

**37th**

**ANNUAL REPORT 2011-2012**



**MAHARASHTRA SCOOTERS LTD.**



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37th Annual General Meeting:

Monday, the 16th day of July, 2012 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.



<b>Board of Directors</b>	<b>Madhur Bajaj</b> <i>Chairman</i> <b>D. S. Mehta</b> (upto 31-10-2011) <b>Jayant H. Shah</b> (upto 18-10-2011) <b>Sanjiv Bajaj</b> <b>Shirish N. Karle</b> (upto 05-10-2011) <b>R. K. Nikharge</b> <b>M. V. Bhagat</b> <b>Smt. Kanchan Vijayan</b> <b>G. R. Jangda</b> <b>S. B. Patil</b> (from 05-10-2011) <b>Yogesh J. Shah</b> (from 18-10-2011) <b>Naresh Patni</b> (from 17-01-2012)
<b>Audit Committee</b>	<b>Yogesh J. Shah</b> <i>Chairman</i> <b>R. K. Nikharge</b> <b>Naresh Patni</b>
<b>Shareholders'/Investors' Grievance Committee</b>	<b>Yogesh J. Shah</b> <i>Chairman</i> <b>Sanjiv Bajaj</b> <b>R. K. Nikharge</b>
<b>Company Secretary</b>	<b>N. S. Kulkarni</b>
<b>Chief Executive</b>	<b>Ranjit Gupta</b>
<b>Dy. General Manager (Satara)</b>	<b>R. D. Haware</b>
<b>Dy. General Manager (Finance)</b>	<b>R. B. Laddha</b>
<b>Auditors</b>	<b>P. C. Parmar &amp; Co., Pune</b>
<b>Cost Auditor</b>	<b>A. P. Raman, Pune</b>
<b>Registered Office</b>	<b>C/o. Bajaj Auto Limited</b> Mumbai-Pune Road Akurdi, Pune-411 035.
<b>Works</b>	Plot No. C-1, M.I.D.C. Area Satara-415 004, Maharashtra.
<b>Website</b>	<b><u><a href="http://www.mahascooters.com">www.mahascooters.com</a></u></b>



**Registered office:**

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

**NOTICE**

**NOTICE** is hereby given that the Thirty Seventh Annual General Meeting of the shareholders of **MAHARASHTRA SCOOTERS LIMITED** will be held on Monday, the **16th day of July, 2012 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, 2012 and Statement of Profit and Loss 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 Sanjiv Bajaj, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Shri R.K.Nikharge, who retires by rotation and being eligible, offer 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, (ICAI Firm Registration No.107604W) 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 Yogesh J.Shah, who was appointed by the Board of Directors of the Company as a Director with effect from 18th October, 2011, in the casual vacancy caused by the withdrawal of nomination of Shri Jayant H.Shah by Bajaj Holdings and Investment 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 his candidature for the office of Director, be and is hereby appointed 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, 15th May, 2012

**NOTES:**

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos.5 & 6 is annexed.
2. As required by Clause 49 of the Listing Agreement, brief details of the retiring Directors seeking re-appointment are annexed hereto.
3. 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.**
4. Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 7th day of July, 2012 to Monday, the 16th day of July, 2012 both days inclusive for the purpose of Annual General Meeting and payment of dividend.
5. If Dividend on shares as recommended by the Directors is approved at the meeting, payment of such dividend will be made from 20th July, 2012 to 21st July, 2012 to those shareholders, whose names appear (a) As Beneficial Owners as at the end of the business of 6th July 2012, 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 7th July, 2012.
6. Shareholders holding shares in physical form are requested to notify change of address, if any, to the STA of the Company, Karvy Computershare Pvt. Ltd., 17-24, Vitthalrao Nagar, Madhapur, Hyderabad-500 081 immediately, preferably along with their bank/ECS/NECS details, unless already notified, so as to reach the STA on or before 7th July, 2012.  
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 6th July, 2012. 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.
7. 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 2003-04 to the Investor Education and Protection Fund within the prescribed time limit and now no claim in respect thereof lies either against the Fund or the Company.  
The unclaimed dividend for the financial year 2004-05 will become due for transfer by the Company to the Investor Education and Protection Fund on 13th September, 2012. Shareholders, who have not encashed the Dividend Warrants for the said year are, therefore, requested to immediately forward the same to the STA of the Company for payment.
8. 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.
9. 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.
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 mode are requested to:-
  - a) opt for dematerialization of their shareholding through any of the SEBI registered Depository Participant.
  - b) avail nomination facility in respect of their shareholding in the Company by submitting Nomination Form, available for download on the website of the company.
  - c) contribute to the cause of Green Initiative by registering their e-mail addresses, by submitting the Consent Form, available for download on the website of the Company.
  - d) submit a notarized copy of their PAN Card, with a view to comply with KYC norms.



## Annexure to Notice

### BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT AND EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No.3

##### Re-appointment of Shri Sanjiv Bajaj as Director

Brief resume of Shri Sanjiv Bajaj, who retires by rotation and is seeking re-appointment and his other details are given below for the information of Shareholders.

Shri Sanjiv Bajaj has done B.E. Mechanical, first class with distinction from the University of Pune, M.Sc. (Manufacturing Systems Engineering), with distinction from the University of Warwick, U.K., and M.B.A. from Harvard Business School, U.S.A.

Since 2008, Shri Sanjiv Bajaj is the Managing Director of Bajaj Finserv Ltd., which operates in the insurance business through Bajaj Allianz Life Insurance Co. Ltd., and Bajaj Allianz General Insurance Co. Ltd., as well as in the consumer lending business through Bajaj Finance Ltd. His role includes guiding the current businesses and building new ones in the financial services space.

Effective 1st April, 2012, Shri Sanjiv Bajaj is also appointed as Managing Director of Bajaj Holdings and Investment Ltd., wherein his role includes building the strategy and team and guiding this investment company, which has over Rs.20,000 crores in cash and investments.

Shri Bajaj was awarded Business Today Magazine's Best CFOs Awards 2005 as one of the top CFOs of India for 2005.

Shri Bajaj was selected as India Inc's one of the top hundred most powerful CEOs in India by Economic Times' Corporate Dossier magazine in its 2009 survey conducted by IMRB International.

Besides being on the Board of the Company for over 6 years and also a Member of its Shareholders'/Investors' Grievance Committee, he holds directorships, committee positions in the following companies:-

##### Directorships:

- |   |   |
|---|---|
| 1. BajajAllianz General Insurance Co.Ltd.               | 9. Jeevan Ltd.                                |
| 2. BajajAllianz Life Insurance Co.Ltd.                  | 10. Hindustan Housing Co. Ltd.                |
| 3. Bachhraj Factories Pvt. Ltd.                         | 11. Bachhraj & Co. Pvt. Ltd.                  |
| 4. Bajaj Holdings & Investment Ltd. – Managing Director | 12. Bajaj Sevashram Pvt. Ltd.                 |
| 5. Bajaj Finance Ltd.                                   | 13. Kamalnayan Investment & Trading Pvt. Ltd. |
| 6. Bajaj Auto Holdings Ltd.                             | 14. Sanraj Nayan Investment Pvt. Ltd.         |
| 7. Bajaj Finserv Ltd. – Managing Director               | 15. Rupa Equities Pvt. Ltd.                   |
| 8. Bajaj Auto Ltd.                                      |   |

##### Committee Positions:

##### Audit Committee

1. BajajAllianz General Insurance Co.Ltd.
2. BajajAllianz Life Insurance Co.Ltd.
3. Bajaj Finance Ltd.

##### Shareholders' / Investors' Grievance Committee

1. Bajaj Finserv Ltd.
2. Bajaj Finance Ltd.

Shri Sanjiv Bajaj does not hold any shares in the Company.

None of the Directors except Shri Sanjiv Bajaj is concerned or interested in the resolution.

The Board commends the resolution for the approval of Shareholders.

#### Item No.4

##### Re-appointment of Shri R.K. Nikharge as Director

Brief resume of Shri R.K.Nikharge, who retires by rotation and is seeking re-appointment and his other details are given below for the information of Shareholders.

Shri R.K.Nikharge, aged about 53 years, has over 19 years' experience in various Departments of Mantralaya, Govt. of Maharashtra and is currently occupying the position as Desk Officer, Industries, Energy and Labour Department, Mantralaya, Mumbai.

Apart from being on the Board of the Company as also a Member of its Audit Committee and Shareholders'/Investors' Grievance Committee, Shri R.K. Nikharge holds the position of Director in (i) Western Maharashtra Development Corporation Ltd., (ii) Konkan Development Corporation Ltd. and (iii) Vidharbha Development Corporation Ltd.

Shri R.K. Nikharge does not hold any shares in the Company.

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

The Board commends the resolution for the approval of Shareholders.

#### **Item No. 5**

##### **Appointment of Auditors**

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**

##### **Re-appointment of Shri Yogesh J. Shah as Director**

Shri Yogesh J. Shah, who was appointed as Director in the vacancy caused by the withdrawal of nomination of Shri Jayant H. Shah by Bajaj Holdings and Investment 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 Yogesh J. Shah as a Director of the Company.

Brief resume of Shri Yogesh J. Shah, who is seeking re-appointment and his other details are given below for the information of Shareholders.

Shri Yogesh J. Shah, aged about 59 years, is a Chartered Accountant and one of the pioneers Pune based professional Share Broker since 1977 and is acknowledged for the trust of his clients and his fair dealings. He actively participated in the formation of Pune Stock Exchange Ltd. and was its Vice-President for 1982-83 and acted as its Director for several years. He also acted as Manger / Associate Manager to the Fixed Deposit Schemes of various reputed Public Limited companies. Shri. Yogesh J. Shah is one of the largest Pune based Distributor of Mutual Fund Products and one of the top Mutual Fund Distributor in India.

Besides on the Board of the Company as also the Chairman of its Audit Committee and Shareholders' / Investors' Grievance Committee, Shri Yogesh J. Shah is a Director of following closely held companies:-

Directorships:

- |   |                                    |
|---|------------------------------------|
| 1. Yogesh Financial Consultants Pvt. Ltd. | 3. Ashwamegh Enterprises Pvt. Ltd. |
| 2. Yogesh Distribution Pvt. Ltd.          | 4. Adonis Laboratories Pvt. Ltd.   |

Shri Yogesh J. Shah together with his family members holds 2,874 shares in the Company.

None of the Directors of the Company, except Shri Yogesh J. Shah is interested or concerned in the resolution.

Directors recommend the resolution for approval of the shareholders

By Order of the Board  
For MAHARASHTRA SCOOTERS LTD.

**N.S. Kulkarni**  
Company Secretary

Pune, 15th May, 2012.

**DIRECTORS' REPORT****INTRODUCTION:**

The Directors present their Thirty Seventh Annual Report and Audited Statement of Accounts for the year ended 31st March, 2012.

**PRESENTATION OF FINANCIAL RESULTS:**

Notification dated 28th February, 2011 issued by the Ministry of Corporate Affairs has stipulated a revised format for disclosure of financial statements under Schedule VI to the Companies Act, 1956. The financial results of the Company for the year ended 31st March, 2012 are, therefore, disclosed as per the revised Schedule VI and the previous years' figures have been restated to align with the current year's presentation.

**OPERATIONS:**

Having ceased production of geared scooters from April, 2006, the Company continues to manufacture pressure die casting dies, jigs and fixture, primarily meant for the two and three wheeler industry.

The significant development during the year has been the implementation of Voluntary Retirement Schemes (VRS) by the Company for its permanent daily rated workmen and for the permanent monthly rated staff, resulting in exceptional expenditure amounting to Rs.5839.45 lacs towards the compensation paid to them.

**FINANCIAL HIGHLIGHTS AND DIVIDEND:**

For the Financial Year ended 31st March, 2012, the gross revenue of the Company was Rs.7048.38 lacs as against Rs.4109.31 lacs during the previous year, inclusive of other income amounting to Rs.6380.55 lacs as compared to Rs.3489.69 lacs during the previous year. The Company has incurred a net loss amounting to Rs.649.09 lacs during the financial year mainly on account of the exceptional item of voluntary retirement compensation as against profit after tax of Rs.2172.54 lacs in the previous year. Profit before accounting of the exceptional item of expenditure viz., VRS compensation incurred during the financial year, amounted to Rs.5190.33 lacs as against Rs.2112.89 lacs during the previous year.

In view of above and the fact that ever since it went public in the year 1977-78, the Company has been uninterruptedly rewarding the Shareholders by way of dividend, the Directors propose to declare dividend out of reserves, being eligible to do so in due compliance with the conditions stipulated in the Companies (Declaration of Dividend Out of Reserves) Rules, 1975. Accordingly, a sum of Rs.781.92 lacs is proposed to be withdrawn from the General Reserve, first to be utilised to set off losses incurred during the financial year amounting to Rs.649.09 lacs and the balance amount of Rs.132.83 lacs to be utilised for payment of dividend @ 10% i.e. (Re.1 per share) inclusive of dividend distribution tax thereon. During the previous year the Company had paid a dividend of Rs.9 per share (90%) amounting to Rs.1195.43 lacs inclusive of tax thereon.

**FINANCIAL RESULTS:**

	(Rs. in lacs)	
	<b>2011-12</b>	2010-11
Net Sales and Other Income	7048.38	4109.31
Gross Profit/(Loss) before Finance costs, Depreciation and Exceptional Items	5286.35	2214.33
Finance Costs	0.07	0.09
Depreciation	95.95	101.35
Profit / (Loss) before exceptional items and Tax	5190.33	2112.89
Exceptional Items – VRS Compensation	5839.45	-
Profit/(Loss) before tax	(649.12)	2112.89
Provision for Taxation	-	-
Net Profit / (Loss)	(649.12)	2112.89
Debit / (Credit) relating to earlier year – Taxation	(0.03)	(59.65)
Disposable Surplus/(Loss)	(649.09)	2172.54
Withdrawal from General Reserve	781.92	-
Provision for Proposed Dividend (inclusive of Dividend Distribution Tax)	132.83	1195.43
Balance carried to General Reserve	-	977.11

**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:**

During the year under review, the Company (i) maintained power factor to Unity throughout the year resulting in getting maximum rebate in electricity bills (ii) biogas plant, wormy composting, solar water heaters and Effluent treatment plant were effectively in operation (iii) idle manpower and land was effectively used for cultivation of vegetables, food grains & fruits for in house consumption.

**SAFETY, HEALTH AND ENVIRONMENT:**

There were zero reportable accidents during the year, while 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 2011-12 is included in the annexed Statement of Accounts.

**INDUSTRIAL RELATIONS:**

During the year, the industrial relations remained cordial, culminating in signing of wage agreement with the workmen for a period of 5 years, valid till 31st March, 2016 and the implementation of two Voluntary Retirement Schemes for the permanent daily rated workmen, which was accepted by 376 workmen. Further, the company also implemented a Voluntary Retirement Scheme for monthly rated staff / employees and 61 of them opted for the same. The current manpower strength of the Company consists of 81 permanent daily rated workmen and 45 permanent monthly rated staff, inclusive of those deployed in tool room facilities.

**DIRECTORS:**

- During the year under review, Western Maharashtra Development Corporation Limited (WMDC) nominated Shri S.B.Patil as a Director, not liable to retire by rotation, in place of Shri Shirish N.Karle, while Shri Yogesh J.Shah and Shri Naresh Patni were nominated by Bajaj Holdings and Investment Limited as Directors liable to retire by rotation in place of Shri Jayant H. Shah and Shri D. S. Mehta respectively.
- Shri Yogesh J.Shah holds office until the ensuing Annual General Meeting and is eligible for re-appointment.
- Shri Sanjiv Bajaj and Shri R.K.Niharge, retire by rotation and being eligible, offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required by sub-section (2AA) of Section 217 of the Companies Act, 1956, the Directors confirm:

- that in the preparation of annual accounts the applicable accounting standards have been followed.
- 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.
- 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.
- 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, (ICAI Firm Regn.No.107604W) 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.

**COST AUDITORS:**

The Company has appointed Shri A.P.Raman, Cost Accountant, Pune as Cost Auditor to conduct the audit of cost accounts maintained by the Company, for the financial year 2012-13, subject to the approval of Central Govt. thereto. As mandated by Circular No.15/2011 dated 11th April, 2011 issued by the Ministry of Corporate Affairs, Govt. of India, full particulars of Cost Auditor are given herein below:-

Name	Shri A.P.Raman
ICWA Membership No.	837
Address	Golok, Plot No.13, Sector No.28 Pradhikaran, Nigdi, Pune – 411 044
Details of Cost Audit Report for the financial year ended 31st March, 2011	
(a) Due date of filing	30th September, 2011
(b) Actual date of filing	3rd August, 2011

On behalf of the Board of Directors



Madhur Bajaj  
Chairman

Pune, 15th May, 2012.

**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, six 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, 2012:

Name	Executive/ Non-executive/ Independent	Other Directorships held *	Other Committee positions	
			As Chairman	As Member
Madhur Bajaj	Non-executive, Chairman	6	-	-
D.S. Mehta [upto 31-10-2011]	Non-executive, Independent	4	-	5
Jayant H. Shah [upto 18-10-2011]	Non-executive, Independent	-	-	-
Sanjiv Bajaj	Non-executive	9	1	5
Shirish N. Karle [upto 05-10-2011]	Non-executive	1	-	-
R.K. Nikharge	Non-executive, Independent	3	-	-
M.V. Bhagat	Non-executive, Independent	1	-	-
Smt. Kanchan Vijayan	Non-executive, Independent	2	-	-
G.R. Jangda	Non-executive, Independent	3	-	-
S.B. Patil [from 05-10-2011]	Non-executive	1	-	-
Yogesh J. Shah [from 18-10-2011]	Non-executive, Independent	-	-	-
Naresh Patni [from 17-01-2012]	Non-executive, Independent	-	-	-

\* 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, 2012 and at the last AGM:

Name	Number of Board meetings		Attendance at the last AGM held on 12-07-2011
	Held	Attended	
Madhur Bajaj	4	4	Yes
D.S. Mehta [upto 31-10-2011]	3	2	Yes
Jayant H. Shah [upto 18-10-2011]	2	2	Yes
Sanjiv Bajaj	4	4	Yes
Shirish N. Karle [upto 05-10-2011]	2	-	No
R.K. Nikharge	4	4	Yes
M.V. Bhagat	4	2	No
Smt. Kanchan Vijayan	4	3	No
G.R. Jangda	4	4	Yes
S.B. Patil [from 05-10-2011]	2	-	Not applicable
Yogesh J. Shah [from 18-10-2011]	2	2	Not applicable
Naresh Patni [from 17-01-2012]	1	1	Not applicable

The Board met four times during the year on 16th May, 2011, 12th July, 2011, 18th October, 2011 and 17th January, 2012.

**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, 2012. 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 Yogesh J. Shah, Shri R.K. Nikharge and Shri Naresh Patni. Shri Yogesh J. Shah was appointed with effect from 18th October, 2011 in place of Shri Jayant H. Shah and Shri Naresh Patni was appointed with effect from 17th January, 2012 in place of Shri D.S. Mehta. Shri Yogesh J. Shah, Chairman of the Committee is an independent Director. All members of the Audit Committee are financially literate. Shri Yogesh J. Shah and Shri Naresh Patni 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), Dy.General 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 16th May, 2011, 12th July, 2011, 18th October, 2011 and 17th January, 2012.

While Shri R.K. Nikharge was present at all the four meetings, Shri D.S. Mehta, Shri Jayant H. Shah and Shri Yogesh J. Shah attended two meetings each. Shri Jayant H. Shah, the then Chairman of the Audit Committee was present at the 36th Annual General Meeting of the Company held on 12th July, 2011 to answer shareholders queries.

**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 Yogesh J. Shah, Shri Sanjiv Bajaj and Shri R.K. Nikharge. Shri Yogesh J. Shah was appointed with effect from 18th October, 2011 in place of Shri Jayant H. Shah and Shri R.K. Nikharge was appointed with effect from 17th January, 2012 in place of Shri D.S. Mehta. Shri Yogesh J. 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, 2012, which was attended by Shri Yogesh J. 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 Yogesh J. Shah
Name and designation of Compliance Officer	: Shri N.S. Kulkarni, Company Secretary
Number of shareholders' complaints received during the year	: 52
Number of shareholders' complaints not solved to the satisfaction of shareholders	: Nil
Number of share transfers pending for over 30 days as on 31-03-2012	: Nil

**UNCLAIMED SHARES SUSPENSE ACCOUNT:**

In due compliance with the amended Clause 5A of the Listing Agreement, which has stipulated a uniform procedure to be followed by the Companies in dealing with the unclaimed shares, the Company after following the due procedure, has since transferred 33156 no. of unclaimed shares in respect of 236 Shareholders to the Unclaimed Suspense Account opened with HDFC Bank Ltd. (Client ID No.35098288). The said unclaimed shares shall be held by the Company exclusively on behalf of the Shareholders entitled thereto and shall not be transferred in any manner whatsoever excepting for releasing the same to the Shareholders as and when they approaches the Company and authenticate their claim.



Since the opening of Unclaimed Suspense Account with HDFC Bank Ltd., none of the Shareholder has claimed unclaimed shares to which he is entitled to.

**SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary.

**DISCLOSURES:**

- A. In the preparation of financial statements, generally accepted accounting principles and policies were followed. Mandatory accounting standards announced by the Institute of Chartered Accountants of India were followed in the preparation of Financial Statements.
- B. A Note on Risk Management was presented by the Management to the Board.
- C. The Company has not raised any proceeds from public issue, rights issue or preferential issue of shares during the year.
- D. There was neither any non-compliance by the Company on any matters relating to capital markets during the last three years nor did the Company attract any penalties or strictures by the Stock Exchanges, SEBI or any statutory authority.

**REMUNERATION OF DIRECTORS:**

Relationships of Directors, their business interests and remuneration paid:

Director	Relationship with other Directors	Remuneration paid/payable during 2011-12 (in Rs.)			
		Sitting Fees	Salary & Perks	Commission	Total
Madhur Bajaj	None	11,000	Nil	Nil	11,000
D.S. Mehta <sup>1</sup>	None	8,000	Nil	Nil	8,000
Jayant H. Shah <sup>1</sup>	None	8,000	Nil	Nil	8,000
Sanjiv Bajaj	None	16,000	Nil	Nil	16,000
Shirish N. Karle <sup>1</sup>	None	Nil	Nil	Nil	Nil
R.K. Nikharge	None	22,000	Nil	Nil	22,000
M.V. Bhagat	None	7,000	Nil	Nil	7,000
Smt. Kanchan Vijayan	None	9,000	Nil	Nil	9,000
G.R. Jangda <sup>2</sup>	None	11,000	Nil	Nil	11,000
S.B. Patil <sup>2</sup>	None	Nil	Nil	Nil	Nil
Yogesh J Shah <sup>2</sup>	None	19,000	Nil	Nil	19,000
Naresh Patni <sup>2</sup>	None	5,000	Nil	Nil	5,000

<sup>1</sup> ceased to be a Director during the year 2011-12

<sup>2</sup> appointed as a Director during the year 2011-12

The sitting fees paid to the Directors were fixed by the Board of Directors and the same were increased effective Board Meeting held on 17th January, 2012 from Rs.2000/- to Rs.5000/- for each meeting of the Board or Committee attended by the Directors.

None of the Directors hold any shares of the Company, barring Shri Yogesh J. Shah, who along with his family members do hold 2,874 shares.

During the year 2011-12, the Company did not advance any loans to any of the Directors.

**MANAGEMENT:**

Management Discussion and Analysis is given as a separate chapter in the Annual Report.

The Senior Management personnel of the Company have disclosed to the Board that they do not have any material financial and commercial transactions having personal interest, which may have a potential conflict with the interest of the Company.

**SHAREHOLDERS:****Disclosure regarding appointment of Directors:**

At the ensuing Annual General Meeting of the Company, Shri Sanjiv Bajaj and Shri R.K. Nikharge, Directors retire by rotation, while Shri Yogesh J. Shah, who was appointed as a Director in the casual vacancy, hold office until the ensuing Annual General Meeting.

Shri Sanjiv Bajaj, Shri R.K. Nikharge and Shri Yogesh J. Shah, being eligible, offers their candidature as Directors. Brief resume and other details required to be disclosed to the Shareholders have been given in the Notice convening the 37th Annual General Meeting of the Company.

**GENERAL BODY MEETINGS:**

Location and time where last three AGMs were held:

AGM Number	Date & Time	Venue
34th	14-07-2009 at 12.00 noon	Registered Office at C/o. Bajaj Auto Ltd., Akurdi, Pune-411 035
35th	20-07-2010 at 12.00 noon	-do-
36th	12-07-2011 at 12.00 noon	-do-

i)	Any special resolutions passed at the last three annual general meetings	Yes
ii)	Any special resolution passed last year through postal ballot	No
iii)	Person who conducted the postal ballot exercise	Not applicable
iv)	Any Special Resolution proposed to be conducted through postal ballot	No
v)	Procedure adopted for postal ballot	Not Applicable

**MEANS OF COMMUNICATION:**

Quarterly Results	The quarterly results were published in prominent dailies. Intimations were sent to Stock Exchanges well within the time-limit stipulated under the Listing Agreement.
Which newspapers normally published in	1. The Financial Express – all editions 2. Kesari – Pune edition
Any website, where displayed	The results are displayed on the website of the Company, <a href="http://www.mahascooters.com">www.mahascooters.com</a> as also on the website of Stock Exchange/s.
Whether it also displays official news releases and the presentations made to institutional investors or to the analysts	No
Whether Management Discussion & Analysis is a part of annual report or not.	Yes

**GENERAL SHAREHOLDER INFORMATION:**

Annual General Meeting Date Time Venue	16th July, 2012 12.00 noon Registered Office, C/o. Bajaj Auto Ltd. Mumbai-Pune Road Akurdi, Pune-411 035
Financial Year	1st April, 2011 to 31st March, 2012
Date of Book Closure for dividend, if any,	7th July, 2012 to 16th July, 2012
Date of Dividend Payment	From 20th July, 2012 to 21st July, 2012
Listing on Stock Exchanges	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.  Bombay Stock Exchange Ltd. 1st Floor, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400 001.
Listing Fees paid	The listing fees payable to each of the above stock exchanges have been paid in full by the Company.
Stock Code/Symbol	500266 (BSE) MAHSCOOTER (NSE)
Demat ISIN for NSDL & CDSL	INE288A01013



Market Price Data: High, Low during each month in the financial year 2011-12	As per Table 1												
Performance in comparison to broad-based indices such as BSE Sensex and S&P CNX Nifty during 2011-12	<table><tr><td>MSL Share</td><td>down by</td><td>6.77% on BSE</td></tr><tr><td></td><td>down by</td><td>5.38% on NSE</td></tr><tr><td>BSE Sensex</td><td>down by</td><td>10.50%</td></tr><tr><td>S&amp;P CNX Nifty</td><td>down by</td><td>9.23%</td></tr></table>	MSL Share	down by	6.77% on BSE		down by	5.38% on NSE	BSE Sensex	down by	10.50%	S&P CNX Nifty	down by	9.23%
MSL Share	down by	6.77% on BSE											
	down by	5.38% on NSE											
BSE Sensex	down by	10.50%											
S&P CNX Nifty	down by	9.23%											
Registrar and Transfer Agents	Karvy Computershare Pvt. Ltd., Plot No.17 to 24, Vittalrao Nagar, Near Image Hospital, Madhapur, Hyderabad-500 081.												
Share Transfer & Demat System	Karvy Computershare Pvt. Ltd., acts as the Share Transfer Agent (STA) for physical as well as for electronic segment.												
Distribution of shareholding & category-wise distribution Dematerialisation of shares and liquidity	As per Table 2 & 3 As per Table 4												
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.	Nil												
Plant Location	C-1, MIDC Area, Satara-415 004 Phone (02162) 244668, 246242 Fax (02162) 244428 E-mail <a href="mailto:malsatara@bajajauto.co.in">malsatara@bajajauto.co.in</a>												
Address for share related correspondence	Karvy Computershare Pvt. Ltd., Plot No.17 to 24, Vittalrao Nagar, Madhapur Near Image Hospital, Hyderabad-500 081. Phone (040) 44655000/44655152 Fax (040) 44655024 E-mail <a href="mailto:mohsin@karvy.com">mohsin@karvy.com</a>												
Address for correspondence	Maharashtra Scooters Ltd. C/o. Bajaj Auto Ltd., Mumbai-Pune Road, Akurdi, Pune-411 035. Phone (020) 27475811 Fax (020) 27472764 E-mail <a href="mailto:investors_msl@bajajauto.co.in">investors_msl@bajajauto.co.in</a> Website <a href="http://www.mahascooters.com">www.mahascooters.com</a>												

**CEO/CFO CERTIFICATION:**

The Chief Executive and Dy. General Manager (Finance) of the Company, who have been designated by the Board as CEO and CFO respectively for the purpose of compliance with the provisions of Clause 49 dealing with Corporate Governance, have given the certificate in the stipulated form to the Board.

**REPORT ON CORPORATE GOVERNANCE:**

This report read with the information given in the Management Discussion and Analysis constitutes the Compliance Report on Corporate Governance during the year 2011-12. A quarterly compliance report has been submitted to the Stock Exchange/s as stipulated under the Listing Agreement.

**COMPLIANCE:****Auditors Certificate:**

The Company has obtained a certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the listing agreement with the stock exchanges. This report is annexed to the Directors' Report for the year 2011-12 and will be sent to the stock exchanges along with the annual report.



## Annexures

**Table 1 : Market price data:**

High, Low during each month in the financial year 2011-12:

(Rs.)

Month & Year		Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
		High	Low	High	Low
April	2011	386.35	328.80	389.00	325.30
May	2011	369.75	345.15	372.80	344.05
June	2011	366.45	338.10	365.70	338.15
July	2011	362.85	343.50	362.40	341.20
August	2011	356.90	294.90	357.45	297.95
September	2011	344.00	306.80	345.95	306.05
October	2011	329.85	300.55	330.90	304.50
November	2011	326.00	300.00	331.90	302.00
December	2011	309.50	277.10	321.45	276.75
January	2012	315.75	287.70	315.00	286.40
February	2012	318.05	292.85	316.60	292.40
March	2012	314.65	301.25	316.00	302.30

**Note:** The above figures are of monthly high and low of closing quotation of Equity Shares of the Company.

**Table 2 : Distribution of shareholding as on 31-3-2012:**

No. of Shares	No. of shares held	% to Total shares	No. of Shareholders	% to Total Shareholders
1 to 100	3,29,185	2.88	5,472	49.63
101 to 500	13,17,736	11.53	4,537	41.15
501 to 1000	4,22,885	3.70	598	5.43
1001 to 5000	6,69,428	5.86	322	2.92
5001 to 10000	3,49,862	3.06	50	0.45
10001 to 100000	9,14,244	8.00	39	0.36
100001 and above	74,25,228	64.97	7	0.06
Total	1,14,28,568	100.00	11,025	100.00

**Table 3 : Category-wise distribution of shareholding as on 31-3-2012:**

Sr.No.	Category	No. of Shareholders	No. of Shares held	% to Total Shares
1.	Promoters [Western Maharashtra Development Corporation Ltd.] [Bajaj Holdings & Investment Ltd.]	2	58,28,560 [30,85,712] [27,42,848]	51.00 [27.00] [24.00]
2.	Public Financial Institutions & Mutual Funds	9	3,55,252	3.11
3.	Banks	4	664	0.02
4.	Bodies Corporate	243	11,37,111	9.95
5.	Non-Resident Individuals & FIIs	137	5,01,325	4.38
6.	Resident Individuals	10,630	36,05,656	31.54
	Total	11,025	1,14,28,568	100.00

**Table 4 : Break-up of shares in physical & electronic mode as on 31-3-2012:**

Mode	No. of Shareholders		% to Total Shareholders		No. of Shares		% to Total Shares	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Physical	3,921	3,711	34.68	33.66	67,00,558	66,60,718	58.63	58.28
Electronic	7,386	7,314	65.32	66.34	47,28,010	47,67,850	41.37	41.72
Total	11,307	11,025	100.00	100.00	1,14,28,568	1,14,28,568	100.00	100.00



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**a) Industry structure and developments**

Since its inception, Maharashtra Scooters Ltd. (MSL) has been operating in the geared scooter segment of the two wheeler industry and consequently over the period it has developed adequate skills in the manufacture of pressure die casting dies, jigs, fixtures etc. for two and three-wheelers. With the market for geared scooters almost extinguished and the company having discontinued the production of geared scooters since April, 2006, production activity during the year was restricted to manufacture of pressure die casting dies, jigs and fixtures.

**b) Opportunities, Threats, Outlook, Risks and Concerns**

All the big players of the world in the two-wheeler industry having established significant presence in India, the competition has become fierce and stiffer. Added to this, the diminished market for geared scooters led to cessation of geared scooter production since April, 2006, thereby adversely affecting the operational performance of the Company. The Company, however, continues to produce pressure dies castings dies, jigs and fixtures.

The near term outlook continues to remain uncertain.

**c) Segment-wise or product-wise performance**

MSL being a single segment Company, no separate information has been given segment-wise or product-wise.

**d) Internal control systems and their adequacy**

The Company has strong internal control systems which have been found adequate by the management of the company. The audit committee reviews the internal control system / procedure periodically to ensure its adequacy and effectiveness.

**e) Discussion on financial performance with respect to operational performance**

The details have been furnished in the Directors' Report to the Members as well as in the Financial Highlights included in the Annual Report.

**f) Material developments in Human Resources/Industrial Relations front, including number of people employed**

During the year, the industrial relations remained cordial, culminating in signing of wage agreement with the workmen, for a period of 5 years, valid till 31st March, 2016 and implementing two Voluntary Retirement Schemes for the permanent daily rated workmen, which was accepted by 376 workmen. Further, the company also implemented a Voluntary Retirement Scheme for monthly rated staff / employees and 61 of them opted for the same. The current manpower strength of the Company consists of 81 permanent daily rated workmen and 45 permanent monthly rated staff, inclusive of those deployed in tool room facilities.

**g) Material financial and commercial transactions, where the management has personal interest, which may have a potential conflict with the interest of the company at large**

There are no material financial and commercial transactions, where the management has personal interest, which may have a potential conflict with the interest of the Company at large.



## **ANNEXURE TO DIRECTORS' REPORT**

### **Auditors' certificate on corporate governance**

To the Members of  
**MAHARASHTRA SCOOTERS LIMITED**

We have examined the compliance of conditions of Corporate Governance by MAHARASHTRA SCOOTERS LIMITED for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations sought and replies given to us by the company, its directors and officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We have to state that in respect of investors grievances, no investor grievances as stipulated in clause 49 of the Listing agreement, are pending for a period exceeding one month against the Company as per the records maintained by the shareholders / Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For P. C. PARMAR & CO.**  
*Chartered Accountants*  
Firm Regn. No. 107604W

J. P. PARMAR  
Proprietor  
Membership No. 46293

Pune, 15th May, 2012

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## **DECLARATION ON CODE OF CONDUCT**

As required by Clause 49 (1)(D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with the Code of Conduct laid down for them as approved by the Board at its meeting held on 13th October, 2005.

20th April, 2012

**RANJIT GUPTA**  
Chief Executive



## REPORT OF THE AUDITORS TO THE MEMBERS OF MAHARASHTRA SCOOTERS LIMITED

1. We have audited the attached Balance Sheet of MAHARASHTRA SCOOTERS LIMITED as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
  - c) The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report, are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement dealt with by the report are in compliance with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    1. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 and;
    2. In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date.
    3. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **P. C. PARMAR & Co.**  
Chartered Accountants  
Firm Regn. No. 107604W

J. P. PARMAR  
*Proprietor*  
Membership No. 46293

Pune, 15th May, 2012

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## ANNEXURE TO AUDITORS' REPORT

STATEMENT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MAHARASHTRA SCOOTERS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012.

- (i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The management has carried out physical verification of fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
  - (c) The fixed assets disposed off during the year are not substantial and hence it has not affected the going concern assumption.
- (ii)
  - (a) Inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material and the same have been properly dealt with in the Books of Account.
- (iii) (a) The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Sub-clauses (b),(c) and (d) are not applicable.
- (iv) In our opinion and according to information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to information and explanations given to us the transaction made in pursuance of contract and arrangement entered in register maintained under the section 301 of the Act and exceeding the value of five lakh rupees with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from public.
- (vii) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of its business.
- (viii) Cost Records have been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act. The Company has made and maintained such accounts and records.
- (ix) (a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. According to information and explanations given to us, there are no arrears of statutory dues which have remained outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us and the records of the Company, the following dues of Sales Tax and Service Tax have not been deposited on account of dispute:
- | Nature of disputed Statutory dues                     | Amount (Rs.) | Forum where dispute is pending                                     |
|---|--------------|--|
| Sales Tax for the year 2001-02                        | 87,86,623    | Maharashtra Sales Tax Tribunal, Mumbai.                            |
| Sales Tax for the year 2001-02                        | 52,95,295    | Joint Commissioner of Sales Tax (Appeals) - I, Pune division, Pune |
| Sales Tax for the year 2002-03                        | 1,79,87,580  | Maharashtra Sales Tax Tribunal, Mumbai.                            |
| Service Tax for the year 2004-05, 2005-06 and 2006-07 | 2,62,034     | Assistant Commissioner of Central Excise, Satara.                  |
- (x) The Company does not have any accumulated losses as at 31st March, 2012. The Company has incurred cash losses during the financial year covered by our audit but has not incurred cash losses in the immediately preceding financial year.
- (xi) According to information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi/ mutual benefit fund and therefore a requirement pertaining to such class of companies is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not obtained any term loans.
- (xvii) In our opinion, the funds raised on short-term basis have not been used for long term investment and vice versa.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not made any public issue during the year.
- (xxi) Based upon the audit procedures performed by us and according to information and explanations given to us and representations made by management, no fraud on or by the Company has been noticed or reported during the year.

For **P. C. PARMAR & Co.**  
Chartered Accountants  
Firm Regn. No. 107604W

**J. P. PARMAR**  
*Proprietor*

Membership No. 46293

Pune, 15th May, 2012

**Balance Sheet as at 31 March, 2012**

Particulars	Note No.	(Rs. in lacs)	
		As at 31 March 2012	As at 31 March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,142.86	1,142.86
Reserves and surplus	3	19,106.88	19,888.80
		<b>20,249.74</b>	<b>21,031.66</b>
<b>Non-current liabilities</b>			
Other Long term liabilities	4	2,885.75	-
Long-term provisions	5	2.52	-
		<b>2,888.27</b>	-
<b>Current liabilities</b>			
Trade payables	6	88.83	232.44
Other current liabilities	6	554.69	1,215.89
Short-term provisions	5	190.82	1,339.63
		<b>834.34</b>	<b>2,787.96</b>
<b>TOTAL</b>		<b>23,972.35</b>	<b>23,819.62</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	7	720.62	816.13
Non-current investments	8	17,722.25	20,227.52
Long-term loans and advances	9	1,077.09	468.51
		<b>19,519.96</b>	<b>21,512.16</b>
<b>Current assets</b>			
Current investments	8	2,838.07	1,169.78
Inventories	12	27.30	54.21
Trade receivables	10	158.52	128.63
Cash and bank balances	13	742.86	353.21
Short-term loans and advances	9	247.73	37.67
Other current assets	11	437.91	563.96
		<b>4,452.39</b>	<b>2,307.46</b>
<b>TOTAL</b>		<b>23,972.35</b>	<b>23,819.62</b>
Significant accounting policies followed by Company	1		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of

**P. C. PARMAR & CO.**  
Chartered Accountants

**J. P. Parmar**  
Proprietor  
Membership No.46293  
Firm Regn. No. 107604 W  
Pune, 15th May, 2012

**Madhur Bajaj**  
Chairman

**N. S. Kulkarni**  
Company Secretary

**Sanjiv Bajaj**  
**Yogesh J. Shah**  
**Naresh Patni**  
**Subrao B. Patil**  
**R. K. Nikharge**  
**M. V. Bhagat**  
**Smt. Kanchan Vijayan**  
Directors

## Statement of Profit and Loss for the year ended 31 March 2012

Particulars	Note No.	(Rs. in lacs)	
		Year ended 31 March 2012	Year ended 31 March 2011
Revenue from operations (Gross)		737.67	683.05
Less : Excise duty		69.84	63.44
Revenue from operations (Net)	14	667.83	619.61
Other income	15	6,380.55	3,489.70
<b>Total Revenue (I)</b>		<b>7,048.38</b>	<b>4,109.31</b>
<b>Expenses:</b>			
Cost of raw material and components consumed	16	243.75	262.59
(Increase) / decrease in inventories of finished goods and work-in-progress	17	24.29	4.87
Employee benefits expense	18	1,317.92	1,457.98
Finance costs	19	0.07	0.09
Depreciation and amortization expense		95.95	101.35
Other expenses	20	176.07	169.54
Expenses, included in above items, capitalised		-	-
<b>Total expenses (II)</b>		<b>1,858.05</b>	<b>1,996.42</b>
<b>Profit before exceptional items and tax (I - II)</b>		<b>5,190.33</b>	<b>2,112.89</b>
Exceptional items	21	5,839.45	-
<b>Profit / (Loss) before tax</b>		<b>(649.12)</b>	<b>2,112.89</b>
Tax expenses			
Current tax		-	-
Debit/(Credits) relating to earlier years taxation		(0.03)	(59.65)
<b>Total Tax Expense</b>		<b>(0.03)</b>	<b>(59.65)</b>
<b>Profit / (Loss) after Tax for the year</b>		<b>(649.09)</b>	<b>2,172.54</b>
Basic and diluted Earnings per share (in Rs.) (Nominal value per share Rs. 10)	22	(5.68)	19.01
Significant accounting policies followed by Company	1		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of

**P. C. PARMAR & CO.**  
Chartered Accountants

**J. P. Parmar**  
Proprietor  
Membership No.46293  
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**Madhur Bajaj**  
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**R. K. Nikharge**  
**M. V. Bhagat**  
**Smt. Kanchan Vijayan**  
Directors



## Notes to financial statements for the year ended 31 March 2012

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### 1) System of Accounting

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial Statements are prepared under the historical cost convention.
- iii) Estimates and assumptions used in the preparation of the financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date.

#### 2) Revenue Recognition

- i) Sales  
Sales are accounted for on dispatch from the point of sale.
- ii) Income
  - a) The Company recognises income on accrual basis.
  - b) Interest is accrued over the period of investment and net of amortisation of premium/discount with respect to fixed income securities, thereby recognising the implicit yield to maturity, with reference to coupon dates. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the guidelines framed by the management.
  - c) Dividends are accounted for when the right to receive the same is established.
  - d) Profit/loss on sale of investment are recognised on the contract date.

#### 3) Fixed Assets and Depreciation

- i) Fixed Assets  
Fixed Assets except freehold land are carried at cost of acquisition or construction or at manufacturing cost in the case of self-manufactured assets, less accumulated depreciation and amortisation. Borrowing Cost attributable to acquisition and installation of fixed assets is capitalised and included in the cost of fixed assets as appropriate.
- ii) Depreciation and Amortisation
  - a) On Leasehold land  
Premium on leasehold land is amortised over the period of lease.
  - b) On other Fixed Assets  
Depreciation on all assets is provided on "Straight Line basis" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the said Act.
    1. Depreciation on additions is being provided on pro-rata basis from the month of such additions.
    2. Depreciation on assets sold, discarded or demolished during the year is being provided at the rates upto the previous month in which such assets are sold, discarded or demolished.

#### 4) Impairment of Assets

If the carrying amount of the fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured at the higher of the net selling price and value in use, determined by the present value of estimated future cash flows.

#### 5) Investments

- i) Investments other than fixed income securities are valued at cost of acquisition.
- ii) Fixed income securities are carried at cost, less amortisation of premium paid / discount received, as the case may be, and provision for diminution as considered necessary.
- iii) Investments made by the Company are of a long-term nature, hence diminutions in value of quoted investments are generally not considered to be of a permanent nature. However, current investments, representing fixed income securities with a maturity less than 1 year and investment not intended to be held for a period more than 1 year, are stated at lower of cost or fair value.

## Notes to financial statements for the year ended 31 March 2012 (Contd.)

### 6) Current Assets

- i) Inventories
  - a) Inventories are valued at the lower of cost, computed on a weighted average basis, and estimated net realisable value. Finished Stocks and Work-in-Process include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished stocks lying in the factory includes provision for excise duty liability. Finished stocks in transit are valued inclusive of excise duty and insurance and those lying at the depots are valued inclusive of excise duty, insurance and inward freight.
  - b) Cost for the purposes of valuation of raw-material, bought out parts and stores and tools is inclusive of duties and taxes, freight inward, octroi and inward insurance and is net of credit under the Cenvat/VAT scheme.
  - c) Costs of conversion for the purposes of valuation of finished stock and work-in-process include fixed and variable production overheads incurred in converting materials into finished goods.
  - d) Machinery spares and maintenance materials are charged out as expenses in the year of purchase.
- ii) Sundry Debtors  
Sundry Debtors & Loans and Advances are stated, after making adequate provision for doubtful debts, if any.

### 7) Provisions

Necessary provisions are made for present obligations that arise out of events prior to the balance sheet date entailing future outflow of economic resources. Such provisions reflect best estimate based on available information.

### 8) Employee Benefits

- i) Privilege Leave Entitlements  
Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability is recognised at the higher of the actual accumulated obligation or actuarially determined value.
- ii) Gratuity  
Payment for present liability of future payment of gratuity is being made to approved Gratuity Fund, which covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India. However, any deficits in Plan Assets managed by LIC as compared to the actuarial liability is recognised as a liability.
- iii) Superannuation  
Contribution to Superannuation Fund is being made as per the Scheme of the Company under Cash Accumulation Policy of the Life Insurance Corporation of India.
- iv) Provident Fund  
Provident Fund Contributions are made to Company's Provident Fund Trust.
- v) Employees Pension Scheme  
Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

### 9) Foreign Exchange Transactions

Transactions in Foreign currency are recorded in the financial statements based on the Exchange rate existing at the time of the transaction.

### 10) Taxation

- i) Provision for Taxation is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income-Tax Act, 1961.
- ii) Deferred Tax resulting from timing difference between Book Profits and Taxable Profits are accounted for to the extent deferred tax liabilities are expected to crystallise with reasonable certainty and in case of deferred tax assets with virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred Tax provisions are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

### 11) Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



**Notes to financial statements for the year ended 31 March 2012 (Contd.)****2 Share Capital**

	<b>31 March 2012</b> <b>(Rs. in lacs)</b>	31 March 2011 <b>(Rs. in lacs)</b>
<b>Authorised :</b>		
11,500,000 Equity Shares of Rs.10 each	1,150.00	1,150.00
50,000 Redeemable Cumulative Preference Shares of Rs. 100 each	50.00	50.00
	<b>1,200.00</b>	<b>1,200.00</b>
<b>Issued, subscribed and fully paid-up shares :</b>		
11,428,568 Equity Shares of Rs.10 each	1,142.86	1,142.86
	<b>1,142.86</b>	<b>1,142.86</b>

**a Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b Details of shareholders holding more than 5% shares in the company**

	<b>31 March 2012</b>		<b>31 March 2011</b>	
	<b>Nos.</b>	<b>% Holding</b>	<b>Nos.</b>	<b>% Holding</b>
Equity shares of Rs. 10 each fully paid				
Western Maharashtra Development Corporation Ltd.	3,085,712	27.00	3,085,712	27.00
Bajaj Holdings & Investment Ltd.	2,742,848	24.00	2,742,848	24.00
CD Equifinance Pvt. Ltd.	602,114	5.27	602,114	5.27

**3 Reserves & Surplus****General Reserve**

	<b>31 March 2012</b> <b>(Rs. in lacs)</b>	31 March 2011 <b>(Rs. in lacs)</b>
Balance as per the last financial statements	19,888.80	18,911.69
Add: Transfer from surplus in the statement of profit & loss	-	977.11
Less: Withdrawal	781.92	-
Closing balance	<b>19,106.88</b>	<b>19,888.80</b>

**Surplus in the statement of profit and loss**

Profit / (Loss) for the year	(649.09)	2,172.54
Add: Withdrawal from general reserve	781.92	-
	<b>132.83</b>	<b>2,172.54</b>
Less: Appropriations		
Proposed dividend	114.29	1,028.57
Tax on proposed dividend	18.54	166.86
Transfer to general reserve	-	977.11
Total appropriations	<b>132.83</b>	<b>2,172.54</b>

**Balance in the statement of profit and loss**

	<b>-</b>	<b>-</b>
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**Total reserves and surplus**

	<b>19,106.88</b>	<b>19,888.80</b>
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**4 Other long-term liabilities**

Annuity payable to VRS optees	2,885.75	-
	<b>2,885.75</b>	<b>-</b>



## Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 5 Provisions

	Long-term		Short-term	
	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)
<b>Provision for employee benefits</b>				
Provision for gratuity (See Note 30)	-	-	-	-
Provision for compensated absences	-	-	57.28	144.20
Provision for welfare scheme	2.52	-	0.72	-
	<u>2.52</u>	-	<u>58.00</u>	<u>144.20</u>
<b>Other provisions</b>				
Provision for tax (net of tax paid in advance)	-	-	-	-
Proposed dividend *			114.28	1,028.57
Tax on proposed dividend			18.54	166.86
	<u>-</u>	<u>-</u>	<u>132.82</u>	<u>1,195.43</u>
	<u>2.52</u>	<u>-</u>	<u>190.82</u>	<u>1,339.63</u>

\* During the year ended 31 March 2012, the amount of per share dividend proposed and recognized as distributions to equity shareholders is Re.1.00 (Previous year Rs.9.00).

## 6 Other current liabilities

## Trade payables

Dues to micro and small enterprises *	5.26	6.95
Other than dues to micro and small enterprises	83.57	225.49
	<u>88.83</u>	<u>232.44</u>

## Other liabilities

Annuity payable to VRS optees	449.78	-
Advance against orders	-	1,139.13
Security deposits	6.21	0.21
Unclaimed dividend	98.70	76.55
Other Payables	-	-
	<u>554.69</u>	<u>1,215.89</u>
	<u>643.52</u>	<u>1,448.33</u>

\*In absence of any intimation from the vendors with regard to their registration (filing of Memorandum) under "The Micro, Small and Medium Enterprises Development Act 2006" and considering the company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments during the year under the said Act. There is also no amount of outstanding interest in this regard, brought forward from previous years.

## 7 Fixed Assets : Tangible assets

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-Apr-11	Additions	Deductions	As at 31-Mar-12	Upto 1-Apr-11	For the period	Deductions	Upto 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11
Free-Hold Land	0.02	-	-	0.02	-	-	-	-	0.02	0.02
Leasehold Land	3.74	-	0.06	3.68	-	-	-	-	3.68	3.74
Buildings	570.21	-	-	570.21	373.65	15.09	-	388.74	181.47	196.56
Plant & Machinery	2,064.41	-	38.85	2,025.56	1,478.60	77.06	34.82	1,520.84	504.72	585.81
Furniture & Fixtures	32.74	-	3.30	29.44	27.43	0.59	3.16	24.86	4.58	5.31
Office Equipments	8.14	-	0.14	8.00	5.27	0.29	0.14	5.42	2.58	2.87
Vehicles	31.89	4.69	0.40	36.18	10.07	2.92	0.38	12.61	23.57	21.82
<b>Total tangible assets</b>	<b>2,711.15</b>	<b>4.69</b>	<b>42.75</b>	<b>2,673.09</b>	<b>1,895.02</b>	<b>95.95</b>	<b>38.50</b>	<b>1,952.47</b>	<b>720.62</b>	<b>816.13</b>
Previous year's Total	2,724.65	16.09	29.59	2,711.15	1,816.71	101.35	23.04	1,895.02	816.13	


**Notes to financial statements for the year ended 31 March 2012 (Contd.)**
**8 Investments**
**(A) Long Term Investments :**

	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)
<b>In Fully Paid Equity Shares:</b>		
<b>Quoted:</b>		
1,638,720 Shares of Rs.10 each of Bajaj Finance Ltd.	2,160.56	2,160.56
6,774,072 Shares of Rs.10 each of Bajaj Auto Ltd.	1,824.86	1,824.86
3,387,036 Shares of Rs.5 each of Bajaj Finserv Ltd.	1,767.05	1,767.05
1,255,000 Shares of Re.1 each of Bajaj Hindusthan Ltd.	44.54	44.54
3,387,036 Shares of Rs.10 each of Bajaj Holdings & Investment Ltd.	4,665.36	4,665.36
	<u>10,462.37</u>	<u>10,462.37</u>
<b>In Fully paid Debentures:</b>		
<b>Unquoted:</b>		
50 8.75% Bonds of Rs.1,000,000 each of Reliance Industries Ltd - 2020	497.20	497.20
- (100) 9.90% Non-Convertible Debentures of Rs.1,000,000 each of Tata Sons Ltd. - 2011	-	968.88
	<u>497.20</u>	<u>1,466.08</u>
<b>In Fully paid Bonds:</b>		
<b>Unquoted:</b>		
100 9.35% Upper Tier II Unsecured Redeemable Non-Convertible Bonds of Rs.1,000,000 each of Bank of India - 2016	1000.00	1000.00
20 7.75% Tier II Bonds of Rs.1,000,000 each of HDFC Bank Ltd. - 2015	200.00	200.00
- (50) 8.46% Bonds of Rs.1,000,000 each of Indian Railway Financial Corporation Ltd. - 2014	-	511.31
100 7.45% Bonds of Rs.1,000,000 each of Indian Railway Financial Corporation Ltd. - 2014	967.87	967.87
50 8.90% Bonds of Rs.1,000,000 each of Konkan Railway Corporation Ltd. - 2016	500.00	500.00
- (50) 8.94% Bonds of Rs.1,000,000 each of Power Finance Corporation Ltd. - 2013	-	492.44
50 11.25% Bonds of Rs.1,000,000 each of Power Finance Corporation Ltd. - 2018	577.48	577.48
50 8.60% Bonds of Rs.1,000,000 each of Power Finance Corporation Ltd. - 2014	508.04	508.04
40 8.80% Bonds of Rs.1,250,000 each of Power Grid Corporation of India Ltd. - 2015	513.62	513.62
80 8.64% Bonds of Rs.1,250,000 each of Power Grid Corporation of India Ltd. - 2015	1,007.23	1,007.23
50 7.20% Bonds of Rs.1,000,000 each of Rural Electrification Corporation Ltd. - 2012	498.62	498.62
- (50) 9.45% Bonds of Rs.1,000,000 each of Rural Electrification Corporation Ltd. - 2013	-	500.00
50 8.96% Bonds of Rs.1,000,000 each of State Bank of India - 2016	484.08	484.08
50 10.10% Bonds of Rs.1,000,000 each of State Bank of India - 2017	514.29	514.29
	<u>6,771.23</u>	<u>8,274.98</u>
Add : Amortisation of Premium paid/Discount received on acquisition (Net)	(8.55)	24.09
	<u>6,762.68</u>	<u>8,299.07</u>
<b>Total (A)</b>	<u>17,722.25</u>	<u>20,227.52</u>

## Notes to financial statements for the year ended 31 March 2012 (Contd.)

## 8 Investments (contd.)

	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)
<b>(B) Current Investments :</b>		
<b>In Certificate of Deposit:</b>		
<b>Unquoted:</b>		
- (500) Certificate of Deposit of Rs. 100,000 each of State Bank of Hyderabad 04-05-2011	-	474.13
- (500) Certificate of Deposit of Rs. 100,000 each of State Bank of Patiala 10-06-2011	-	470.81
2,500 (-) Certificate of Deposit of Rs. 100,000 each of State Bank of Hyderabad 06-12-2012	2,297.52	-
500 (-) Certificate of Deposit of Rs. 100,000 each of Punjab National Bank 16-03-2013	451.05	-
	<u>2748.57</u>	<u>944.94</u>
Add : Amortisation of Premium paid/Discount received on acquisition (Net)	49.50	45.14
	<u>2,798.07</u>	<u>990.08</u>
<b>In Mutual Fund Units:</b>		
<b>Quoted:</b>		
169,980 (836,683) Units of HDFC Cash Management Treasury Advantage Plan-Wholesale (Growth) of Rs.10 each in HDFC Mutual Fund	40.00	179.70
	<u>40.00</u>	<u>179.70</u>
<b>Total (B)</b>	<u>2,838.07</u>	<u>1,169.78</u>
<b>Total (A+B)</b>	<u>20,560.32</u>	<u>21,397.30</u>
	<u>Book Value as at</u>	<u>Market Value as at</u>
	<u>31 March 2012</u>	<u>31 March 2011</u>
Quoted	10,502.37	10,642.07
Unquoted	10,057.95	10,755.23
Total	<u>20,560.32</u>	<u>21,397.30</u>

## Following investments were purchased and sold during the year

Nature of Investment	Quantity Nos.	Purchase Cost (Rs. in lacs)	Sale Proceeds (Rs. in lacs)
<b>Mutual Funds:</b>			
HDFC Cash Management Fund-Saving Plan(Growth)	79,178,006	16,835.58	16,872.13
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale (Growth)	8,512,658	1,858.00	1,890.40
<b>Certificate of Deposit:</b>			
Oriental Bank of Commerce	1,500	1,481.57	1,500.00
State Bank of Mysore	4,500	4,282.31	4,437.44
Syndicate Bank	500	472.08	500.00

**Notes to financial statements for the year ended 31 March 2012 (Contd.)****9 Loans and advances****(Unsecured, good, unless stated otherwise)**

	Non-current		Current	
	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)
<b>Security deposits</b>	6.35	6.35	-	-
<b>Advances recoverable in cash or kind</b>				
Secured considered good	-	-	-	-
Unsecured considered good	-	-	12.95	31.81
Doubtful	-	-	-	-
	-	-	12.95	31.81
Provision for doubtful advances	-	-	-	-
	-	-	12.95	31.81
<b>Other loans and advances</b>				
VAT refund receivable	29.21	29.21	-	-
Advance income-tax (net of provision for tax)	427.99	432.95	16.71	-
Loans to former employees	613.54	-	212.43	-
Balances with Central Excise Department	-	-	5.64	5.86
	1,070.74	462.16	234.78	5.86
<b>Total</b>	<b>1,077.09</b>	<b>468.51</b>	<b>247.73</b>	<b>37.67</b>

**10 Trade receivable****(Unsecured, considered good, unless stated otherwise)****Outstanding for a period exceeding six months from the date they are due for payment**

Good	-	-	0.62	0.82
Doubtful	-	-	-	-
	-	-	0.62	0.82
<b>Others, Good</b>	-	-	157.90	127.81
	-	-	<b>158.52</b>	<b>128.63</b>

**11 Other assets****(Unsecured, good, unless stated otherwise)**

Interest receivable on investments	-	-	428.45	557.63
Interest receivable on loans, deposits etc.	-	-	9.46	6.33
<b>Total</b>	-	-	<b>437.91</b>	<b>563.96</b>

**12 Inventories****(Valued at lower of cost and net realizable value)\***

Raw materials and components			7.91	10.00
Work-in-progress			16.88	41.17
Finished goods			-	-
Stores			2.41	2.95
Loose tools			0.10	0.09
			<b>27.30</b>	<b>54.21</b>

\* Refer note 1 clause 6(i) for accounting policy on valuation of inventories.

## Notes to financial statements for the year ended 31 March 2012 (Contd.)

	Non-current		Current	
	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)	31 March 2012 (Rs. in lacs)	31 March 2011 (Rs. in lacs)
<b>13 Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
<b>Balances with banks:</b>				
On current accounts	-	-	143.65	126.44
On unclaimed dividend account	-	-	98.70	76.55
Cash on hand	-	-	0.13	0.22
	-	-	242.48	203.21
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	500.38	150.00
	-	-	742.86	353.21
<b>14 Revenue from operations</b>			<b>31 March 2012</b>	<b>31 March 2011</b>
			<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>
<b>Revenue from operations</b>			718.75	677.48
<b>Other operating revenue</b>				
Scrap sales			18.92	5.57
<b>Revenue from operations (Gross)</b>			737.67	683.05
Less: Excise duty			69.84	63.44
<b>Revenue from operations (Net)</b>			667.83	619.61
<b>Details of products sold</b>				
Toolings-Dies, Jigs & Fixtures			718.75	677.48
			718.75	677.48
<b>15 Other income</b>				
<b>Investment income:</b>				
Interest income on				
Bank deposits			18.34	21.41
Long-term investments			680.49	859.74
Others			-	-
Less : Amortisation of premium paid / (Discount received) on acquisition(Net)			(32.64)	(11.58)
			666.19	869.57
Dividend income on				
Long-term investments			4,106.32	2,511.90
Profit on sale of investments (Net)			272.50	76.37
Surplus on redemption of securities (Net)			71.45	14.54
			5,116.46	3,472.38
<b>Others:</b>				
Interest - others			12.13	9.41
Miscellaneous receipts			0.02	1.77
Surplus on sale of assets			30.61	6.08
Sundry credit balances appropriated *			1,221.33	-
Provision no longer required			-	0.06
			1,264.09	17.32
			6,380.55	3,489.70

\* Unclaimed balance in Scooter Booking Advance amounting to Rs. 1221.25 Lacs has been credited to statement of profit and loss. As and when any customer claims refund of advance, the same will be paid and charged to statement of profit and loss in the year of payment.

**Notes to financial statements for the year ended 31 March 2012 (Contd.)**

	<b>31 March 2012</b> <b>(Rs. in lacs)</b>	<b>31 March 2011</b> <b>(Rs. in lacs)</b>	
<b>16 Cost of raw material and components consumed</b>			
Raw Materials & Boughtout Items	243.75	262.59	
	<u>243.75</u>	<u>262.59</u>	
<b>17 (Increase)/decrease in inventories</b>			
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>(Increase)/ decrease</b>
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>
<b>Inventories at the end of the year</b>			
Work-in-progress	16.88	41.17	24.29
Finished goods	-	-	-
	<u>16.88</u>	<u>41.17</u>	<u>24.29</u>
<b>Inventories at the beginning of the year</b>			
Work-in-progress	41.17	46.04	4.87
Finished goods	-	-	-
	<u>41.17</u>	<u>46.04</u>	<u>4.87</u>
	<u>24.29</u>	<u>4.87</u>	<u>-</u>
<b>18 Employee benefit expense</b>			
	<b>31 March 2012</b>	<b>31 March 2011</b>	
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>	
Salaries, wages and bonus to employees	906.42	1,163.46	
Contribution to provident and other funds	342.50	219.66	
Staff welfare expenses	69.00	74.86	
	<u>1,317.92</u>	<u>1,457.98</u>	
No Managerial remuneration under section 198 of the Companies Act, 1956, is paid or payable to Shri Ranjit Gupta, 'Manager' of the Company. Shri Ranjit Gupta is on deputation from Bajaj Holdings & Investment Limited.			
<b>19 Finance costs</b>			
Interest Expenses	0.07	0.09	
	<u>0.07</u>	<u>0.09</u>	
<b>20 Other expenses</b>			
Stores and tools consumed	18.79	20.37	
Power, fuel and water	40.70	41.82	
Repairs to buildings	2.52	15.98	
Repairs to machinery	14.08	19.71	
Other repairs	10.78	13.44	
Insurance	2.59	2.48	
Rates and taxes	4.36	2.67	
Payment to auditor	14.41	9.94	
Directors' fees and travelling expenses	1.54	0.93	
Legal & Professional Charges	33.73	5.28	
Miscellaneous expenses	32.51	34.52	
Loss on assets sold, demolished, discarded and scrapped	-	2.34	
Amount written off against leasehold land	0.06	0.06	
	<u>176.07</u>	<u>169.54</u>	

**Notes to financial statements for the year ended 31 March 2012 (Contd.)**

	<u>31 March 2012</u> (Rs. in lacs)	<u>31 March 2011</u> (Rs. in lacs)
<b>Payment to auditor</b>		
As auditor:		
Audit fee	5.00	5.00
Tax audit fee	1.00	1.00
<b>In other capacity:</b>		
Income-Tax Matters	7.60	3.25
Other services (including certification fees)	0.67	0.54
Reimbursement of expenses	0.14	0.15
	<u>14.41</u>	<u>9.94</u>
<b>21 Exceptional items</b>		
Expenditure on Voluntary Retirement Scheme	<u>5,839.45</u>	-
	<u>5,839.45</u>	-
<p>The Company had announced Voluntary Retirement Schemes (VRS) for its workmen on 6th June, 2011 and on 7th November, 2011 and for staff on 1st December, 2011. In response to the Schemes, a total of 437 employees opted for the same. The company has incurred a total expenditure of Rs. 5839.45 lacs on the said schemes. In compliance with the provisions of the Accounting Standard-15 "Employees Benefits" the entire amount of Rs. 5839.45 lacs is charged to the Statement of Profit &amp; Loss in the current financial year.</p>		
<b>22 Earning per share (EPS)</b>		
<p>Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :</p>		
a	Profit / (Loss) for the year after taxation	(649.09)      2,172.54
	Weighted average number of shares outstanding during the year	11,428,568      11,428,568
b	Earnings per share (Basic and Diluted) in Rs.	(5.68)      19.01
	Face value per share in Rs.	10.00      10.00
<b>23 Contingent liabilities</b>		
a	Claims against the Company not acknowledged as debts	3.79      3.69
b	Excise duty matters under dispute	20.29      20.29
c	Sales Tax matters under dispute *	320.69      320.69
d	Income-Tax matters under dispute	
	i) Appeal by Company *	25.25      25.25
	ii) Appeal by Department	315.62      577.08
		<u>340.87</u> <u>602.33</u>
<p>* No provision has been made, since the Company expects favourable decision.</p>		
<b>24 Capital and other commitments</b>		
	Capital Commitments, net of capital advances	<u>67.63</u> -
<b>25 Imported and indigenous raw materials, boughtout items consumed</b>		
<p>Entire raw material and boughtout items consumed are indigenous.</p>		
<b>26 Amount of borrowing costs capitalised as per Accounting Standard 16 during the year was Nil.</b>		
<b>27 The Company is operating in a single segment. Hence, no separate segmentwise information is given.</b>		

**Notes to financial statements for the year ended 31 March 2012 (Contd.)****28** Related Party disclosures in accordance with Accounting Standard 18.

## A. Related Parties and nature of relationship

Sr. No.	Name of the Party	Nature of relationship
1.	Bajaj Holdings & Investment Ltd.	Promoter Company holding 24% of equity capital
2.	Western Maharashtra Development Corporation Ltd.	Promoter Company holding 27% of equity capital
3.	Shri Ranjit Gupta	Key Management Personnel

## B. Transactions that have taken place during the period 1st April, 2011 to 31st March, 2012 are as under:

Sr. No.	Particulars	Transaction Value	Outstanding Amount carried in Balance Sheet (Rupees)
1.	Bajaj Holdings & Investment Ltd.	Nil	Nil
2.	Western Maharashtra Development Corporation Ltd.	Nil	Nil
3.	Shri Ranjit Gupta	Nil	Nil

## C. Amount written-off or written-back in respect of debts due from or to related parties is Nil.

**29** In view of the uncertainty in utilising the carried forward business loss as per Income Tax Act 1961, as a prudent measure, the Company has not recognised net deferred tax asset arising on this account.**30** Liability for gratuity has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (revised) the details of which are as hereunder:

	As at 31 March, 2012 (Rs. in lacs)	As at 31 March, 2011 (Rs. in lacs)
<b>Amount to be recognised in Balance Sheet</b>		
Present Value of Funded Obligations	383.69	922.25
Fair Value of Plan Assets	383.69	922.25
Net Liability	-	-
Amounts in Balance Sheet		
Liability	-	-
Assets	-	-
Net Liability	-	-
<b>Expense to be Recognised in the Statement of Profit &amp; Loss</b>		
Current Service Cost	10.44	29.25
Interest on Defined Benefit Obligation	35.12	62.92
Expected Return on Plan Assets	(73.78)	(68.48)
Net Actuarial Losses / (Gains) Recognized in Year	287.11	66.08
Total included in "Employee Emoluments"	258.89	89.77
Actual Return on Plan Assets	57.71	73.92



## Notes to financial statements for the year ended 31 March 2012 (Contd.)

	As at 31 March, 2012 (Rs. in lacs)	As at 31 March, 2011 (Rs. in lacs)
<b>Reconciliation of Benefit Obligations &amp; Plan Assets for the period</b>		
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	922.25	855.93
Current Service Cost	10.44	29.25
Interest Cost	35.12	62.92
Actuarial Losses / (Gain)	268.48	71.00
Benefits Paid	(852.60)	(96.85)
Closing Defined Benefit Obligation	383.69	922.25
<b>Change in Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	922.25	855.93
Expected Return on Plan Assets	73.78	68.48
Actuarial Gain / (Losses)	(18.63)	4.92
Contributions by Employer	258.89	89.77
Benefits Paid	(852.60)	(96.85)
Closing Fair Value of Plan Assets	383.69	922.25
<b>Summary of the Actuarial Assumptions</b>		
Discount Rate	8.00%	8.00%
Expected Rate of Return on Assets	8.00%	8.00%
Salary Escalation Rate	7.00%	5.50%

Note: The Company has fully funded the Group Gratuity policy of Life Insurance Corporation of India, to pay the expenditure required to settle a defined benefit obligation. As such the fair value of insurance policy is deemed to be present value of the related defined benefit obligation.

## 31 Previous year figures

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of

**P. C. PARMAR & CO.**  
Chartered Accountants

**J. P. Parmar**  
Proprietor  
Membership No.46293  
Firm Regn. No. 107604 W  
Pune, 15th May, 2012

**Madhur Bajaj**  
Chairman

**N. S. Kulkarni**  
Company Secretary

**Sanjiv Bajaj**  
**Yogesh J. Shah**  
**Naresh Patni**  
**Subrao B. Patil**  
**R. K. Nikharge**  
**M. V. Bhagat**  
**Smt. Kanchan Vijayan**  
Directors

**Cash Flow Statement for the year ended 31st March, 2012**

Particulars	(Rs. in lacs)	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
<b>A. Cash Flow From Operating Activities:</b>			
1. Net Profit / (Loss) before Tax		(649.12)	2,112.89
2. <b>Add:</b> Adjustments for:			
i) Depreciation	95.95		101.35
ii) Loss on Assets sold, demolished or discarded	-		2.34
iii) Interest Paid	0.07		0.09
iv) Lease-hold write-off	0.06		0.06
		96.08	103.84
		(553.04)	2,216.73
<b>Less:</b>			
i) Income from Investing activities included in above			
Dividend/Income from Investments	4,106.32		2,511.90
Interest Income from Investments	698.83		881.15
<b>Add:</b> Amortisation of Premium paid/Discount received on acquisition (Net)	(32.64)		(11.58)
Profit on Sale of Investments (Net)	343.95		90.91
	5,116.46		3,472.38
ii) Surplus on Sale of Assets	30.61		6.08
		5,147.07	3,478.46
3. Cash from Operations		(5,700.11)	(1,261.73)
4. <b>Less:</b> Adjustments for Working Capital changes			
i) Inventories	(26.91)		(6.10)
ii) Sundry Debtors	29.89		38.79
iii) Other Current Assets, Loans & Advances	806.89		2.84
	809.87		35.53
<b>Less:</b> Trade Payables	1,975.11		53.46
		(1,165.24)	(17.93)
5. Net Cash generated from Operations after Working Capital changes (3-4)		(4,534.87)	(1,243.80)
6. <b>Less:</b> Income Tax Paid/Refunds (Net)		0.08	(19.46)
7. Net Cash from Operating Activities (5 - 6)		(4,534.95)	(1,224.34)

**Cash Flow Statement for the year ended 31st March, 2012 (Contd.)**

Particulars	(Rs. in lacs)	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
<b>B. Cash Flow From Investing Activities:</b>			
1. i) Sale of Fixed Assets	34.79		10.23
ii) Sale of Investments	28,866.41		20,316.56
iii) Income from Investing activities :			
Dividends/Income from Investments	4,106.32		2,511.90
Interest	813.24		819.43
Sub-Total (iii)	<u>4,919.56</u>		<u>3,331.33</u>
Sub-Total [(i) to (iii)]	<u>33,820.76</u>		<u>23,658.12</u>
2. <b>Less:</b>			
i) Purchase of Fixed Assets	4.69		16.09
ii) Purchase of Investments	<u>27,718.12</u>		<u>21,819.96</u>
	<u>27,722.81</u>		<u>21,836.05</u>
3. Net Cash from Investing Activities (1 - 2)		<u>6,097.95</u>	<u>1,822.07</u>
<b>C. Cash Flow From Financing Activities:</b>			
1. Increase/(Decrease) in Bank Cash Credit Balances		-	-
2. Interest Paid		(0.07)	(0.09)
3. Dividend Paid		(1,006.42)	(614.73)
4. Dividend Distribution Tax Paid		<u>(166.86)</u>	<u>(104.40)</u>
Net Cash from Financing Activities		<u>(1,173.35)</u>	<u>(719.22)</u>
<b>D. Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>389.65</b>	<b>(121.49)</b>
<b>E. Cash &amp; Cash equivalents as at 1st April (Opening Balance)</b>		<b>353.21</b>	<b>474.70</b>
<b>F. Cash &amp; Cash equivalents as at 31st March (Closing Balance)</b>		<b>742.86</b>	<b>353.21</b>

Previous year's figures have been regrouped wherever necessary.

**Madhur Bajaj**  
Chairman

**Sanjiv Bajaj**  
**Yogesh J. Shah**  
**Naresh Patni**  
**Subrao B. Patil**  
**R. K. Nikharge**  
**M. V. Bhagat**

**N. S. Kulkarni**  
Company Secretary

**Smt. Kanchan Vijayan**  
Directors

Pune, 15th May, 2012

**AUDITORS' CERTIFICATE**

We have verified the above Cash Flow Statement with the books and record maintained by Maharashtra Scooters Ltd. and certify that in our opinion and according to the information and explanations given to us, the above statement is in accordance therewith.

**For P. C. Parmar & Co.**  
Chartered Accountants

**J. P. Parmar**  
Proprietor

Pune, 15th May, 2012

Membership No.46293  
Firm Regn. No. 107604 W





# MAHARASHTRA SCOOTERS LTD.

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

## PROXY FORM

Folio No.
DP ID No.
Client ID No.
No. of Shares held

I/We ..... of .....  
 being a member / members of MAHARASHTRA SCOOTERS LIMITED hereby appoint .....  
 .....  
 of ..... or failing him .....  
 of ..... or failing him .....  
 of ..... as my / our Proxy to vote for me / us  
 on my / our behalf at the Thirty Seventh Annual General Meeting of the Company to be held on Monday, 16th July, 2012 and at any adjournment thereof.

Signed this ..... day of ..... 2012



Signature(s) of the Shareholder(s) .....

Note : The proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.



# MAHARASHTRA SCOOTERS LTD.

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

## ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the Meeting Hall)

I hereby record my presence at the THIRTY SEVENTH ANNUAL GENERAL MEETING of the Company on Monday, 16th July, 2012 at 12.00 noon

Folio No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

Full Name of the Shareholder  
(in block letters)

Signature of Shareholder

\* Full Name of Proxy  
(in block letters)

Signature of Proxy

\* (To be filled in, if the Proxy attends instead of the Member)







Visit us at : [www.mahascooters.com](http://www.mahascooters.com)