

49th ANNUAL REPORT 2020-21




Scooters India Limited

(A Government of India Enterprise)

An ISO 9001 Company

Contents	Page No.
Board of Directors	03
Directors Report	04
Auditors Report	28
Comments of C& AG u/s 143 of the Companies Act 2013	61
Corporate Governance Report	63
Balance Sheet	93
Profit & Loss Statement	95
Cash Flow Statement	97
Accounting Policies & Notes Annexed to and forming parts of the Accounts	99
Notice	140



**BOARD OF DIRECTORS****Functional Directors**

Shri Rupesh Telang	Chairman & Managing Director	From 25 th April 2021 to till date
Shri Mukesh Kumar	Director (Finance) (Additional Charge)	From 30.08.2020 to till date
Shri Renati Sreenivasulu	Chairman & Managing Director	From 06.10.2018 to 25.04.2021
Shri S Shaktimani	Director (Finance) (Additional Charge)	From 30.05.2018 to 27.08.2020

Government Nominee Director

Shri S.K Singh	GOI, Part time Official Director	From 15.01.2018 to till date
Shri Ramakant Singh	GOI, Part time Official Director	From 10.11.2020 to till date
Smt Rakesh Sharma	Non-Executive, Independent Director	From 28.01.2020 to till date
Shri M.P. Singh	Non-Executive, Independent Director	From 28.01.2020 to till date

STATUTORY AUDITOR

Asija & Associates LLP
1st Floor, 34/5 Gokhle Marg,
Lucknow 226001

SECRETARIAL AUDITOR

Amit Gupta & Associates
Office: B-12, Basement,
Murli Bhawan, 10-A, Ashok Marg,
Lucknow - 226001

REGISTERED OFFICE & WORKS

Lucknow-Kanpur Road
(16th Mile Stone)
Post Bag No.23
(Po) Sarojini Nagar
Lucknow-226008

INTERNAL AUDITOR

Avanish K. Rastogi & Associates
Chartered Accountants,
F-10-A, Khushnuma Complex
7-RF, Bahadur Marg,
Near State Guest House, Lucknow

STOCK EXCHANGE

BSE Limited,
1st Floor, Phiroze Jijibhoy Towers,
Dalal Street, Mumbai-400001

REGISTRAR & TRANSFER AGENT

Skyline Financial Services Private
Limited D-153/A, 1st Floor
Okhla Industrial
Area Phase-1
New Delhi-110020 Ph-011-26812682
Fax-26812682

**DIRECTORS' REPORT**

Dear Shareholders,

The Board of Directors of your Company is pleased to present the 49th Annual Report on the business and operations of the Company together with the audited Balance Sheet and statement of Profit and Loss Account and Auditors' Report thereon for financial year ended 31st March, 2021.

1. PRODUCTION REVIEW

Description	2019-20	(Nos.) 2020-21
Three Wheeler	3857	11

2. SALES REVIEW

The Sales performance for the year is shown below:

Description	2019-20		2020-21	
	Physical	Financial	Physical	Financial
		(Rs. In lakhs)		(Rs. In lakhs)
Three Wheeler	4599	6757.21	23	125.42
Spares		347.72		227.43
Petrol, Diesel, Lubricants etc.		Nil		0.00
Other Operating Revenue		95.72		147.44
Total		7200.65		500.31

3. FINANCIAL REVIEW

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

Description	2019-20	(Rs. In lakhs) 2020-21
a) Profit/Loss before Depreciation, Interest, Taxes, Prior Year Items & Other Income.	(1572.96)	(5085.99)
b) Profit/Loss before Depreciation, Interest, Taxes, & Other income	(1572.96)	(5085.99)
c) PBIDT	(1365.54)	(4648.00)
d) Profit/(Loss) for the year	(1572.51)	(4864.63)

**During the year under report:**

- I. Loss before depreciation, interest, taxes, prior year items & other income increased by Rs. 3513.03 lakhs as compared to the previous year.
- II. Loss before depreciation, interest, taxes, & other income increased by Rs. 3513.03 Lakhs as compared to the previous year.
- III. Loss before depreciation, interest & taxes, increased by Rs. 3282.46 lakhs as compared to the previous year.
- IV. Loss for the year increased by Rs. 3292.12 lakhs as compared to the previous year.

4. CONTRIBUTION TO EXCHEQUER

The company has contributed a sum of Rs. 102.35 lakhs (towards duties & taxes) to the exchequer during the period under review vis-à-vis Rs. 1110.37 lakhs during previous financial year.

5. DIVIDEND

In view of losses, the Directors did not recommend final dividend for the Financial Year 2020-21.

6. TRANSFER TO RESERVES

In view of the losses, the Company does not propose to transfer to the general reserves out of the amount available for apportion.

7. ISSUE OF SHARES WITH OR WITHOUT DIFFERENTIAL RIGHT, SWEAT EQUITY, ESOP:

The Company has not issued any share with differential right, sweat equity, employee stock option during the year, hence, not applicable.

8. EXPORT

The export during the year was NIL.

9. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY:

Expenditure on account of advertisement and publicity was NIL in the year.

10. STATUS OF REPAYMENT OF LOAN FROM GOI

The Government of India, Ministry of Industries & Public Enterprises, Department of Heavy Industry released funds by way of interest free plan loan amounting to Rs. 2000.00 lakhs during the financial year 2013-14 for working capital under an approved revival package of Scooters India Limited by Cabinet/ Misc. Application approved by BIFR. As per sanction 23.7.2013/BIFR order the loan was repayable in 5 installments commencing from 23.7.2016 onwards i.e. 3 years from date of sanctioning i.e. beginning w.e.f. 23.7.2016. In accordance with the Board's decision in their meeting held on 8th April 2016 and in the background of letter F.No. 3(15)/2013-PE-VI dated 5th March 2015, the interest on CAPEX funds temporarily deployed as FDR remitted to Government of India in April 2014 amounting to Rs. 128.11 lakhs was adjusted against the installment of Rs. 400.00 lakhs due on 23rd July 2016. Accordingly principal of Rs 1600 lacs is outstanding. The cabinet sanctioned a loan of Rs. 65 crores out of which a loan of Rs 41 crore was disbursed on 28.03.2021 for VRS/VSS scheme of employees and other vendor payments.



11. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED FROM 01.04.2021 TO DATE

In terms of the communication vide letter no. F. No. 3(1)/2020-PE-VI dated 28.01.2021 from DHI, the operations of the Company had been stopped and process for closure of SIL has been initiated. In terms of the said communication all regular employees had been released and from 29.04.2021, the regular strength of the Company is NIL. The Company has ceased to be a going concern and necessary steps as per the said communications are being implemented.

Global Pandemic - Covid-19

The outbreak of Coronavirus (COVID-19) pandemic globally and in India has caused significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The world is in the mid of COVID-19 pandemic and it is yet unclear how it will unfold in near future. The governments across the world are deploying drastic measures, such as lockdowns, to contain this pandemic.

The economic impact of the 2021 corona virus pandemic in India has been disruptive but there are signs of improvement as India's growth in the fourth quarter of the fiscal year 2021 showed slight pick up as India's economy grew at 1.6% however due to Covid-19 second wave hitting the economy hard. In the full Fiscal Year, the economy shrunk by -7.3% The contraction in FY21 GDP is worse in more than 40 Years, the government data shows.

For the Company, the main focus is ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally. From a highly centralized model consisting of work spaces set in large delivery campuses capable of accommodating thousands of employees, the switch to work from home for employees.

This being an unprecedented crisis humankind is facing, the full assessment of the impact on the business will be possible only with the passage of time.

The pandemic Covid-19 has significantly and adversely affected the business sentiment and economy in general. The Company has evaluated the impact of COVID - 19 on the functioning of the company till the year end, which is insignificant considering the overall operations of the company for the year and the decision of the Government to close the company.

12. Management Discussion and Analysis:

Industry structure and development : Automotive industry in India is one of the main pillars of the economy. With strong backward and forward linkages, it is a key driver of growth. Liberalization and conscious policy interventions over the past few years created a vibrant, competitive market, and brought several new players, resulting in capacity expansion in automobile industry and generation of huge employment. Aptly, the sector was christened as the 'Sunrise Sector' of the economy.



Even before Covid, it was clear that real GDP growth was on a downward trend. Then came the full nationwide lockdown from 25 March 2020 right upto 31 May 2020. GDP growth crashed by 24.4% in April-June 2020, which was the worst quarterly slump ever. July-September 2020 also posted a negative GDP growth of 7.3%. Then things slowly began to look up. For October-December 2020, GDP growth swung into the positive zone tiny at 0.4% versus same quarter in the previous year, but positive nevertheless. As of now, we do not have the data for January-March 2021, which will be published only at the end of May. However, the Central Statistical Organisation estimates annual GDP growth for FY2021 at (-) 8%.

Three Wheelers				
Manufacturers	Domestic Sales (In Numbers)		Market Share (In Percentage)	
	April-March		April-March	
	2019-20	2020-21	2019-20	2020-21
Atul Auto Limited	40711	15349	6.39	7.10
Bajaj Auto Ltd	365315	109304	57.34	50.56
Mahindra & Mahindra Ltd	62185	20525	9.76	9.49
Piaggio Vehicles Pvt Ltd	152366	62730	23.92	29.02
Scooters India Ltd	4550	23	0.71	0.01
Force Motors Limited	4	0	0.00	0.00
TVS Motor Company Ltd	11934	8266	1.87	3.82
Total	637065	216197	100.00	100.00

In this financial year, the automotive industry is now suffering from excess capacity and suppressed demand leading to lay-offs. Some of the areas causing distress in the automotive sector are: slowdown in economic growth, high cost of vehicle finance, high interest rates, high fuel prices, high inflation and negative market sentiments, increase in the commodity prices, high customs duty on Alloy Steel, Aluminum Alloy and Secondary Aluminum Alloy.

The Automobile market has witnessed negative trend during the entire financial year. The demand during 2020-21 were low because of several factor like entire supply chain started restricting their supplies in view of the BS-VI norms. Electric Vehicles registration is a challenge in Passenger segment because of CMVR Rules mandating plying of contract carriage three wheelers with permits to be decided by states. The Pandemic also played a major role in decrease in demand.

**MISSION, VISION & OBJECTIVE**

VISION SIL Vision is to grow as an organization in the field of automobiles with greater emphasis on E- Mobility.

MISSION Our Mission is to strengthen SIL presence in E-Mobility by foraying into Electric Vehicle market and thus to provide cleaner mobility solutions for future generations.

OBJECTIVE

- Design, Development and Commercialization of two variants of Electric 3-Wheeler/ one variant of BS-VI 3-Wheeler by 2020-21.
- Design, Development and Commercialization of two more variants of Electric 3-Wheeler/BS-VI 3-Wheeler by 2021-22.
- Consolidation of E-Mobility business and BS-VI 3-Wheelers to make SIL a force of domination in 3-Wheeler Industry.
- Creating Niche markets in Electric Vehicle Market.

However, as the Department of Heavy Industries in the letter No.3 (1) 2020-PE-VI dated 28th January 2021 has ordered for closure of SIL therefore the afore-mentioned objectives cannot be achieved anymore.

B. MARKET SCENARIO-SEGMENT /PRODUCT WISE PERFORMANCE

- I. (i). The total number of 3-Wheelers produced and sold in the domestic market by manufactures in India during the year 2020-21 as against 2019-20 is given below:

Category Segment/ Sub- segment	Productions	
	April'19- March'20	April'20-March'21
Passenger Carrier	1016175	259226
Goods Carrier	116807	85993
Total	1132982	345219
Domestic Sales (In Nos.)		
Passenger Carrier	526000	134000
Goods Carrier	112000	82000
Total	638000	216000

Note : Scooters India Limited has been a pioneer in bringing out various models of 3-Wheelers running on Diesel, Electric, LPG and CNG for applications as both passengers and load carrier versions. Company has played an important role in popularization of 3-Wheelers of larger capacity in the country. SIL has achieved sales of 4599 nos. in 2019-20. This has also resulted in increase the SIL market share from 0.61% in 2018-19 to 0.71% in 2019-20. The company continues to be the leader in larger capacity of vehicles i.e. passenger carrier (6+1) segment and goods carrier exceeding 1 ton of vehicles. The market share of company was 100% in 2019-20 (SIL sales 1190 nos. out of 1190 nos.).

- i) 3- Wheelers growth drivers in future are as under:

- Rapid development of infrastructure and focus of both Central as well as State Govt. on infrastructure mainly on roads, the demand of 3- wheeler may see an upward trend in coming years. The demand driver for 3-Wheelers are its affordability as an economical viable transport solution. However the demand for 3-Wheeler passenger carrier depends on the availability of permits issued by Local RTO's.



- Increased demand from semi urban & rural areas for 3-Wheelers because of its high product maneuverability and drivability
- Suitability of 3-Wheelers for congested Indian roads and tropical conditions.
- Self employment opportunity for a large no of youths especially with the Govt. focus on various schemes for the unemployed youths.
- 3-Wheelers of smaller capacity are in great demand in load carrier segment because of increase in organizing retail marketing across the country which requires faster and economical transportation.

C OPPORTUNITIES AND THREATS

C 1 : Strengths

- Integrated plant with capability to produce majority of components by exercising checks on incoming RM quality and operations.
- Induction of new Machinery through CAPEX has improved quality of critical components as well as Productivity.
- Skilled manpower at reduced cost by re-engaging retired personnels.
- Scope of doubling/tripling the production with minimum investment.
- Company has the advantage of E-Vehicle experience in late 90's as the automotive market is poised for growth in E-Mobility in coming years

C 2 : Weakness

- Depleting manpower.
- Sourcing of material at economical costs is difficult due to low volumes. This is also resulting in weak supply chain.
- The plant is located far way from automotive hubs like NCR, Pune, Chennai
- Not able to introduce new models/variants due to low volumes of production.
- Not having strong "vehicles finance" tie ups.

C 3 : Opportunities

- Expected exponential growth in E-Mobility sector
- Untapped markets - South, East & Exports
- Developing hub and spoke transportation model
- Increasing allocation of funds for E-Mobility under FAME Schemes
- Rapidly growing awareness about vehicular pollution leading to policy formulation for increase use of alternate fuel vehicles such as Electric Vehicle
- Navratna companies like BHEL, NTPC have joined hands with SIL to promote E-Mobility.

C 4 : Threats

- Implementation of BSVI emission norms w.e.f. 01/04/2020 for which the engine manufacturer are not ready with their engine and solution.
- Lockdown due to COVID-19 pandemic under Disaster Management Act resulting affected business activities.
- In terms of the communication vide letter no. F. No. 3(1)/2020-PE-VI dated



28.01.2021 from DHI, the operations of the Company had been stopped and process for closure of SIL has been initiated.

- Growing Electric vehicle market but the allied motor, controllers & Li-Ion battery manufacturing facilities are adversely affected because of Indo-China adverse relation as-well-as Covid-19 scenario.
- Increase in product substitution effect by rapidly growing 4 Wheeler SCV Increased competition both from organized and unorganized players. Frequent changes in Market Dynamics, Volatility in Raw Materials prices / input and difficulty in passing on cost increase.

D : Future Outlook:

- The need for new design features in the existing product combined with improved quality features demands significant investment in Research & Development and also in plant & machinery. Existing over-lived plant & machinery is an area of concern.
- Manpower is a challenge on all fronts. The average age profile of the employees is very high. The manpower cost in the company is still high because of low volumes. The company needs to reduce its manpower cost even while putting efforts to infuse fresh blood simultaneously.
- The Automobile Industry as a whole has witnessed negative growth in the past 02 financial consecutively. The entire automobile engineering and especially commercial vehicles is facing tough challenge on the front of approaching BS VI implementation. The 3-wheelers industry is facing competition from 4- wheelers SCV in 1.0 ton and sub 1.0 ton category which is expected to aggravate the extremely competitive scenario and impact the volumes and margins.
- Strict regulatory laws combined with restriction on holding release of new passenger permits shall act as deterrent for company growth.
- Employees' aspiration for implementation of 2007 wage and salary revision.
- Covid-19 Pandemic situation is still in force. The Country has been under lockdown till the end of May, 20 and still unlock phase is not complete. As a result of business environment as suffered badly because the focus of customers has shifted from buying new goods to take care of health first safe.

E. Strategic Road Map:

In terms of the communication vide letter no. F. No. 3(1)/2020-PE-VI dated 28.01.2021 from DHI, the operations of the Company had been stopped and process for closure of SIL has been initiated. In terms of the said communication all regular employees had been released and from 29.04.2021, the regular strength of the Company is NIL. Earlier the Company initiated various initiatives to meet the forth coming challenges for BSVI deadlines with strategic planning of Electric vehicles:

- Type Approval of Vikram 3 Wheeler Electric (6P+D) Passenger and Goods Carrier obtained from ICAT.
- The Type Approved vehicle has successfully qualified for FAME-II criteria of Government which indicate that vehicle is energy efficient.
- Introduction of Vikram Electric 3 Wheeler in (6P+D), (3P+D) Passenger and Goods Carrier with different makes of Li Ion Battery pack, DC Motor & Controller.
- Development of Electric 2 Wheeler with Vijai Super / Lambretta design.