.m. on Tuesday, the 25th September, 2001** at Sahkarita Bhawan Auditorium, 14, Vidhan Sabha Marg, Lucknow to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit & Loss Account of the Company for the financial year ended 31.3.2001.
2. Shri K. S. Sawhney, Deputy Secretary to Govt. of India, appointed as Presidents' Nominee to the Board of the Company, is liable to retire by rotation and being eligible, offers himself for reappointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolutions as Special Resolution :

"RESOLVED that pursuant to the provisions of Section 619(2) of the Companies Act, 1956, Auditors of the Company may be appointed by the Comptroller & Auditor General of India from the conclusion of this meeting until the next AGM."

"RESOLVED further that pursuant to Section 224(8) (aa) of the Companies Act 1956, the remuneration may be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee and approval of the Comptroller & Auditor General of India.

By order of the Board of Directors

Manoj Agrawal
Company Secretary

Place : Lucknow
Date : August 16, 2001

**Notes :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED AT THE END OF ANNUAL REPORT.**
2. Only Members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first holder is same, only the first joint holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from **1.9.2001 to 30.9.2001** (both days inclusive).
4. Members seeking further information on Accounts or any matter contained in the Notice, are requested to write to the company at least 10 days before the meeting so that relevant information can be kept ready at the meeting.
5. Members/Proxies attending the meeting are requested to bring their copy of Annual Report and exchange the duly filled attendance slip attached with entry slip for entrance to the meeting hall.
6. Member should notify change in their addresses, if any, specifying full address with **PIN CODE** to the Company's registered office quoting their registered Folio No.
7. If shares are held under more than one folio, the same may kindly be consolidated for convenient reference.
8. Entry to the Auditorium will be strictly against Entry slip available at the counters at the venue and against exchange of Attendance Slip.
9. Member can avail of nomination facility by filling Form 2B, as prescribed under Companies (Central Governments) General Rules & Forms, 1956, with the Company. Blank forms will be supplied on request.

DIRECTORS' REPORT

Dear Members,
Scooters India Limited.

The Board of Directors of your Company is pleased to present the 29th 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, 2001.

1. FINANCIAL REVIEW :

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

	<u>1999-2000</u>	(Rs. in Lakhs) <u>2000-2001</u>
a) Profit before Depreciation	748.59	619.29
b) Depreciation	97.17	110.87
c) Profit for the year	651.42	508.42
d) Prior period adjustments	26.85	1.75
Net Profit	678.27	510.17

2. PRODUCTION REVIEW :

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

	<u>1999-2000</u>	<u>2000-2001</u>
Three wheelers	15,335	13,006

3. SALES REVIEW :

The Sales performance for the year is shown below :

	<u>1999-2000</u>		<u>2000-2001</u>	
	Physical (in Nos.)	Financial (Rs. in lakhs)	Physical (in Nos.)	Financial (Rs. in lakhs)
Three Wheelers	15,470	12,596.08	12070	10235.54
Two Wheelers	4	0.33	-	-
Fans	1	0.01	-	-
Spares & Power Pack	-	484.96	-	589.81
Petrol, Diesel, Lubricants etc.	-	222.12	-	290.70
Other Sales	-	88.55	-	71.32
TOTAL		13,392.05		11187.37

4. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY :

An expenditure of Rs. 74.56 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 1.4.2001 TO DATE :

The Government of India had decided to disinvest their shares to convert SIL into a Joint Venture Company. An advertisement was floated on 26th March, 2001 requiring interested parties to submit their expression of interest not later than 15th May, 2001. No positive response to this advertisement has been received.

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. INFORMATION TECHNOLOGY :

Information Technology is a strategic tool for our business operations, to gain competitive advantage and to improve overall productivity and efficiency of the organisation. All our technology initiatives are aimed at enhancing value, offering customer convenience and improved service while optimising costs. Your Company has put up its own website www.scootersindia.com that has linkage with e-mail.

9. 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.

10. ANCILLARIES AND SMALL SCALE UNITS :

SIL has purchased material worth Rs. 226.40 lacs from Small Scale Units during the financial year 2000-2001. The Company supports them technically and encourages them to compete in the market.

11. INDUSTRIAL RELATIONS :

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

12. 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.

13. WORKERS' PARTICIPATION IN MANAGEMENT :

Works Committee comprising of all sections of employees and 16 Nos. Shop Councils covering all areas/operations continued to meet every month to secure employees' participation in Management.

14. HUMAN RESOURCE DEVELOPMENT :

Employees are central to SIL's growth strategy. In pursuance thereof, the Company is regularly conducting training programmes in-house and sponsoring employees to attend specialized programmes outside.

Learning and Training

Your company's Management is fully aware that the future of the organisation depends largely on its ability to transform itself into a learning organization. Your Company has, therefore, undertaken to develop systematic and scientific matrices for training of its employees.

Induction of professionally qualified young blood has also been initiated.

15. HINDI IMPLEMENTATION :

Official Language implementation Committee continues to meet every quarter to take stock of the progress of the implementation of the Annual Programme issued by the Department of Official Language, Ministry of Home Affairs, Govt. of India. The Company commemorated Hindi Divas by observing official language fortnight in the month of September and organising noting and drafting competition for various sections of employees.

16. RESERVATIONS FOR SCHEDULED CASTES/SCHEDULED TRIBES :

As on 31.3.2001, the total strength of the Company was 1946. Out of these, 312 employees belong to Scheduled Castes and 2 employees to Scheduled Tribes.

17. DIRECTORS :

During the year 2000-2001 there has been no change in the constitution of the Board of Directors of the Company.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March 2001, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2001 on a 'going concern' basis.

18. ADEQUACY OF INTERNAL CONTROL :

SIL has proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised use of desposition of assets, and that the transactions are authorised, recorded and reported correctly.

SIL ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

**19. FIXED DEPOSITS :**

The Company has not accepted any deposits during the year.

20. AUDITORS :

M/s Rajeev Nandan & Company have been appointed by the Comptroller and Auditor General of India, as Statutory Auditors of the Company for the year 2000-2001.

21. AUDITORS' REPORT :

In regard to paragraph 2(f) of Statutory Auditors' Report, attention is invited to the notes No. 5, 7, 8, and 11 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 - III. The review of accounts by the Comptroller and Auditor General of India is placed at Annexure-IV.

22. 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, 2001.

23. COMPLIANCE CERTIFICATE :

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached as Annexure - II to this report.

24. ACKNOWLEDGEMENT :

The Board of Directors would like to express their grateful appreciation for the sincere support and co-operation extended by the 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

A. Sahay

Chairman-cum-Managing Director

Place : Lucknow

Date : 16-8-2001

**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 eventhough 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.