

35th
ANNUAL
REPORT
2009-2010



MAHARASHTRA SCOOTERS LTD.



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35th Annual General Meeting:

Tuesday, the 20th day of July, 2010 at 12.00 noon at the Registered Office.

The Company is arranging local transport for shareholders / proxies attending the meeting. For further details, please contact Share Department at Registered Office on Phone No. 020 27475811/12/13.



Board of Directors	Madhur Bajaj <i>Chairman</i> D.S. Mehta Jayant H. Shah Sanjiv Bajaj Shirish N. Karle R.K. Nikharge A.T. Shaikh Avinash Mahatekar (Upto 07-01-2010) M.V. Bhagat P.B. Satam (From 10-05-2010)
Audit Committee	Jayant H. Shah <i>Chairman</i> D.S. Mehta R.K. Nikharge
Shareholders'/Investors' Grievance Committee	Jayant H. Shah <i>Chairman</i> D.S. Mehta Sanjiv Bajaj
Company Secretary	N.S. Kulkarni
Chief Executive	Ranjit Gupta
Senior Manager (Satara)	R.D. Haware
Senior Manager (Finance)	R.B. Laddha
Auditors	P.C. Parmar & Co., Pune
Cost Auditor	A.P. Raman, Pune
Bankers	Central Bank of India
Registered Office	C/o. Bajaj Auto Limited Mumbai-Pune Road, Akurdi, Pune-411 035.
Works	Plot No. C-1, M.I.D.C. Area, Satara-415 004, Maharashtra.



Registered Office:

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

NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the shareholders of **MAHARASHTRA SCOOTERS LIMITED** will be held on **Tuesday, the 20th day of July, 2010 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, 2010 and Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Jayant H. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sanjiv Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution:-**
"RESOLVED that pursuant to Section 224-A of the Companies Act, 1956, M/s. P.C. Parmar & Company, Chartered Accountants, Pune, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration of Rs.5,00,000/- (Rupees Five lacs only) plus Taxes as applicable and out-of-pocket, travelling and living expenses."

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution:-**
"RESOLVED that Shri R.K. Nikharge who was appointed by the Board of Directors of the Company as a Director with effect from 21st May, 2008, in the casual vacancy existing on the Board and who vacates office at this annual general meeting under section 262 of the Companies Act, 1956 but who is eligible for reappointment and in respect of whom the company has, as required by section 257 of the Companies Act, 1956, received a notice in writing from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution:-**
"RESOLVED that pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the reappointment of Shri Ranjit Gupta as "Manager" of the Company for a further period of three years from 1st April, 2010, with liberty to the Board to alter and vary the terms and conditions of his appointment in such manner as may be acceptable to Shri Ranjit Gupta, provided however that no remuneration would be payable by the Company to him during the said period of his appointment."

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.

N. S. Kulkarni

Company Secretary

Pune, 10th May, 2010.

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos.5, 6 & 7 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 1st day of July, 2010 to Tuesday, the 20th day of July, 2010 both days inclusive for the purpose of Annual General Meeting and payment of dividend.
4. If Dividend on shares as recommended by the Directors is approved at the meeting, payment of such dividend will be made on or after 24th July, 2010 to those shareholders, whose names appear (a) As Beneficial Owners as at the end of the business of 30th June, 2010, 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 Kavy Computershares Pvt. Ltd., 17-24, Vitthalrao Nagar, Madhapur, Hyderabad - 500 081, Share Transfer Agents (STA) of the Company on or before 30th June, 2010.
5. Shareholders holding shares in physical form are requested to notify change of address, if any, to the Share Transfer Agents (STA) of the Company, Karvy Computershares Pvt. Ltd., 17-24, Vitthalrao Nagar, Madhapur, Hyderabad-500 081 immediately preferably along with their bank/ECS details, unless already notified, so as to reach the STA on or before 30th June, 2010.
Beneficial Owners holding shares in electronic form are requested to notify any change in address, bank particulars, ECS particulars etc., to their respective depository participants and make sure that such changes are recorded by them correctly on or before 30th June, 2010. The particulars recorded with the depository participants will be considered for making the payment of dividend either by issuing payment instruments or by ECS. 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, intimations regarding such remittances would be sent separately to the concerned shareholders.
6. Pursuant to 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 2001-02 to the Investor Education & Protection Fund within the prescribed time limit.
The unclaimed dividend for the accounting year 2002-03 will become due for transfer by the Company to the Investor Education & Protection Fund on 23rd August, 2010. Shareholders, who have not encashed the Dividend Warrants for the said year are, therefore, requested to immediately forward the same to the STA for payment.
7. Register of Contracts with Companies and Firms in which Directors are interested under Section 301 of the Companies Act, 1956 is open for inspection to the Members at the Registered Office of the Company on all working days, except on Sundays, between 11.00 a.m. and 2.00 p.m.
8. Register of Directors' shareholding under Section 307 of the Companies Act, 1956 will be open for inspection to the Members at the Registered Office of the Company during the period beginning fourteen days before the date of Annual General Meeting and ending three days after the date of its conclusion, during office hours.
9. Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, the information in respect of the Directors to be reappointed has been provided in the related section on Corporate Governance incorporated in the Annual Report.
10. SEBI, vide circular dated 20th May, 2009, has made it mandatory, for transactions, involving transfer of shares in physical form, for the transferee/s to furnish copy of PAN card to the STA/ Company for registration of such transfer of shares.



**Annexure to Notice
Explanatory Statement**

(As required by Section 173(2) of the Companies Act, 1956)

Item No. 5

Section 224-A of the Companies Act, 1956 requires 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

Shri R.K. Nikharge, who was appointed as Director in the casual vacancy then existing on the Board, holds office until the 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 R.K. Nikharge as a Director of the Company.

Brief profile and particulars of Shri R.K. Nikharge is given in the related section of Corporate Governance incorporated in the Annual Report.

Directors recommend the resolution for approval of the shareholders.

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

Item No. 7

The term of Shri Ranjit Gupta, Chief Executive, who was appointed as "Manager" under the Companies Act, 1956 ended on 31st March, 2010. The Board of Directors have reappointed him as the "Manager" under the Companies Act, 1956 for a further period of three years with effect from 1st April, 2010 on the terms and conditions set out in the Resolution. No remuneration is payable to Shri Gupta, since he draws remuneration from his employer, Bajaj Finserv Ltd. The said appointment is subject to the approval of the shareholders.

The Resolution is commended for the approval of the shareholders at the meeting.

None of the Directors is interested or concerned in the resolution.

By Order of the Board
For MAHARASHTRA SCOOTERS LTD.

N. S. Kulkarni

Company Secretary

Pune, 10th May, 2010.

DIRECTORS' REPORT

INTRODUCTION:

The Directors present their Thirty Fifth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2010.

OPERATIONS:

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

During the year under review, Income from treasury operations amounted to Rs.1,991.92 lacs as against Rs.2,427.94 lacs during the previous year. Aggregate turnover was Rs.2,433.54 lacs as against Rs.2,698.16 lacs during the previous year.

FINANCIAL RESULTS:

	(Rs. in lacs)	
	2009-10	2008-09
Net Sales and Other Income	2,433.54	2,698.16
Gross Profit before Interest and Depreciation	744.22	1,192.66
Interest	0.04	0.01
Depreciation	104.11	104.63
Profit before Tax	640.07	1,088.02
Provision for Taxation including Fringe Benefit Tax	-	1.30
Net Profit	640.07	1,086.72
Debit / (Credit) relating to earlier years – Taxation	(201.07)	(3.83)
Disposable surplus after Adjustments for earlier years	841.14	1,090.55
Provision for Proposed Dividend (inclusive of Dividend Distribution Tax)	732.97	735.40
Balance carried to General Reserve	108.18	355.15

DIVIDEND:

The Directors recommend for consideration of the shareholders at the ensuing Annual General Meeting, payment of dividend of Rs.5.50 per Equity Share (55%) on 1,14,28,568 Equity Shares of Rs.10 each for the year ended 31st March, 2010. The amount of dividend and the tax thereon aggregates to Rs.732.97 lacs.

Dividend paid for the year ended 31st March, 2009 was Rs.5.50 per share (55%) amounting to Rs.735.40 lacs, inclusive of tax thereon.

RESEARCH, DEVELOPMENT AND TECHNOLOGY ABSORPTION:

During the year under review, no expenditure has been incurred by the Company attributable to Research and Development activities.

CONSERVATION OF ENERGY:

During the year under review, the Company continued to initiate requisite steps with a view to effect savings in the consumption of power, fuel, oil, water, including maintaining power factor to Unity, use of biogas, solar heaters, recycling of treated effluent.

SAFETY, HEALTH AND ENVIRONMENT:

The Company has taken adequate measures to reduce noise pollution inside the factory, by use of screw compressor, reduction in the volume / timing of siren, etc.

Environment Audit was carried out as stipulated.

The Company has formulated AIDS Policy and has displayed the same at prominent locations at the factory premises.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, while the foreign exchange earnings were nil, the outgo on that account was Rs.3.26 lacs.

CASH FLOW STATEMENT:

A Cash Flow Statement for the year 2009-10 is included in the annexed Statement of Accounts.

DEPOSITORY:

Shares of the Company can be held and traded in electronic form both through National Securities Depository Ltd. (NSDL) and Central Depository Services (I) Ltd. (CDSL). The company's shares are tradable compulsorily in dematerialised form only. As on 31st March, 2010, 46,82,496 number of equity shares comprising 40.97% of total shareholding have been dematerialised.

INDUSTRIAL RELATIONS:

Industrial relations continued to be cordial during the year under review.

DIRECTORS:

- During the year under review Western Maharashtra Development Corporation Ltd. (WMDC) (i) recalled the nomination of Shri Avinash Mahatekar, who was a non-



retiring Director and Shri. A.T.Shaikh, their nominee Director on the Board was made a non-retiring Director. (ii) nominated Shri. P.B.Satam as a Director, retiring by rotation.

- b) Shri R.K. Nikharge holds office until the ensuing Annual General Meeting and is eligible for re-appointment.
- c) Shri Jayant H. Shah and Shri Sanjiv Bajaj, retire by rotation and being eligible, offers themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) that in the preparation of annual accounts the applicable accounting standards have been followed.
- b) that the Directors have selected such accounting policies and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the annual accounts on a going concern basis.

REAPPOINTMENT OF "MANAGER" UNDER THE COMPANIES ACT, 1956:

The Board of Directors, subject to the approval of shareholders, have reappointed Shri Ranjit Gupta, Chief Executive of the Company, as "Manager" under the Companies Act, 1956, for a further period of three (3) years effective from 1st April, 2010, on the terms and conditions as set out in the Resolution contained in the Notice convening the ensuing Annual General Meeting. The Directors commend the said Resolution for the approval of Shareholders.

PARTICULARS OF EMPLOYEES:

Information as per sub-section (2A) of section 217 of the Companies Act, 1956, read with the Companies (Particulars of

Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010 is annexed hereto as Annexure - 1.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled "Corporate Governance" has been included in this Annual Report along with the section on Management Discussion and Analysis.

A certificate from the auditors of the Company regarding the Company's compliance of Corporate Governance is annexed to this Report as Annexure - 2.

AUDITORS' REPORT:

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

AUDITORS:

The Auditors, M/s. P.C. Parmar & Co., Chartered Accountants, Pune, who retire at the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. Since Western Maharashtra Development Corporation Limited, a Government Company, holds more than 25% of the subscribed 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.

Shri A.P. Raman, Cost Accountant, Pune has been appointed as cost auditor to conduct the audit of cost accounts maintained by the Company for the year ending 31st March, 2011. Government approval for the appointment is awaited.

On behalf of the Board of Directors

Madhur Bajaj

Chairman

Pune, 10th May, 2010.

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 seven non-executive Directors. Of these Directors, four 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, 2010:

Name	Executive/ Non-executive/ Independent	Other Directorships held *	Other Committee positions	
			As Chairman	As Member
Madhur Bajaj	Non-executive, Chairman	5	-	-
Avinash Mahatekar [Upto 07-01-2010]	Non-executive, Independent	1	-	-
D.S. Mehta	Non-executive, Independent	4	1	4
Jayant H. Shah	Non-executive, Independent	1	2	-
Sanjiv Bajaj	Non-executive	10	-	4
Shirish N. Karle	Non-executive	1	-	-
R.K. Nikharge	Non-executive, Independent	1	-	-
A.T. Shaikh	Non-executive	1	-	-
M.V. Bhagat	Non-executive, Independent	1	-	-

* 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, 2010 and at the last AGM:

Name	Number of Board meetings		Attendance at the last AGM held on 14-07-2009
	Held	Attended	
Madhur Bajaj	4	4	Yes
Avinash Mahatekar [Upto 07-01-2010]	3	1	No
D.S. Mehta	4	3	Yes
Jayant H. Shah	4	4	Yes
Sanjiv Bajaj	4	4	Yes
Shirish N. Karle	4	-	No
R.K. Nikharge	4	4	Yes
A.T. Shaikh	4	4	Yes
M.V. Bhagat	4	3	Yes

The Board met four times during the year on 20th May, 2009, 14th July, 2009, 14th October, 2009 and 11th January, 2010.

Information placed before the Board of Directors:

The Board of the Company was presented with all the relevant and necessary information at their meetings such as production, sales, capital expenditure, budgets, actual performance statistics, review of business, any legal proceedings by or against the Company, share transfer and demat compliance, quarterly financial results, minutes of the meetings of the Audit Committee and Shareholders/Investors Grievance Committee, staff matters including senior appointments, significant labour and human relations matters and such other information.

The Board also reviewed, from time to time, 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, 2010. Annual Report of the Company contains a declaration to this effect signed by the Chief Executive.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee comprising three non-executive Directors, all being independent Directors. The members of the Committee are Shri Jayant H. Shah, Shri D.S. Mehta and Shri R.K. Nikharge. Shri Jayant H. Shah, Chairman of the Committee is an independent Director. All members of the Audit Committee are financially literate. Shri D.S. Mehta and Shri Jayant H. Shah have accounting/related financial management expertise.

The meetings of the Audit Committee are attended by the members and the invitees viz., Chief Executive, Sr.Manager (Satara), Senior Manager (Finance), 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 20th May, 2009, 14th July, 2009, 14th October, 2009 and 11th January, 2010.

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

Broad terms of reference and role of the Audit Committee:

- Review of the Company's financial reporting process and its financial statements.
- Review of accounting and financial policies and practices.
- Review of the internal control and internal audit systems.
- Review of risk management policies and practices.
- Review with the management, matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
- Review with the management, the quarterly financial statements before submission to the Board for approval.
- Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Carrying out any other functions as mentioned in the terms of reference of the Audit Committee.

Review of the information by the Audit Committee:

The Audit Committee reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors; and
- Internal audit reports relating to internal control weaknesses.

REMUNERATION COMMITTEE:

The Company has not constituted a Remuneration Committee, since all the Directors of the Company are non-executive Directors and are paid only sitting fees for attending the meetings of the Board and the Committee/s thereof.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Company has constituted a Shareholders'/Investors' Grievance Committee, comprising three non-executive Directors, two being independent Directors. The members of the Committee are Shri Jayant H. Shah, Shri D.S. Mehta and Shri Sanjiv Bajaj. Shri Jayant H. Shah, Chairman of the Committee is an independent Director.

The Committee specifically looks into the redressal of all shareholder and investor grievances at its meetings. The committee met once during the year on 11th January, 2010, which was attended by Shri Jayant H. 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 Jayant H. Shah
Name and designation of Compliance Officer	: Shri N.S. Kulkarni, Company Secretary
Number of shareholders' complaints received during the year	: 67
Number of shareholders' complaints not solved to the satisfaction of shareholders	: Nil
Number of share transfers pending for over 30 days as on 31-03-2010	: Nil

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 2009 - 10 (in Rs.)			
		Sitting Fees	Salary & Perks	Commission	Total
Madhur Bajaj	None	8,000	Nil	Nil	8,000
Avinash Mahatekar*	None	2,000	Nil	Nil	2,000
D.S. Mehta	None	12,000	Nil	Nil	12,000
Jayant H. Shah	None	18,000	Nil	Nil	18,000
Sanjiv Bajaj	None	10,000	Nil	Nil	10,000
Shirish N. Karle	None	Nil	Nil	Nil	Nil
R.K. Nikharge	None	16,000	Nil	Nil	16,000
A.T. Shaikh	None	8,000	Nil	Nil	8,000
M.V. Bhagat	None	6,000	Nil	Nil	6,000

* ceased to be a Director during the year 2009-10

The sitting fees paid to the Directors were fixed by the Board of Directors.

Other than Shri Jayant H. Shah, who holds 100 shares, none of the Directors hold any shares in the Company.

During the year 2009-10, 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 Jayant H. Shah and Shri Sanjiv Bajaj, Directors retire by rotation. Shri R.K. Nikharge who was appointed as Directors in the casual vacancy hold office until the ensuing Annual General Meeting.

Shri Jayant H. Shah — Shri Jayant H. Shah has studied Commerce and Economics in Bombay and has done a Middle Management Programme at Harvard Business School, U.S.A.

Besides being on the Board of the Company for over two decades, he holds Directorships and committee positions in the following companies:-

Directorships:

- | | |
|----------------------------------|-----------------------------|
| 1. Hind Rectifiers Ltd. | 4. Ashwamegh Auto Pvt. Ltd. |
| 2. Yoshika Engineering Pvt. Ltd. | 5. Yoshika Auto Pvt. Ltd. |
| 3. Yogesh Distribution Pvt. Ltd. | |



Committee Positions:

Chairman – Audit Committee, Shareholders'/Investors' Grievance Committee & Remuneration Committee of Hind Rectifiers Ltd.

Chairman - Audit Committee & Shareholders'/Investors' Grievance Committee of Maharashtra Scooters Ltd.

He has occupied top management positions in renowned companies, including as Chief Executive of Mukand Iron & Steel Ltd. (now Mukand Ltd.), Managing Director of Beco Engineering Co.Ltd., and Executive Director of Bajaj Auto Ltd.

He is the Past Chairman of Confederation of Engineering Industry, Western Region, Past President of Indian Machine Tool Manufacturers' Association and Past President of Bombay Industries Association.

He has excelled himself in many social service activities and has won "Service above Self Award", the highest award to a Rotarian from Rotary International.

Shri Jayant H. Shah holds 100 shares in the Company.

Shri Sanjiv Bajaj — 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 Auto Finance Ltd. His role includes guiding the current businesses and building new ones in the financial services space.

He is the Non-Executive Director of Bajaj Holdings and Investment Ltd. His role includes building the strategy and team and guiding this investment company, which has approximately USD 1 billion in cash and investments.

He is the Executive Director of Bajaj Auto Ltd., a position he holds since 2004.

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, he holds directorships in the following companies:-

Directorships:

- | | |
|--|---|
| 1. Bajaj Allianz General Insurance Co.Ltd. | 9. Bajaj Financial Solutions Ltd. |
| 2. Bajaj Allianz Life Insurance Co.Ltd. | 10. Jeevan Ltd. |
| 3. Bachhraj Factories Pvt. Ltd. | 11. Hindustan Housing Co. Ltd. |
| 4. Bajaj Holdings & Investment Ltd. | 12. Bachhraj & Co. Pvt. Ltd. |
| 5. Bajaj Auto Finance Ltd. | 13. Bajaj Sevashram Pvt. Ltd. |
| 6. Bajaj Auto Holdings Ltd. | 14. Kamalnayan Invest & Trading Pvt. Ltd. |
| 7. Bajaj Finserv Ltd. | 15. Sanraj Nayan Investment Pvt. Ltd. |
| 8. Bajaj Auto Ltd. | 16. Shishir Holdings Pvt. Ltd. |

Committee Positions:

Audit Committee

1. Bajaj Allianz General Insurance Co.Ltd.
2. Bajaj Allianz Life Insurance Co.Ltd.
3. Bajaj Auto Finance Ltd.

Shareholders'/Investors' Grievance Committee

1. Maharashtra Scooters Ltd.
2. Bajaj Finserv Ltd.

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

Shri R.K. Nikharge — Shri Nikharge possesses 15 years experience with various Departments in Mantralaya, Govt. of Maharashtra. Presently he is occupying the position of Desk Officer, Industries, Energy & Labour Department, Mantralaya, Mumbai.

Besides being on the Board of the Company and member of the Audit Committee of the Board, he holds directorship in Western Maharashtra Development Corporation Ltd.

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

GENERAL BODY MEETINGS:

Location and time where last three AGMs were held:

AGM Number	Date & Time	Venue
32nd	11-07-2007 at 12.30 p.m.	Registered Office at C/o. Bajaj Auto Ltd., Akurdi, Pune-411 035
33rd	08-07-2008 at 12.00 noon	-do-
34th	14-07-2009 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 www.corpfiling.co.in
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	20th July, 2010
Time	12.00 noon
Venue	Registered Office, C/o. Bajaj Auto Ltd. Mumbai-Pune Road Akurdi, Pune-411 035
Financial Year	1st April, 2009 to 31st March, 2010
Date of Book Closure for dividend, if any,	1st July, 2010 to 20th July, 2010
Date of Dividend Payment	On or after 24th July, 2010.
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 2009-10	As per Table 1
Performance in comparison to broad-based indices such as BSE Sensex and S&P CNX Nifty during 2009-10	MSL Share Up by 340.97% on BSE Up by 341.99% on NSE BSE Sensex Up by 80.54% S&P CNX Nifty Up by 73.76%
Registrar and Transfer Agents	Karvy Computershares Pvt. Ltd., Plot No.17 to 24, Vitthalrao Nagar, Madhapur Hyderabad-500 081.
Share Transfer & Demat System	Karvy Computershares Pvt. Ltd., acts as the Share Transfer Agent (STA) for physical as well as for electronic segment.
Distribution of shareholding & category-wise distribution	As per Table 2 & 3
Dematerialisation of shares and liquidity	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 mslsatara@bajajauto.co.in
Address for share related correspondence	Karvy Computershares Pvt. Ltd., Plot No.17 to 24, Vitthalrao Nagar, Madhapur Near Image Hospital, Hyderabad-500 081. Phone (040) 44655000/44655152 Fax (040) 44655024 E-mail mohsin@karvy.com
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 mslpune@bajajauto.co.in investors_msl@bajajauto.co.in

CEO/CFO CERTIFICATION:

The Chief Executive and Senior 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 2009-10. 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 2009-10 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 2009-10:

(Rs.)

Month & Year	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
April 2009	89.70	78.10	88.50	78.20
May 2009	160.70	82.10	160.05	83.15
June 2009	164.40	130.25	163.20	133.10
July 2009	147.80	122.00	147.00	118.00
August 2009	161.20	137.05	163.00	139.70
September 2009	177.65	159.70	175.00	160.00
October 2009	190.90	168.30	191.50	166.60
November 2009	184.55	175.00	184.85	174.50
December 2009	229.70	192.10	233.25	191.25
January 2010	248.40	225.40	248.65	225.25
February 2010	250.00	238.20	250.00	237.00
March 2010	389.95	236.15	388.35	238.05

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 31-3-2010:

No. of Shares	No. of shares held	% to Total shares	No. of Shareholders	% to Total Shareholders
1 to 100	3,21,206	2.81	5,194	47.56
101 to 500	13,96,542	12.22	4,749	43.49
501 to 1000	4,16,589	3.65	588	5.38
1001 to 5000	6,56,530	5.74	298	2.73
5001 to 10000	3,48,215	3.05	50	0.46
10001 to 100000	7,94,358	6.95	33	0.31
100001 and above	74,95,128	65.58	8	0.07
Total	1,14,28,568	100.00	10,920	100.00

Table 3 : Category-wise distribution of shareholding as on 31-3-2010:

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	3,56,502	3.12
3.	Banks	4	664	0.02
4.	Bodies Corporate	309	12,06,734	10.56
5.	Non-Resident Individuals & FIIs	122	7,25,634	6.34
6.	Resident Individuals	10,474	33,10,474	28.96
	Total	10,920	1,14,28,568	100.00

Table 4 : Break-up of shares in physical & electronic mode as on 31-3-2010:

Mode	No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total Shares
Physical	4,106	37.60	67,46,072	59.03
Electronic	6,814	62.40	46,82,496	40.97
Total	10,920	100.00	1,14,28,568	100.00



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

Maharashtra Scooters Ltd. (MSL), has been operating in the geared scooter segment of the two-wheeler industry since its inception. 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 having almost extinguished, production during the year was limited to manufacture of pressure die casting dies, jigs and fixtures.

b) Opportunities, Threats, Outlook, Risks and Concerns

The competition in the two-wheeler industry is getting fierce and stiffer day by day, with all the big players in the world having significant presence in India. Further, the almost non-existent demand for geared scooters has adversely affected the performance of the Company. As reported earlier, the production of geared scooters has ceased from April, 2006. The Company, however, continues to produce pressure die castings dies, Jigs and Fixtures.

The near term outlook continues to remain uncertain.

c) Segment-wise or product-wise performance

Since MSL is 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 from time to time 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

Industrial relations continued to be cordial during the year under review.

Total number of permanent employees on the rolls of the Company as on 31st March, 2010 was 608.

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 1 TO DIRECTORS' REPORT PARTICULARS OF EMPLOYEES

Particulars of employees as per Section 217(2A)(b)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010:

Sr. No.	Name	Designation/ Nature of Duties	Qualifications	Age (Years)	Gross Remuneration (Rs.)	Date of commencement of employment	Total Experi- ence (Years)	Last employment and Designation
A. Employed throughout the year:								
1	Damle A.H.	Company Secretary	M. Com., LLB, FCS	51	2,953,610	01-07-2001	25	Bajaj Auto Ltd. Dy. Secretary
B. Employed for part of the year: Nil								

Notes:

- The gross remuneration shown above is subject to tax and includes Salary, Bonus, Allowances, Company's Contribution to Provident Fund, Superannuation and Gratuity Schemes and monetary value of other perquisites calculated on the basis of Rules prescribed in this behalf by the Department of Company Affairs.
- The employee mentioned above is not a relative of any Director of the Company.
- The nature of the employee mentioned above was contractual.

ANNEXURE 2 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, 2010 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

J. P. PARMAR
Proprietor

Membership No. 46293
Firm Reg. No: 107604W

Pune, 10th May, 2010

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.

Pune, 22nd April, 2010

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, 2010, and also the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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, 2010 and;
 2. In the case of the Profit and Loss Account, of the profit 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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

J. P. PARMAR
Proprietor

Membership No. 46293
Firm Reg. No: 107604W

Pune, 10th May, 2010

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, 2010.

- (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 and having regard to the explanations that several items purchased are of special nature for which alternative sources of supply are not available, each of these transactions exceeding the value of five lakh rupees 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 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, 2010 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	8,786,623	Joint Commissioner of Sales Tax (Appeals) - I, Pune Division, Pune
Sales Tax for the year 2001-02	5,295,295	Joint Commissioner of Sales Tax (Appeals) - I, Pune Division, Pune
Sales Tax for the year 2002-03	15,557,940	Deputy Commissioner of Sales Tax (Assessment) – B-234, Satara
Service Tax for the year 2004-05, 2005-06 and 2006-07	262,034	Assistant Commissioner of Central Excise, Satara

- (x) The Company does not have any accumulated losses as at 31st March, 2010. The Company has not incurred cash losses during the financial year covered by our audit and in the financial year immediately preceding such financial year also.
- (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

J. P. PARMAR
Proprietor

Membership No. 46293
Firm Reg. No: 107604W

Pune, 10th May, 2010

**Balance Sheet as at 31st March, 2010**

	Schedule	<u>Rupees</u>	<u>Rupees</u>	As at 31st March, 2009 <u>Rupees</u>
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital	1	114,285,680		114,285,680
b) Reserves & Surplus	2	<u>1,891,169,494</u>		<u>1,880,351,912</u>
			2,005,455,174	1,994,637,592
2. Loan Funds				
a) Secured Loans	3		-	-
	Total		<u>2,005,455,174</u>	<u>1,994,637,592</u>
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block		272,464,750		272,898,606
b) Less: Depreciation		<u>181,670,843</u>		<u>172,355,056</u>
c) Net Block	4		90,793,907	100,543,550
2. Investments	5		1,981,457,188	1,913,207,927
3. Current Assets, Loans & Advances	6			
a) Inventories		6,030,672		7,565,807
b) Sundry Debtors		8,983,962		4,899,577
c) Cash & Bank Balances		47,469,659		106,638,567
d) Loans & Advances		<u>100,860,130</u>		<u>92,490,683</u>
		<u>163,344,423</u>		<u>211,594,634</u>
Less: Current Liabilities & Provisions	7			
a) Current Liabilities		152,521,965		152,297,355
b) Provisions		<u>77,618,379</u>		<u>78,411,164</u>
		<u>230,140,344</u>		<u>230,708,519</u>
Net Current Assets			<u>(66,795,921)</u>	<u>(19,113,885)</u>
	Total		<u>2,005,455,174</u>	<u>1,994,637,592</u>
Notes forming part of the Financial Statements	11			

As per our attached report of even date

For and on behalf of

P. C. PARMAR & CO.
Chartered Accountants**Madhur Bajaj**
Chairman**D. S. Mehta**
Jayant H. Shah
Sanjiv Bajaj
R. K. Nikharge
A. T. Shaikh
M. V. Bhagat
P. B. Satam
Directors**J. P. Parmar**
Proprietor
Membership No.46293
Firm Regn. No. 107604 W
Pune, 10th May, 2010**N. S. Kulkarni**
Company Secretary

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Rupees	Rupees	Previous Year Rupees
INCOME				
Gross Sales		44,837,307		27,720,245
Less: Excise Duty		3,349,802		2,727,253
Net Sales		41,487,505		24,992,992
Other Income	8	201,866,748	243,354,253	244,823,148
				269,816,140
EXPENDITURE				
Materials	9	15,505,978		6,796,349
Other Expenses	10	153,426,180		143,754,057
Interest		4,696		908
Depreciation		10,410,639		10,462,765
			179,347,493	161,014,079
Profit before Provision for Taxation			64,006,760	108,802,061
Provision for Taxation				
- Current year			-	-
- Deferred Tax Liability/(Asset) (See Note 14)			-	-
- Fringe Benefit Tax			-	130,000
Profit for the year			64,006,760	108,672,061
Debits/(Credits) relating to earlier years Taxation			(20,107,729)	(382,987)
Net Profit			84,114,489	109,055,048
Transferred to General Reserve			10,817,582	35,515,356
Dividend & Dividend Distribution Tax thereon				
Proposed Dividend		62,857,124		62,857,124
Provision for Dividend Distribution Tax		10,439,783		10,682,568
			73,296,907	73,539,692
Balance Carried to Balance Sheet			-	-
Profit for the year			84,114,489	109,055,048
No. of Equity Shares			11,428,568	11,428,568
Basic and diluted Earnings Per Share of Rs.10 each			7.36	9.54
Notes forming part of the Financial Statements	11			

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, 10th May, 2010

Madhur Bajaj
Chairman

N. S. Kulkarni
Company Secretary

D. S. Mehta
Jayant H. Shah
Sanjiv Bajaj
R. K. Nikharge
A. T. Shaikh
M. V. Bhagat
P. B. Satam
Directors


Schedules 1 to 11 annexed to and forming part of Balance Sheet and Profit and Loss Account
Schedule 1 - Share Capital

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
Authorised		
11,500,000 Equity Shares of Rs.10 each	115,000,000	115,000,000
50,000 Redeemable Cumulative Preference Shares of Rs.100 each	5,000,000	5,000,000
	<u>120,000,000</u>	<u>120,000,000</u>
Issued, Subscribed and Paid up		
11,428,568 Equity Shares of Rs.10 each fully paid, including 10,428,568 Shares allotted as fully paid-up Bonus Shares by Capitalisation of Reserves	114,285,680	114,285,680
	<u>114,285,680</u>	<u>114,285,680</u>

Schedule 2 - Reserves & Surplus

General Reserve		
As per last Balance Sheet	1,880,351,912	1,844,836,556
Add: Set aside this year	10,817,582	35,515,356
	<u>1,891,169,494</u>	<u>1,880,351,912</u>

Schedule 3 - Secured Loans

From Central Bank of India against hypothecation of Stores,
Raw Materials, Finished Goods and Stock-in-Process
Cash Credit

-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

Schedule 4 - Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1-Apr-09 Rupees	Additions Rupees	Deductions Rupees	As At 31-Mar-10 Rupees	Upto 1-Apr-09 Rupees	For the period Rupees	Deductions Rupees	Upto 31-Mar-10 Rupees	As At 31-Mar-10 Rupees	As At 31-Mar-09 Rupees
Free-Hold Land	1,646	-	-	1,646	-	-	-	-	1,646	1,646
Leasehold Land	386,781	-	6,315	380,466	-	-	-	-	380,466	386,781
Buildings	57,020,629	-	-	57,020,629	33,903,033	1,742,446	-	35,645,479	21,375,150	23,117,596
Plant & Machinery	208,681,042	245,778	541,824	208,384,996	134,016,831	8,319,141	477,875	141,858,097	66,526,899	74,664,211
Furniture & Fixtures	4,019,789	-	46,762	3,973,027	3,117,078	97,692	36,295	3,178,475	794,552	902,711
Vehicles	2,788,719	1,173,396	1,258,129	2,703,986	1,318,114	251,360	580,682	988,792	1,715,194	1,470,605
Total	272,898,606	1,419,174	1,853,030	272,464,750	172,355,056	10,410,639	1,094,852	181,670,843	90,793,907	100,543,550
Previous year's Total	272,918,914	1,869,831	1,890,139	272,898,606	163,304,051	10,462,765	1,411,760	172,355,056	100,543,550	

Schedule 5 - Investments, at cost

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
In Fully-Paid Equity Shares:			
Quoted:			
1,638,720	Shares of Rs.10 each of Bajaj Auto Finance Ltd.	216,055,838	216,055,838
3,387,036	Shares of Rs.10 each of Bajaj Auto Ltd.	182,485,674	182,485,674
3,387,036	Shares of Rs.5 each of Bajaj Finserv Ltd.	176,705,585	176,705,585
1,255,000	Shares of Re.1 each of Bajaj Hindusthan Ltd.	4,454,309	4,454,309
3,387,036	Shares of Rs.10 each of Bajaj Holdings & Investment Ltd.	466,535,772	466,535,772
		<u>1,046,237,178</u>	<u>1,046,237,178</u>
In Fully-Paid Bonds and Debentures:			
Unquoted:			
-	(256,050) 6% Non-Convertible Debentures of Rs.500 each of Bajaj Auto Finance Ltd. with Detachable Warrants	-	128,025,000
100	9.35% Upper Tier II Unsecured Redeemable Non-Convertible Bonds of Rs.1,000,000 each of Bank of India - 2016	100,000,000	100,000,000
-	(50) 7.15% Non-Convertible Debentures of Rs.1,000,000 each of HDFC Ltd. - 2010	-	49,701,850
20	7.75% Tier II Bonds of Rs.1,000,000 each of HDFC Bank Ltd. - 2015	20,000,000	20,000,000
-	(15) Pass Through Certificates of the Indian Retails ABS Trust (Series 50) Category A2 Z of ICICI Bank Ltd.	-	13,131,022
50	6.20% Bonds of Rs.1,000,000 each of IDBI Ltd. - 2011	47,586,100	47,586,100
-	(100) 7.45% Bonds of Rs.500,000 each of Indian Overseas Bank	-	50,239,800
100	(-) 8.46% Bonds of Rs.1,000,000 each of Indian Railway Financial Corporation Ltd. - 2014	102,263,200	-
100	(-) 7.45% Bonds of Rs.1,000,000 each of Indian Railway Financial Corporation Ltd. - 2014	96,787,000	-
50	8.90% Bonds of Rs.1,000,000 each of Kokan Railways Corporation Ltd. - 2016	50,000,000	50,000,000
50	8.94% Bonds of Rs.1,000,000 each of Power Finance Corporation Ltd. - 2013	49,244,100	49,244,100
50	(-) 11.25% Bonds of Rs.1,000,000 each of Power Finance Corporation Ltd. - 2018	57,748,100	-
50	(-) 8.60% Bonds of Rs.1,000,000 each of Power Finance Corporation Ltd. - 2014	50,803,850	-
40	(-) 8.80% Bonds of Rs.1,250,000 each of Power Grid Corporation Ltd. - 2015	51,361,500	-
50	7.20% Bonds of Rs.1,000,000 each of Rural Electrification Corporation - 2012	49,861,800	49,861,800
	Carried Over	<u>675,655,650</u>	<u>557,789,672</u>
		<u>1,046,237,178</u>	<u>1,046,237,178</u>


Schedule 5 - Investments, at cost (contd.)

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
Brought Over	675,655,650	1,046,237,178	557,789,672
50 9.45% Bonds of Rs.1,000,000 each of Rural Electrification Corporation - 2013	50,000,000		50,000,000
50 8.96% Non-Convertible Debentures of Rs.1,000,000 each of State Bank of India - 2016	48,408,350		48,408,350
50 10.10% Non-Convertible Debentures of Rs.1,000,000 each of State Bank of India - 2017	51,428,400		51,428,400
100 9.90% Bonds of Rs.1,000,000 each of Tata Sons Ltd. - 2011	96,887,700		96,887,700
	<u>922,380,100</u>		<u>804,514,122</u>
Add : Amortisation of Premium paid/Discount received on acquisition (Net)	<u>3,566,899</u>		<u>2,456,627</u>
		<u>925,946,999</u>	<u>806,970,749</u>
In Mutual Fund Units:			
Quoted:			
97,336 (-) Units of HDFC Cash Management Saving Plan (Growth) of Rs.10 each in HDFC Mutual Fund	1,869,580		-
367,984 (-) Units of HDFC Cash Management Treasury Advantage Plan-Wholesale (Growth) of Rs.10 each in HDFC Mutual Fund	7,403,431		-
- (1,986,755) Units of HDFC High Interest Fund (Growth) of Rs.10 each in HDFC Mutual Fund	-		60,000,000
		<u>9,273,011</u>	<u>60,000,000</u>
		<u>1,981,457,188</u>	<u>1,913,207,927</u>

	Book Value as at		Market Value as at	
	31st March, 2010 Rupees	31st March, 2009 Rupees	31st March, 2010 Rupees	31st March, 2009 Rupees
Quoted	1,055,510,189	1,106,237,178	10,703,392,306	3,901,799,368
Unquoted	925,946,999	806,970,749		
Total	<u>1,981,457,188</u>	<u>1,913,207,927</u>		

Note to Investment Schedule:

Following investments were purchased and sold during the year

Mutual Funds:

Name of the Mutual Fund	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
HDFC Cash Management Fund - Saving Plan (Growth)	43,797,262	824,110,150	824,480,565
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale (Growth)	31,587,926	621,198,732	622,571,366

Schedule 6 - Current Assets, Loans & Advances

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
a) Inventories			
Stores at cost	309,251		189,805
Tools at cost	8,982		53,249
Stocks-in-trade at cost or market value whichever is lower:			
Raw Materials	1,108,197		918,444
Work-in-progress	4,604,242		6,404,309
Finished Goods	-		-
(As valued and certified by Management)		6,030,672	7,565,807
b) Sundry Debtors			
Unsecured-Considered Good:			
Outstanding for a period exceeding six months	107,080		-
Others	8,876,882		4,899,577
		8,983,962	4,899,577
c) Cash & Bank balances			
Cash on hand	19,516		17,312
Balances with Scheduled Banks			
In Current Account	7,550,143		6,621,255
In Fixed Deposits	39,900,000		100,000,000
		47,469,659	106,638,567
d) Loans & Advances			
Unsecured-Considered Good:			
(Unless stated otherwise below)			
Advances recoverable in cash or in kind or for value to be received	57,335,498		69,171,947
Income-Tax paid in advance	43,033,985		22,932,433
Balance with Central Excise Department	490,647		386,303
		100,860,130	92,490,683
		163,344,423	211,594,634

Advances recoverable in cash or kind or for value to be received from an officer of the Company: **Rs.NIL**
(Previous Year: Rs.208,388). Maximum amount due during the year **Rs.208,388** (Previous Year: Rs.254,732)

Schedule 7 - Current Liabilities & Provisions

a) Current Liabilities			
Sundry Creditors			
Due to Micro and Small enterprises	-		-
Others	32,264,148		30,190,265
	32,264,148		30,190,265
Deposits from Dealers & Others	21,000		3,066,588
Advance against Scooter Booking	113,966,000		114,045,500
Unclaimed Dividends	6,270,817		4,995,002
		152,521,965	152,297,355
b) Provisions			
Provision for Taxation	4,321,472		4,871,472
Proposed Dividend	62,857,124		62,857,124
Provision for Dividend Distribution Tax	10,439,783		10,682,568
		77,618,379	78,411,164
		230,140,344	230,708,519

**Schedule 8 - Other Income**

	<u>Rupees</u>	<u>Rupees</u>	<u>Previous Year Rupees</u>
Dividend from Equity Shares		115,928,128	141,260,196
Profit on sale of Investments (Net)		2,524,237	23,599,993
Interest [(Gross-Tax deducted: Rs.279,369) (Previous Year: Rs.147,626)]	82,061,601		78,659,395
Add/(Less): Amortisation of Premium paid/Discount received on acquisition (Net)	<u>1,110,272</u>		<u>(202,866)</u>
		83,171,873	78,456,529
Surplus on Sale of Assets		141,678	701,504
Miscellaneous Income		12,827	20,827
Provisions no longer required		88,005	784,099
		<u>201,866,748</u>	<u>244,823,148</u>

Schedule 9 - Materials

Raw Materials & Components consumed (Increase)/Decrease in Stocks		13,705,911	9,732,052
Opening Stock			
Work-in-Progress	6,404,309		3,468,606
Finished Goods	-		-
	<u>6,404,309</u>		<u>3,468,606</u>
Less: Closing Stock			
Work-in-Progress	4,604,242		6,404,309
Finished Goods	-		-
	<u>4,604,242</u>		<u>6,404,309</u>
		1,800,067	(2,935,703)
		<u>15,505,978</u>	<u>6,796,349</u>

Schedule 10 - Other Expenses

	<u>Rupees</u>	<u>Rupees</u>	Previous Year <u>Rupees</u>
Stores & Tools consumed		2,050,266	1,650,154
Power, Fuel & Water		3,277,615	3,166,794
Repairs & Maintenance			
Machinery	2,056,102		1,435,824
Building	2,253,818		2,189,651
Others	1,405,369		1,268,141
		<u>5,715,289</u>	<u>4,893,616</u>
Employees' Cost			
Salaries, Wages & Bonus	107,743,647		103,927,124
Contribution to Provident Fund & Other Funds	18,706,684		17,959,103
Welfare Expenses	7,107,122		6,785,473
		<u>133,557,453</u>	<u>128,671,700</u>
Rates & Taxes		267,220	267,220
Insurance		234,272	235,785
Printing & Stationery		230,413	248,911
Postage, Telegram & Telephones		694,736	628,121
Auditors' Fees		450,000	450,000
Directors' Fees & Travelling Expenses		89,100	93,100
Legal & Professional Charges		2,734,050	430,297
Miscellaneous Expenses		3,785,261	2,746,925
Loss on Assets sold/scrapped/discarded		334,190	265,119
Lease-hold write-off		6,315	6,315
		<u>153,426,180</u>	<u>143,754,057</u>



Schedule 11 - Notes Forming Part of the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) 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.
 - 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.

c) 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.

d) 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.

e) 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.

f) 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.

Schedule 11 - Notes Forming Part of the Financial Statements (contd.)

- 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.
- g) 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.
- h) 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.
- i) 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.
- j) 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.

	<u>2009-10</u> <u>Rupees</u>	<u>2008-09</u> <u>Rupees</u>
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	-	15,266
3. Contingent Liabilities not provided for		
(a) Claims against the Company not acknowledged as debts	360,725	351,230
(b) Excise duty matters under dispute	2,028,547	2,028,547
(c) Income-Tax matters under dispute		
i) Appeal by Company	-	7,221,506
ii) Appeal by Department	59,325,072	38,599,963
Total of (c)	<u>59,325,072</u>	<u>45,821,469</u>
(d) Sales Tax matters under dispute – Appeal by Company*	29,639,858	29,835,519

* No provision has been made, since the Company expects favourable decision.


Schedule 11 - Notes Forming Part of the Financial Statements (contd.)

4. 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 Finserv Limited.

5. Payment to Auditors	Auditors		Cost Auditors	
	2009-10 Rupees	2008-09 Rupees	2009-10 Rupees	2008-09 Rupees
i) As Auditors	350,000	350,000	50,000	50,000
ii) In Other Capacity:				
For Tax Audit	100,000	100,000	-	-
For Taxation matters	125,000	125,000	-	-
For Other matters	547,500	205,000	-	-
iii) For Expenses	13,280	13,400	-	-
Total	1,135,780	793,400	50,000	50,000

6. Details of Installed Capacity, Production, Stocks and Turnover		2009-10	2008-09
Class of Goods			
Motorised two-wheelers upto 350cc Engine Capacity			
i) Installed Capacity per annum as Certified by the Chief Executive	Nos.	150,000	150,000
ii) Production	Nos.	-	-
iii) Stocks			
(a) At Commencement	Nos.	-	-
(b) At Close	Nos.	-	-
iv) Turnover:			
Scooters	Nos.	-	-
Scooters	Rupees	-	-
Toolings-Dies, Jigs & Fixtures	Rupees	44,206,239	27,111,099
Others	Rupees	631,068	609,146
Total		44,837,307	27,720,245
		2009-10 Rupees	2008-09 Rupees

7. C.I.F. Value of Imports and Expenditure in Foreign Currency 326,305 -

8. Details of Raw Materials consumption & Machinery Spares Consumption

i) Raw Materials & bought out components for manufacture of Toolings consumed	2009-10		2008-09	
	Rupees	Percentage	Rupees	Percentage
(a) Imported	395,421	2.89	-	-
(b) Indigenous	13,310,490	97.11	9,732,052	100.00
Total	13,705,911	100.00	9,732,052	100.00
ii) Imported and Indigenous Machinery Spares consumed				
(a) Imported	-	-	-	-
(b) Indigenous	2,524,464	100.00	1,711,608	100.00
Total	2,524,464	100.00	1,711,608	100.00

Schedule 11 - Notes Forming Part of the Financial Statements (contd.)

9. Depreciation on fixed assets has been calculated on a single shift basis in the current year.
10. Amount of borrowing costs capitalised as per Accounting Standard 16 during the year was Nil.
11. The Company is operating in a single segment. Hence, no separate segmentwise information is given.
12. Related Party disclosures in accordance with Accounting Standard 18.

(A) Related Parties and nature of relationship

Sr. No.	Name of Related 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, 2009 to 31st March, 2010 are as under

Sr. No.	Particulars	Transaction Value (Rupees)	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**.

13. 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 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
Amount to be recognised in Balance Sheet		
Present Value of Funded Obligations	85,593,328	72,673,306
Fair Value of Plan Assets	85,593,328	72,673,306
Net Liability	-	-
Amounts in Balance Sheet		
Liability	-	-
Assets	-	-
Net Liability	-	-
Expense to be recognised in the Statement of Profit & Loss		
Current Service Cost	2,775,212	2,419,250
Interest on Defined Benefit Obligation	5,645,567	4,760,146
Expected Return on Plan Assets	(5,813,864)	(4,831,992)
Net Actuarial Losses / (Gains) recognised in year	6,456,085	6,434,396
Total included in "Employees' Cost"	9,063,000	8,781,800
Actual Return on Plan Assets	6,570,314	5,526,387

**Schedule 11 - Notes Forming Part of the Financial Statements (contd.)**

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
Reconciliation of Benefit Obligations & Plan Assets for the period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	72,673,306	60,399,894
Current Service Cost	2,775,212	2,419,250
Interest Cost	5,645,567	4,760,146
Actuarial Losses / (Gain)	7,164,496	6,953,268
Benefits Paid	(2,665,253)	(1,859,252)
Closing Defined Benefit Obligation	<u>85,593,328</u>	<u>72,673,306</u>
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	72,673,306	60,399,894
Expected Return on Plan Assets	5,813,864	4,831,992
Actuarial Gain / (Losses)	708,411	518,872
Contributions by Employer	9,063,000	8,781,800
Benefits Paid	(2,665,253)	(1,859,252)
Closing Fair Value of Plan Assets	<u>85,593,328</u>	<u>72,673,306</u>
Summary of the Actuarial Assumptions		
Discount Rate	8.00%	8.00%
Expected Rate of Return on Assets	8.00%	8.00%
Salary Escalation Rate	5.00%	4.50%

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.

14. 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.
15. 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 (27 of 2006)" and in view of the terms of payments not exceeding 45 days, no liability exists at the close of the year and hence no disclosures have been made in this regard.
16. Previous year's figures have been regrouped wherever necessary.

Signatures to Schedules 1 to 11

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, 10th May, 2010

Madhur Bajaj
Chairman

N. S. Kulkarni
Company Secretary

D. S. Mehta
Jayant H. Shah
Sanjiv Bajaj
R. K. Nikharge
A. T. Shaikh
M. V. Bhagat
P. B. Satam
Directors

Balance Sheet Abstract and Company's General Business Profile

Statement showing particulars as prescribed in the amendment to Schedule VI to the Companies Act, 1956 vide Notification No.G.S.R.388 (E) dated May 15, 1995:

I. REGISTRATION DETAILS

Registration No. (CIN) L 35912 MH 1975 PLC 018376
 State Code 11
 Balance Sheet date 31st March, 2010

Rs. in '000s

II. CAPITAL RAISED DURING THE YEAR ENDED 31ST MARCH, 2010

Public Issue —
 Rights Issue —
 Bonus Issue —
 Private Placement —
 Others —
 Total —

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31ST MARCH, 2010

Total Liabilities 2,005,455
 Total Assets 2,005,455

Sources of Funds :

Paid-up Capital 114,286
 Reserves and Surplus 1,891,169
 Secured Loans —

Total 2,005,455

Application of Funds :

Net Fixed Assets 90,794
 Investments 1,981,457
 Net Current Assets (66,796)

Total 2,005,455

IV. PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2010

i) Turnover (sale of products and other income) 243,354
 ii) Total Expenditure 179,347
 iii) Profit before Tax 64,007
 iv) Profit after Tax 64,007
 v) Expenses for earlier years (20,107)
 vi) Net Profit 84,114
 vii) Earning Per Share (See Note 2) (Face Value of Rs.10) 7.36
 viii) Dividend Rate (%) 55

V. PRODUCTS OF THE COMPANY

Item Code No. (ITC Code) 8711
 Product Description Motorised two-wheelers upto 350cc Engine Capacity

Notes:

- The above particulars should be read along with the Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the schedules forming part thereof.
- Earning Per Share is arrived at by dividing the Net Profit [Item IV(vi)] by total number of shares issued and subscribed at the end of the year.

Madhur Bajaj
 Chairman

D. S. Mehta
Jayant H. Shah
Sanjiv Bajaj
R. K. Nikharge
A. T. Shaikh
M. V. Bhagat
P. B. Satam
 Directors

N. S. Kulkarni
 Company Secretary

Pune, 10th May, 2010

**Cash Flow Statement for the year ended 31st March, 2010**

Particulars	Rupees	Current Year Rupees	Previous Year Rupees
A. Cash Flow From Operating Activities:			
1. Net Profit before Tax		64,006,760	108,802,061
2. Add: Adjustments for:			
i) Depreciation	10,410,639		10,462,765
ii) Loss on Assets sold, demolished or discarded	334,190		265,119
iii) Interest Paid	4,696		908
iv) Lease-hold write-off	6,315		6,315
		<u>10,755,840</u>	<u>10,735,107</u>
		74,762,600	119,537,168
Less:			
i) Income from Investing activities included in above			
Dividend/Income from Investments	115,928,128		141,260,196
Interest Income from Investments	79,629,049		78,137,093
Add: Amortisation of Premium paid/Discount received on acquisition (Net)	1,110,272		(202,866)
Profit on Sale of Investments (Net)	2,524,237		23,599,993
	<u>199,191,686</u>		<u>242,794,416</u>
ii) Surplus on Sale of Assets	141,678		701,504
		<u>199,333,364</u>	<u>243,495,920</u>
3. Cash from Operations		(124,570,764)	(123,958,752)
4. Less: Adjustments for Working Capital changes			
i) Inventories	(1,535,135)		3,092,221
ii) Sundry Debtors	4,084,385		3,216,320
iii) Other Current Assets, Loans & Advances	(14,255,871)		(1,116,882)
	<u>(11,706,621)</u>		<u>5,191,659</u>
Less: Trade Payables	(1,051,205)		(1,701,441)
		<u>(10,655,416)</u>	<u>6,893,100</u>
5. Net Cash generated from Operations after Working Capital changes (3-4)		(113,915,348)	(130,851,852)
6. Less: Income Tax Paid/Refunds (Net)		77,031	(1,784,736)
7. Net Cash from Operating Activities (5 - 6)		<u>(113,992,379)</u>	<u>(129,067,116)</u>

Cash Flow Statement for the year ended 31st March, 2010 (Contd.)

Particulars	Rupees	Current Year Rupees	Previous Year Rupees
B. Cash Flow From Investing Activities:			
1. i) Sale of Fixed Assets	559,351		908,449
ii) Sale of Investments	1,748,930,792		941,568,726
iii) Income from Investing activities			
Dividends/Income from Investments	115,928,128		141,260,196
Interest	76,638,491		61,463,437
Sub-Total (iii)	<u>192,566,619</u>		<u>202,723,633</u>
Sub-Total [(i) to (iii)]	<u>1,942,056,762</u>		<u>1,145,200,808</u>
2. Less:			
i) Purchase of Fixed Assets	1,419,174		1,869,831
ii) Purchase of Investments	<u>1,813,545,544</u>		<u>916,816,100</u>
	<u>1,814,964,718</u>		<u>918,685,931</u>
3. Net Cash from Investing Activities (1 - 2)		<u>127,092,044</u>	<u>226,514,877</u>
C. Cash Flow From Financing Activities:			
1. Increase/(Decrease) in Bank Cash Credit Balances		-	-
2. Interest Paid		(4,696)	(908)
3. Dividend Paid		(61,581,309)	(67,282,025)
4. Dividend Distribution Tax Paid		(10,682,568)	(11,653,711)
Net Cash from Financing Activities		<u>(72,268,573)</u>	<u>(78,936,644)</u>
D. Net Increase in Cash & Cash Equivalents (A+B+C)		<u>(59,168,908)</u>	18,511,117
E. Cash & Cash equivalents as at 1st April (Opening Balance)		<u>106,638,567</u>	88,127,450
F. Cash & Cash equivalents as at 31st March (Closing Balance)		<u>47,469,659</u>	106,638,567

Previous year's figures have been regrouped wherever necessary.

Madhur Bajaj
Chairman

D. S. Mehta
Jayant H. Shah
Sanjiv Bajaj
R. K. Nikharge
A. T. Shaikh
M. V. Bhagat
P. B. Satam
Directors

N. S. Kulkarni
Company Secretary

Pune, 10th May, 2010

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

Membership No.46293
Firm Regn. No. 107606 W

Pune, 10th May, 2010

**5 YEARS' HIGHLIGHTS**

(Rs. in Lacs)

		2009-10	2008-09	2007-08	2006-07	2005-06
SALES & EARNINGS:						
Net Sales & Other Income		2,434	2,698	2,919	3,057	4,228
Gross Profit before Interest and Depreciation		744	1,193	1,304	1,107	1,421
Profit before Tax		640	1,088	1,198	997	1,310
Profit after Tax		640	1,087	1,197	988	1,407
Profit for the year		841	1,091	1,176	1,193	1,537
Profit available for appropriations		841	1,091	1,176	746	1,537
Dividends including Tax		733	735	802	401	586
Retained Earnings		108	355	373	344	950
ASSETS EMPLOYED:						
Gross Fixed Assets		2,725	2,729	2,729	2,759	2,830
Net Fixed Assets		908	1,005	1,096	1,183	1,288
Investments		19,815	20,132	19,946	19,161	18,111
Net Working Capital		(668)	(1,191)	(1,451)	(1,126)	(485)
Capital Employed	Total	20,055	19,946	19,591	19,218	18,914
FINANCED BY:						
A. Borrowed Funds:						
i) Bank Overdraft		-	-	-	-	56
ii) Unsecured Loans		-	-	-	-	902
Total		-	-	-	-	958
B. Shareholders' Funds:						
i) Shareholders' Investment		100	100	100	100	100
ii) Bonus Shares		1,043	1,043	1,043	1,043	1,043
iii) Reserves		18,912	18,803	18,448	18,075	17,260
Less: Miscellaneous Expenditure		-	-	-	-	-
Deferred tax adjustments		-	-	-	-	447
Net Worth	Total	20,055	19,946	19,591	19,218	17,956
OTHERS:						
Production - Scooters	Nos.	-	-	-	-	12,000
Sales - Scooters	Nos.	-	-	-	2,402	9,756
Employees	Nos.	608	616	627	636	644
Employees' Cost		1,336	1,287	1,366	1,238	985
EQUITY SHARE DATA:						
Earning per equity share	Rs.	7.36	9.54	10.29	10.44	13.45
Net worth per equity share	Rs.	175.48	174.53	171.42	168.16	157.11
Dividend	%	55.00	55.00	60.00	30.00	45.00
Dividend Cover	Times	1.15	1.48	1.47	1.86	2.62

**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 Fifth Annual General Meeting of the Company to be held on Tuesday, 20th July, 2010 and at any adjournment thereof.

Signed this day of 2010



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 FIFTH ANNUAL GENERAL MEETING of the Company on Tuesday, 20th July, 2010 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)



