



**36th**  
**ANNUAL**  
**REPORT**  
**2010-2011**



**MAHARASHTRA SCOOTERS LTD.**



## CONTENTS

Board of Directors	1
Notice of Annual General Meeting	2
Directors' Report	5
Corporate Governance	7
Management Discussion and Analysis	14
Report of the Auditors	16
Balance Sheet	18
Profit & Loss Account	19
Schedules forming part of Accounts	20
Balance Sheet Abstract and Company's General Business Profile	31
Cash Flow Statement	32
Five Years' Highlights	34
Proxy Form	

36th Annual General Meeting:

Tuesday, the 12th day of July, 2011 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 (Upto 05-04-2011) M.V.Bhagat P.B. Satam (From 10-05-2010 to 17-01-2011) Smt. Kanchan Vijayan (From 17-01-2011) G.R. Jangda (From 16-05-2011)
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
Dy. General 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.
Website	<a href="http://www.mahascooters.com">www.mahascooters.com</a>



Registered office:

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

## NOTICE

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the shareholders of MAHARASHTRA SCOOTERS LIMITED will be held on Tuesday, the 12th day of July, 2011 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, 2011 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 D.S.Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri M.V.Bhagat, 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 Smt. Kanchan Vijayan, who was appointed by the Board of Directors of the Company as a Director with effect from 17th January, 2011, in the casual vacancy caused by the withdrawal of nomination of Shri P.B. Satam by Western Maharashtra Development Corporation 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 her as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, not 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 Shri.G.R.Jangda, who was appointed by the Board of Directors of the Company as a Director with effect from 16th May, 2011, in the casual vacancy caused by the withdrawal of nomination of Shri A.T. Shaikh by Western Maharashtra Development Corporation 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 him as a candidate for the office of Director, be and is hereby appointed as 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, 16th May, 2011

**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 Friday, the 1st day of July, 2011 to Tuesday, the 12th day of July, 2011, 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 and between 16th July, 2011 to 19th July, 2011 to those shareholders, whose names appear (a) As Beneficial Owners as at the end of the business of 30th June, 2011, 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 30th June, 2011.
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 Computershare 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, 2011. 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 30th June, 2011. 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.
6. 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 2002-03 to the Investor Education and Protection Fund within the prescribed time limit and no claims in respect thereof shall lie against the Fund or the Company. The unclaimed dividend for the accounting year 2003-04 will become due for transfer by the Company to the Investor Education and Protection Fund on 27th September, 2011. Shareholders, who have not encashed the Dividend Warrants for the said year are therefore, requested to immediately forward the same to the Share Transfer Agents of the Company 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 Saturdays and 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/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 form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E-COMMUNICATION REGISTRATION FORM inserted in the Annual Report.



**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 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

Smt. Kanchan Vijayan, who was appointed as Director in the casual vacancy caused by the withdrawal of nomination of Shri P.B. Satam by Western Maharashtra Development Corporation 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 Smt. Kanchan Vijayan as a Director of the Company, not liable to retire by rotation.

Brief profile and particulars of Smt. Kanchan Vijayan 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 Smt. Kanchan Vijayan is interested or concerned in the said resolution.

Item No.7

Shri G.R. Jangda, who was appointed as Director in the casual vacancy caused by the withdrawal of nomination of Shri A.T. Shaikh by Western Maharashtra Development Corporation 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 G.R. Jangda as a Director of the Company, liable to retire by rotation.

Brief profile and particulars of Shri G.R. Jangda 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 G.R. Jangda is interested or concerned in the said resolution.

By Order of the Board  
For MAHARASHTRA SCOOTERS LTD.

N.S. Kulkarni  
Company Secretary

Pune, 16th May, 2011

## DIRECTORS' REPORT

### INTRODUCTION:

The Directors present their Thirty Sixth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2011.

### OPERATIONS:

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

Income from treasury operations, during the year under review, amounted to Rs.3,472.38 lacs as against Rs.1,991.92 lacs during the corresponding period of previous year, while aggregate turnover was Rs.4,109.31 lacs as against Rs.2,433.54 lacs during the previous year.

### FINANCIAL RESULTS:

	(Rs. in lacs)	
	2010-11	2009-10
Net Sales and Other Income	4,109.31	2,433.54
Gross Profit before		
Interest and Depreciation	2,214.33	744.22
Interest	0.09	0.04
Depreciation	101.35	104.11
Profit before Tax	2,112.89	640.07
Provision for Taxation	-	-
Net Profit	2,112.89	640.07
Debit/(Credit) relating to		
earlier years – Taxation	(59.65)	(201.07)
Disposable surplus after		
adjustments for earlier years	2,172.54	841.14
Provision for Proposed Dividend		
(inclusive of Dividend Distribution Tax)	1,195.43	732.97
Balance carried to General Reserve	977.10	108.18

### DIVIDEND:

The Directors are pleased to recommend payment of dividend of Rs.9.00 per Equity Share i.e. 90%, subject to the approval of Shareholders at the ensuing Annual General Meeting, on 1,14,28,568 Equity Shares of Rs.10 each, amounting to Rs.1,195.43 lacs, inclusive of tax thereon.

Dividend paid for the year ended 31st March, 2010 was Rs.5.50 per share (55%) amounting to Rs.732.97 lacs, inclusive of tax thereon.

### 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:

With a view to effect savings in the consumption of power, the Company maintained power factor to Unity throughout the year under review, resulting in getting maximum rebate in electricity bills, while continuing to effectively put in operation biogas plant, wormi composting, solar heaters and effluent treatment so as to conserve energy.

### 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 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 2010-11 is included in the annexed Statement of Accounts.

### INDUSTRIAL RELATIONS:

Industrial relations continued to be cordial during the year under review. After elapse of earlier wage agreement on 30th September, 2010, the Company has entered into a new wage agreement with the Workers Union, valid for a period of 5 years effective 1st April, 2011.

### DIRECTORS:

- a) During the year under review, Western Maharashtra Development Corporation Ltd. (WMDC) nominated Smt. Kanchan Vijayan and Shri G.R. Jangda on the Board of the Company, in place of Shri P.B. Satam and Shri A.T. Shaikh respectively. While Smt. Kanchan Vijayan would represent WMDC as a non-retiring Director, the appointment of Shri G.R. Jangda is liable to retire by rotation. Smt. Kanchan Vijayan and Shri G.R. Jangda holds office until the ensuing Annual General Meeting and are eligible for re-appointment.



- b) Shri D.S. Mehta and Shri M.V. Bhagat, 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.

#### 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, 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 share 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:

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, 2012. Government approval for the appointment is since received.

On behalf of the Board of Directors

Madhur Bajaj  
Chairman

Pune, 16th May, 2011.



## 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, five 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, 2011:

Name	Executive/ Non-executive/ Independent	Other Directorships held *	Other Committee positions	
			As Chairman	As Member
Madhur Bajaj	Non-executive, Chairman	6	-	-
D.S. Mehta	Non-executive, Independent	4	-	5
Jayant H. Shah	Non-executive, Independent	-	-	-
Sanjiv Bajaj	Non-executive	9	1	5
Shirish N. Karle	Non-executive	1	-	-
R.K. Nikharge	Non-executive, Independent	3	-	-
A.T. Shaikh (upto 05-04-2011)	Non-executive	1	-	-
M.V. Bhagat	Non-executive, Independent	1	-	-
P.B. Satam [from 10-05-2010 to 17-01-2011]	Non-executive, Independent	1	-	-
Smt. Kanchan Vijayan [from 17-01-2011]	Non-executive, Independent	2	-	-

\* 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, 2011 and at the last AGM:

Name	Number of Board meetings		Attendance at the last AGM held on 20-07-2010
	Held	Attended	
Madhur Bajaj	4	4	Yes
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 [upto 05-04-2011]	4	4	Yes
M.V. Bhagat	4	3	No
P.B. Satam [from 10-05-2010 to 17-01-2011]	4	1	No
Smt. Kanchan Vijayan [from 17-01-2011]	1	1	Not applicable

The Board met four times during the year on 10th May, 2010, 20th July, 2010, 15th October, 2010 and 17th January, 2011.

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, 2011. 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 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, Dy.General Manager (Satara), Senior 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 10th May, 2010, 20th July, 2010, 15th October, 2010 and 17th January, 2011.

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

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 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 17th January, 2011, which was attended by all the members. 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	: 62
Number of shareholders' complaints not solved to the satisfaction of shareholders	: Nil
Number of share transfers pending for over 30 days as on 31-03-2011	: 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 2010-11 (in Rs.)			
		Sitting Fees	Salary & Perks	Commission	Total
Madhur Bajaj	None	8,000	Nil	Nil	8,000
D.S. Mehta	None	14,000	Nil	Nil	14,000
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
P.B. Satam <sup>1</sup>	None	2,000	Nil	Nil	2,000
Smt. Kanchan Vijayan <sup>2</sup>	None	2,000	Nil	Nil	2,000

<sup>1</sup> appointed and ceased to be a Director during the year 2010-11

<sup>2</sup> appointed as a Director during the year 2010-11

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 2010-11, 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 D.S. Mehta and Shri M.V. Bhagat, Directors retire by rotation, while Smt. Kanchan Vijayan and Shri G.R. Jangda, who were appointed as Directors in the casual vacancy, hold office until the ensuing Annual General Meeting.

Brief resume/profile of the Directors seeking re-appointment is given below:-

Shri D.S. Mehta – Shri D.S. Mehta is a B.Com (Hon) Graduate of Bombay University and an alumnus of Sydenham College, Mumbai. He is a Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of the Institute of Company Secretaries of India. He has been associated with the Bajaj Group of Companies since 1966. He has more than 44 years experience in corporate law, taxation, finance and investment.

While in active professional career, he worked for several committees of SEBI, CII, FICCI and Government of India.



He is the President of Kasturba Health Society, Sevagram, Wardha, which runs a 770-bed hospital and a full-fledged medical college with excellent research facility and also runs a 10 bed hospital in tribal area of Melghat. He is the Trustee of Saurashtra Trust, which owns and publishes leading Gujarati newspapers, Janmabhoomi, Vyapar etc. He is the Chairman of Kasturba Gandhi National Memorial Trust, Indore, for the welfare and upliftment of rural women and children with more than 450 centres spread over 23 States all over the country established by Gandhiji himself. The said Trust has nursing schools in several areas. He is the President of Shivananda Mission, which runs a well-equipped hospital at Virnagar, Rajkot District, Gujarat State and conducts eye-camps and has so far carried out more than 6,50,000 operations. He is a Trustee of Gujarat Vidyapith, Ahmedabad and is a Member of the Governing Council of Gandhi Peace Foundation. He is also the Chairman of Gandhi Leprosy Foundation and Navjivan Trust.

Besides being on the Board of the Company for over 34 years and also a Member of its Audit Committee and Shareholders'/Investors' Grievance Committee, he holds directorships, committee positions in the following companies:-

Directorships:

1. BajajAuto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Hindustan Ltd.
4. Benchmark Asset Management Co.Pvt. Ltd.- Chairman
5. Mukand Ltd.
6. Niche Financial Services Pvt. Ltd. - Chairman
7. Sikkim Janaseva Pratishthan Pvt.Ltd.
8. Bhoopati Shikshan Pratishthan
9. Janmabhoomi Newspapers Education Foundation
10. Mahakalp Arogya Prathisthan

Committee Positions:

1. Bajaj Finance Ltd.
2. Bajaj Hindustan Ltd.
3. Mukund Ltd.

Shri D.S. Mehta does not hold any shares in the Company.

Shri M.V.Bhagat – Shri M.V. Bhagat has done M Sc. and is a Master of Business Administration (MBA). He has worked in Directorate of Industries as General Manager at various places for over a period of 30 years. Presently he is working as Jt. Director of Industries, Pune Region.

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

Shri M.V. Bhagat does not hold any shares in the Company.

Smt. Kanchan Vijayan - Smt. Kanchan Vijayan, after serving in various Government Departments for over 35 years, currently occupies the position as Deputy Secretary in the Ministry of Industry, Energy and Labour, Govt. of Maharashtra, Mantralaya, Mumbai.

Apart from being on the Board of the Company, Smt. Kanchan Vijayan holds the position of Director in (i) Western Maharashtra Development Corporation Ltd. and (ii) Marathwada Development Corporation Ltd.

Smt. Kanchan Vijayan does not hold any shares in the Company.

Shri G.R. Jangda - Shri G.R. Jangda spearheaded industrial development by occupying various responsible positions in the Directorate of Industries for over 33 years, in the districts of Nanded, Latur, Osmanabad, Jalna, Solapur, Thane and Kolhapur. He also occupied the position of Chief Executive of M/s. Chitali Distillery Ltd. for over 7 years and currently occupies the position of Superintending Industry Officer in the Directorate of Industries, Kolhapur.

Besides on the Board of the Company, Shri G.R. Jangda holds the position of Director in (i) Western Maharashtra Development Corporation Ltd. and (ii) Kolhapur Foundry & Engineering Cluster Ltd.

Shri G.R. Jandga 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
33rd	08-07-2008 at 12.00 noon	Registered Office at C/o. Bajaj Auto Ltd., Akurdi, Pune-411 035
34th	14-07-2009 at 12.00 noon	-do-
35th	20-07-2010 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	12th July, 2011 12.00 noon Registered Office, C/o. Bajaj Auto Ltd. Mumbai-Pune Road Akurdi, Pune-411 035
Financial Year	1st April, 2010 to 31st March, 2011
Date of Book Closure for dividend, if any,	1st July, 2011 to 12th July, 2011
Date of Dividend Payment	Between 16th July, 2011 to 19th July, 2011
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 2010-11	As per Table 1



Performance in comparison to broad-based indices such as BSE Sensex and S&P CNX Nifty during 2010-11	MSL Share Down by 8.22% on BSE Down by 6.98% on NSE BSE Sensex Up by 10.94% S&P CNX Nifty Up by 11.14%
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 mslsatara@bajajauto.co.in
Address for share related correspondence	Karvy Computershare Pvt. Ltd., Plot No.17 to 24, Vittalrao Nagar, Near Image Hospital, Madhapur, 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 investor_msl@bajajauto.co.in Website <a href="http://www.mahascooters.com">www.mahascooters.com</a>

**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 2010-11. 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 2010-11 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 2010-11:

(Rs.)

Month & Year		Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
		High	Low	High	Low
April	2010	421.00	365.90	421.10	365.45
May	2010	381.05	327.60	379.80	327.25
June	2010	347.95	322.55	347.05	326.05
July	2010	409.45	342.20	410.50	342.90
August	2010	478.75	382.45	481.35	380.80
September	2010	432.90	402.70	434.75	400.50
October	2010	431.30	406.15	429.45	406.55
November	2010	434.00	402.95	423.35	405.25
December	2010	414.05	388.45	414.00	380.00
January	2011	405.65	359.95	406.00	343.55
February	2011	375.75	322.60	374.95	331.00
March	2011	349.95	324.00	352.00	326.05

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 31-3-2011:

No. of Shares	No. of shares held	% to Total shares	No. of Shareholders	% to Total Shareholders
1 to 100	3,33,289	2.92	5,550	49.08
101 to 500	13,81,570	12.09	4,744	41.96
501 to 1000	4,27,047	3.74	603	5.33
1001 to 5000	6,70,906	5.87	317	2.80
5001 to 10000	3,37,144	2.94	49	0.43
10001 to 100000	8,53,384	7.47	37	0.33
100001 and above	74,25,228	64.97	7	0.06
Total	1,14,28,568	100.00	11,307	100.00

Table 3 : Category-wise distribution of shareholding as on 31-3-2011:

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	266	11,48,883	10.05
5.	Non-Resident Individuals & FIIs	139	5,56,833	4.86
6.	Resident Individuals	10,887	35,38,376	30.95
	Total	11,307	1,14,28,568	100.00

Table 4 : Break-up of shares in physical &amp; electronic mode as on 31-3-2011:

Mode	No. of Shareholders		% to Total Shareholders		No. of Shares		% to Total Shares	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Physical	4,106	3,921	37.60	34.68	67,46,072	67,00,558	59.03	58.63
Electronic	6,814	7,386	62.40	65.32	46,82,496	47,28,010	40.97	41.37
Total	10,920	11,307	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, 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

Industrial relations continued to be cordial during the year under review. After elapse of earlier wage agreement on 30th September, 2010, the Company has entered into a new wage agreement with the Workers Union, valid for a period of 5 years effective 1st April, 2011.

Total number of permanent employees on the rolls of the Company as on 31st March, 2011 was 578

### 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, 2011 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 Regn. No. 107604W

Pune, 16th May, 2011

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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.

Pune, 15th April, 2011

RANJIT GUPTA  
Chief Executive



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

1. We have audited the attached Balance Sheet of MAHARASHTRA SCOOTERS LIMITED as at 31st March, 2011, 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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 Regn. No. 107604W

Pune, 16th May, 2011

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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, 2011.

- (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 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, 2011 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    | Maharashtra Sales Tax Tribunal, Mumbai                             |
| 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                        | 17,987,580   | Maharashtra Sales Tax Tribunal, Mumbai                             |
| 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, 2011. 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 Regn. No. 107604W

Pune, 16th May, 2011

**Balance Sheet as at 31st March, 2011**

	Schedule	Rupees	Rupees	As at 31st March, 2010 Rupees
<b>I. SOURCES OF FUNDS</b>				
1. Shareholders' Funds				
a) Capital	1	114,285,680		114,285,680
b) Reserves & Surplus	2	1,988,879,973		1,891,169,494
			2,103,165,653	2,005,455,174
2. Loan Funds				
a) Secured Loans	3		-	-
<b>Total</b>			<b>2,103,165,653</b>	<b>2,005,455,174</b>
<b>II. APPLICATION OF FUNDS</b>				
1. Fixed Assets				
a) Gross Block		271,115,154		272,464,750
b) Less: Depreciation		189,502,263		181,670,843
c) Net Block	4		81,612,891	90,793,907
2. Investments	5		2,139,729,662	1,981,457,188
3. Current Assets, Loans & Advances	6			
a) Inventories		5,420,974		6,030,672
b) Sundry Debtors		12,863,437		8,983,962
c) Cash & Bank Balances		35,321,041		47,469,659
d) Loans & Advances		107,013,780		96,538,658
		160,619,232		159,022,951
Less: Current Liabilities & Provisions	7			
a) Current Liabilities		159,253,025		152,521,965
b) Provisions		119,543,107		73,296,907
		278,796,132		225,818,872
Net Current Assets			(118,176,900)	(66,795,921)
<b>Total</b>			<b>2,103,165,653</b>	<b>2,005,455,174</b>
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**J. P. Parmar**  
Proprietor  
Membership No.46293  
Firm Regn. No. 107604 W  
Pune, 16th May, 2011**N. S. Kulkarni**  
Company Secretary**D. S. Mehta**  
**Jayant H. Shah**  
**Sanjiv Bajaj**  
**R. K. Nikharge**  
**Smt. Kanchan Vijayan**  
**G.R. Jangda**  
Directors

## Profit and Loss Account for the year ended 31st March, 2011

	Schedule	Rupees	Rupees	Previous Year Rupees
<b>INCOME</b>				
Gross Sales		68,305,479		44,837,307
Less: Excise Duty		6,344,201		3,349,802
Net Sales		61,961,278		41,487,505
Other Income	8	348,969,436	410,930,714	201,866,748
				243,354,253
<b>EXPENDITURE</b>				
Materials	9	26,746,717		15,505,978
Other Expenses	10	162,751,216		153,426,180
Interest		9,339		4,696
Depreciation		10,135,081		10,410,639
			199,642,353	179,347,493
Profit before Provision for Taxation			211,288,361	64,006,760
Provision for Taxation				
- Current year			-	-
- Deferred Tax Liability/(Asset) (See Note 15)			-	-
Profit for the year			211,288,361	64,006,760
Debits/(Credits) relating to earlier years Taxation			(5,965,225)	(20,107,729)
Net Profit			217,253,586	84,114,489
Transferred to General Reserve			97,710,479	10,817,582
Dividend & Dividend Distribution Tax thereon:				
Proposed Dividend		102,857,112		62,857,124
Provision for Dividend Distribution Tax		16,685,995		10,439,783
			119,543,107	73,296,907
Balance Carried to Balance Sheet			-	-
Profit for the year			217,253,586	84,114,489
No. of Equity Shares			11,428,568	11,428,568
Basic and diluted Earnings Per Share of Rs. 10 each			19.01	7.36

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

**J. P. Parmar**  
Proprietor  
Membership No.46293  
Firm Regn. No. 107604 W  
Pune, 16th May, 2011

**N. S. Kulkarni**  
Company Secretary

**D. S. Mehta**  
**Jayant H. Shah**  
**Sanjiv Bajaj**  
**R. K. Nikharge**  
**Smt. Kanchan Vijayan**  
**G.R. Jangda**  
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, 2011 Rupees	As at 31st March, 2010 Rupees
<b>Authorised</b>		
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>
<b>Issued, Subscribed and Paid up</b>		
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**

<b>General Reserve</b>		
As per last Balance Sheet	1,891,169,494	1,880,351,912
Add: Set aside this year	97,710,479	10,817,582
	<u>1,988,879,973</u>	<u>1,891,169,494</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>

**Schedule 4 - Fixed Assets**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AsAt 1-Apr-10 Rupees	Additions Rupees	Deductions Rupees	AsAt 31-Mar-11 Rupees	Upto 1-Apr-10 Rupees	For the period Rupees	Deductions Rupees	Upto 31-Mar-11 Rupees	AsAt 31-Mar-11 Rupees	AsAt 31-Mar-10 Rupees
Free-Hold Land	1,646	-	-	1,646	-	-	-	-	1,646	1,646
Leasehold Land	380,466	-	6,315	374,151	-	-	-	-	374,151	380,466
Buildings	57,020,629	-	-	57,020,629	35,645,479	1,719,029	-	37,364,508	19,656,121	21,375,150
Plant & Machinery	208,384,996	448,366	2,391,908	206,441,454	141,858,097	8,073,012	2,070,863	147,860,246	58,581,208	66,526,899
Furniture & Fixtures	3,973,027	120,000	5,018	4,088,009	3,178,475	96,854	5,001	3,270,328	817,681	794,552
Vehicles	2,703,986	1,040,993	555,714	3,189,265	988,792	246,186	227,797	1,007,181	2,182,084	1,715,194
<b>Total</b>	<b>272,464,750</b>	<b>1,609,359</b>	<b>2,958,955</b>	<b>271,115,154</b>	<b>181,670,843</b>	<b>10,135,081</b>	<b>2,303,661</b>	<b>189,502,263</b>	<b>81,612,891</b>	<b>90,793,907</b>
Previous year's 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	

## Schedule 5 - Investments, at cost

	Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>In Fully-Paid Equity Shares:</b>			
<b>Quoted:</b>			
1,638,720	Shares of Rs.10 each of Bajaj Finance Ltd.	216,055,838	216,055,838
6,774,072	(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>
<b>In Fully-Paid Bonds and Debentures:</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	100,000,000	100,000,000
20	7.75% Tier II Bonds of Rs.1,000,000 each of HDFC Bank Ltd. - 2015	20,000,000	20,000,000
-	(50) 6.20% Bonds of Rs.1,000,000 each of IDBI Ltd. - 2011	-	47,586,100
50	(100) 8.46% Bonds of Rs.1,000,000 each of Indian Railway Financial Corporation Ltd. - 2014	51,131,600	102,263,200
100	7.45% Bonds of Rs.1,000,000 each of Indian Railway Financial Corporation Ltd. - 2014	96,787,000	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	57,748,100
50	8.60% Bonds of Rs.1,000,000 each of Power Finance Corporation Ltd. - 2014	50,803,850	50,803,850
40	8.80% Bonds of Rs.1,250,000 each of Power Grid Corporation of India Ltd. - 2015	51,361,500	51,361,500
80	(-) 8.64% Bonds of Rs.1,250,000 each of Power Grid Corporation of India Ltd. - 2015	100,722,700	-
50	(-) 8.75% Bonds of Rs.1,000,000 each of Reliance Industries Ltd. - 2020	49,720,400	-
50	7.20% Bonds of Rs.1,000,000 each of Rural Electrification Corporation - 2012	49,861,800	49,861,800
50	9.45% Bonds of Rs.1,000,000 each of Rural Electrification Corporation - 2013	50,000,000	50,000,000
50	8.96% Bonds of Rs.1,000,000 each of State Bank of India - 2016	48,408,350	48,408,350
50	10.10% Bonds of Rs.1,000,000 each of State Bank of India - 2017	51,428,400	51,428,400
	Carried Over	<u>877,217,800</u>	<u>825,492,400</u>
		<u>1,046,237,178</u>	<u>1,046,237,178</u>


**Schedule 5 - Investments, at cost (contd.)**

	Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
Brought Over	877,217,800	1,046,237,178	825,492,400
100 9.90% Non-Convertible Debentures of Rs. 1,000,000 each of Tata Sons Ltd. - 2011	<u>96,887,700</u>		<u>96,887,700</u>
	974,105,500		922,380,100
Add : Amortisation of Premium paid/Discount received on acquisition (Net)	<u>2,409,057</u>		<u>3,566,899</u>
		976,514,557	925,946,999
<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	47,412,650		-
500 (-) Certificate of Deposit of Rs. 100,000 each of State Bank of Patiala 10-06-2011	<u>47,081,650</u>		-
	94,494,300		-
Add : Amortisation of Premium paid/Discount received on acquisition (Net)	<u>4,514,196</u>		-
		99,008,496	-
<b>In Mutual Fund Units:</b>			
<b>Quoted:</b>			
- (97,336) Units of HDFC Cash Management Saving Plan (Growth) of Rs.10 each in HDFC Mutual Fund	-		1,869,580
836,683 (367,984) Units of HDFC Cash Management Treasury Advantage Plan-Wholesale (Growth) of Rs.10 each in HDFC Mutual Fund	<u>17,969,431</u>		<u>7,403,431</u>
		17,969,431	9,273,011
		<u>2,139,729,662</u>	<u>1,981,457,188</u>

	Book Value as at		Market Value as at	
	31st March, 2011 Rupees	31st March, 2010 Rupees	31st March, 2011 Rupees	31st March, 2010 Rupees
Quoted	1,064,206,609	1,055,510,189	15,600,421,942	10,703,392,306
Unquoted	<u>1,075,523,053</u>	925,946,999		
Total	<u>2,139,729,662</u>	<u>1,981,457,188</u>		

**Note to Investment Schedule:**

Following investments were purchased and sold during the year

Name of Investment	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
<b>Mutual Fund:</b>			
HDFC Cash Management Fund - Saving Plan (Growth)	65,120,087	1,279,500,000	1,279,923,317
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale (Growth)	28,621,421	591,439,833	592,406,839
<b>Certificate of Deposit:</b>			
Central Bank of India	500	48,149,800	48,863,100



## Schedule 6 - Current Assets, Loans & Advances

	Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
a) <b>Inventories</b>			
Stores at cost	295,558		309,251
Tools at cost	8,701		8,982
Stocks-in-trade at cost or market value whichever is lower :			
Raw Materials	1,000,100		1,108,197
Work-in-progress	4,116,615		4,604,242
Finished Goods	-		-
(As valued and certified by Management)		5,420,974	6,030,672
b) <b>Sundry Debtors</b>			
Unsecured-Considered Good:			
Outstanding for a period exceeding six months	82,080		107,080
Others	12,781,357		8,876,882
		12,863,437	8,983,962
c) <b>Cash &amp; Bank balances</b>			
Cash on hand	22,017		19,516
Balances with Scheduled Banks			
In Current Account	20,299,024		7,550,143
In Fixed Deposits	15,000,000		39,900,000
		35,321,041	47,469,659
d) <b>Loans &amp; Advances</b>			
Unsecured-Considered Good:			
(Unless stated otherwise below)			
Advances recoverable in cash or in kind or for value to be received	63,133,198		57,335,498
Income-Tax paid in advance	46,696,438		43,033,985
Less: Provision for tax adjusted as per contra	3,401,472		4,321,472
	43,294,966		38,712,513
Balance with Central Excise Department	585,616		490,647
		107,013,780	96,538,658
		160,619,232	159,022,951

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

## Schedule 7 - Current Liabilities & Provisions

a) <b>Current Liabilities</b>			
Sundry Creditors Due to Micro and Small enterprises	-		-
Other	37,664,030		32,264,148
	37,664,030		32,264,148
Deposits from Dealers & Others	21,000		21,000
Advance against Scooter Booking	113,912,500		113,966,000
Unclaimed Dividends	7,655,495		6,270,817
		159,253,025	152,521,965
b) <b>Provisions</b>			
Provision for Taxation	3,401,472		4,321,472
Less: Tax paid in advance adjusted as per contra	3,401,472		4,321,472
	-		-
Proposed Dividend	102,857,112		62,857,124
Provision for Dividend Distribution Tax	16,685,995		10,439,783
		119,543,107	73,296,907
		278,796,132	225,818,872

**Schedule 8 - Other Income**

	<u>Rupees</u>	<u>Rupees</u>	Previous Year <u>Rupees</u>
Dividend from Equity Shares		251,190,376	115,928,128
Profit on sale of Investments (Net)		4,576,062	2,524,237
Interest [(Gross-Tax deducted: Rs.135,752) (Previous Year: Rs.279,369)]	89,055,378		82,061,601
Add/(Less): Amortisation of Premium paid/Discount received on acquisition (Net)	<u>3,356,354</u>		<u>1,110,272</u>
		92,411,732	83,171,873
Surplus on Sale of Assets		607,989	141,678
Miscellaneous Income		176,744	12,827
Provisions no longer required		6,533	88,005
		<u>348,969,436</u>	<u>201,866,748</u>

**Schedule 9 - Materials**

Raw Materials & Components consumed		26,259,090	13,705,911
(Increase)/Decrease in Stocks			
Opening Stock			
Work-in-Progress	4,604,242		6,404,309
Finished Goods	-		-
	<u>4,604,242</u>		<u>6,404,309</u>
Less: Closing Stock			
Work-in-Progress	4,116,615		4,604,242
Finished Goods	-		-
	<u>4,116,615</u>		<u>4,604,242</u>
		487,627	1,800,067
		<u>26,746,717</u>	<u>15,505,978</u>

## Schedule 10 - Other Expenses

	Rupees	Rupees	Previous Year Rupees
Stores & Tools consumed		2,036,884	2,050,266
Power, Fuel & Water		4,182,208	3,277,615
Repairs & Maintenance			
Machinery	1,970,478		2,056,102
Building	1,597,471		2,253,818
Others	1,343,721		1,405,369
		4,911,670	5,715,289
Employees' Cost			
Salaries, Wages & Bonus	116,346,350		107,743,647
Contribution to Provident Fund & Other Funds	21,965,266		18,706,684
Welfare Expenses	7,485,923		7,107,122
		145,797,539	133,557,453
Rates & Taxes		267,220	267,220
Insurance		247,895	234,272
Printing & Stationery		221,082	230,413
Postage, Telegram & Telephones		595,393	694,736
Auditors' Fees		600,000	450,000
Directors' Fees & Travelling Expenses		93,100	89,100
Legal & Professional Charges		907,044	2,734,050
Miscellaneous Expenses		2,650,696	3,785,261
Loss on Assets sold/scrapped/discarded		234,170	334,190
Lease-hold write-off		6,315	6,315
		162,751,216	153,426,180



## 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 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.

#### 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.

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

- 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.

### 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.

	2010-11 Rupees	2009-10 Rupees
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	-	-
3. Contingent Liabilities not provided for		
(a) Claims against the Company not acknowledged as debts	369,050	360,725
(b) Excise duty matters under dispute	2,028,547	2,028,547
(c) Income-Tax matters under dispute		
i) Appeal by Company *	2,524,735	-
ii) Appeal by Department	57,708,692	59,325,072
Total of (c)	60,233,427	59,325,072
(d) Sales Tax matters under dispute – Appeal by Company*	32,069,498	29,639,858

\* 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	
	2010-11 Rupees	2009-10 Rupees	2010-11 Rupees	2009-10 Rupees
i) As Auditors	500,000	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	254,000	547,500	-	-
iii) For Expenses	15,499	13,280	-	-
Total	9,94,499	1,135,780	50,000	50,000

6. Details of Installed Capacity, Production, Stocks and Turnover		2010-11	2009-10
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	67,748,591	44,206,239
Others	Rupees	556,888	631,068
Total		68,305,479	44,837,307
		2010-11 Rupees	2009-10 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	2010-11		2009-10	
	Rupees	Percentage	Rupees	Percentage
(a) Imported	-	-	395,421	2.89
(b) Indigenous	26,259,090	100.00	13,310,490	97.11
Total	26,259,090	100.00	13,705,911	100.00
ii) Imported and Indigenous Machinery Spares consumed				
(a) Imported	-	-	-	-
(b) Indigenous	2,300,625	100.00	2,524,464	100.00
Total	2,300,625	100.00	2,524,464	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, 2010 to 31st March, 2011 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, 2011 Rupees	As at 31st March, 2010 Rupees
<b>Amount to be recognised in Balance Sheet</b>		
Present Value of Funded Obligations	92,224,679	85,593,328
Fair Value of Plan Assets	92,224,679	85,593,328
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	2,924,975	2,775,212
Interest on Defined Benefit Obligation	6,291,942	5,645,567
Expected Return on Plan Assets	(6,847,466)	(5,813,864)
Net Actuarial Losses / (Gains) Recognized in Year	6,607,549	6,456,085
Total included in "Employees' Cost"	8,977,000	9,063,000
Actual Return on Plan Assets	7,391,574	6,570,314

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

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>Reconciliation of Benefit Obligations &amp; Plan Assets for the period</b>		
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	85,593,328	72,673,306
Current Service Cost	2,924,975	2,775,212
Interest Cost	6,291,942	5,645,567
Actuarial Losses / (Gain)	7,099,750	7,164,496
Benefits Paid	<u>(9,685,316)</u>	<u>(2,665,253)</u>
Closing Defined Benefit Obligation	<u>92,224,679</u>	<u>85,593,328</u>
<b>Change in Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	85,593,328	72,673,306
Expected Return on Plan Assets	6,847,466	5,813,864
Actuarial Gain / (Losses)	492,201	708,411
Contributions by Employer	8,977,000	9,063,000
Benefits Paid	<u>(9,685,316)</u>	<u>(2,665,253)</u>
Closing Fair Value of Plan Assets	<u>92,224,679</u>	<u>85,593,328</u>
<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	5.50%	5.00%

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. Pursuant to amicable settlement reached with workmen, a productivity-linked settlement was signed on 4th May, 2011. Under this settlement, Rs.4,969,543 is payable to the workmen for the period 1st October, 2010 to 31st March, 2011. The Employees Costs as shown in schedule 10 includes this amount.
15. 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.
16. 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.
17. 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, 16th May, 2011

**Madhur Bajaj**  
Chairman

**N. S. Kulkarni**  
Company Secretary

**D. S. Mehta**  
**Jayant H. Shah**  
**Sanjiv Bajaj**  
**R. K. Nikharge**  
**Smt. Kanchan Vijayan**  
**G.R. Jangda**  
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:

<b>I. REGISTRATION DETAILS</b>		
Registration No. (CIN)	L 35912 MH 1975 PLC 018376	
State Code	11	
Balance Sheet date	31st March, 2011	
		Rs. in '000s
<b>II. CAPITAL RAISED DURING THE YEAR ENDED 31ST MARCH, 2011</b>		
Public Issue	—	
Rights Issue	—	
Bonus Issue	—	
Private Placement	—	
Others	—	
Total	—	
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31ST MARCH, 2011</b>		
Total Liabilities		2,103,166
Total Assets		2,103,166
<b>Sources of Funds :</b>		
Paid-up Capital		114,286
Reserves and Surplus		1,988,880
Secured Loans		—
	Total	2,103,166
<b>Application of Funds :</b>		
Net Fixed Assets		81,613
Investments		2,139,730
Net Current Assets		(118,177)
	Total	2,103,166
<b>IV. PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2011</b>		
i) Turnover (sale of products and other income)		410,931
ii) Total Expenditure		199,642
iii) Profit before Tax		211,289
iv) Profit after Tax		211,289
v) Expenses for earlier years		(5,965)
vi) Net Profit		217,254
vii) Earning Per Share (See Note 2) (Face Value of Rs.10)		19.01
viii) Dividend Rate (%)		90
<b>V. PRODUCTS OF THE COMPANY</b>		
Item Code No. (ITC Code)		8711
Product Description	Motorised two-wheelers upto 350cc Engine Capacity	

**Notes:**

- 1) The above particulars should be read along with the Balance Sheet as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the schedules forming part thereof.
- 2) 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**  
**Smt. Kanchan Vijayan**  
**G.R. Jangda**  
Directors

**N. S. Kulkarni**  
Company Secretary

Pune, 16th May, 2011

**Cash Flow Statement for the year ended 31st March, 2011**

Particulars	Rupees	Current Year Rupees	Previous Year Rupees
<b>A. Cash Flow From Operating Activities:</b>			
1. Net Profit before Tax		211,288,361	64,006,760
2. <b>Add:</b> Adjustments for:			
i) Depreciation	10,135,081		10,410,639
ii) Loss on Assets sold, demolished or discarded	234,170		334,190
iii) Interest Paid	9,339		4,696
iv) Lease-hold write-off	6,315		6,315
		10,384,905	10,755,840
		<u>221,673,266</u>	<u>74,762,600</u>
<b>Less:</b>			
i) Income from Investing activities included in above			
Dividend/Income from Investments	251,190,376		115,928,128
Interest Income from Investments	88,114,842		79,629,049
Add: Amortisation of Premium paid/Discount received on acquisition (Net)	3,356,354		1,110,272
Profit on Sale of Investments (Net)	4,576,062		2,524,237
	<u>347,237,634</u>		<u>199,191,686</u>
ii) Surplus on Sale of Assets	607,989		141,678
		<u>347,845,623</u>	<u>199,333,364</u>
3. Cash from Operations		<u>(126,172,357)</u>	<u>(124,570,764)</u>
4. <b>Less:</b> Adjustments for Working Capital changes			
i) Inventories	(609,698)		(1,535,135)
ii) Sundry Debtors	3,879,475		4,084,385
iii) Other Current Assets, Loans & Advances	283,667		(14,255,871)
	<u>3,553,444</u>		<u>(11,706,621)</u>
<b>Less:</b> Trade Payables	<u>5,346,382</u>		<u>(1,051,205)</u>
		<u>(1,792,938)</u>	<u>(10,655,416)</u>
5. Net Cash generated from Operations after Working Capital changes (3-4)		<u>(124,379,419)</u>	<u>(113,915,348)</u>
6. <b>Less:</b> Income Tax Paid/Refunds (Net)		<u>(1,945,580)</u>	<u>77,031</u>
7. Net Cash from Operating Activities (5 - 6)		<u>(122,433,839)</u>	<u>(113,992,379)</u>

**Cash Flow Statement for the year ended 31st March, 2011 (Contd.)**

Particulars	Rupees	Current Year Rupees	Previous Year Rupees
<b>B. Cash Flow From Investing Activities:</b>			
1. i) Sale of Fixed Assets	1,022,798		559,351
ii) Sale of Investments	2,031,656,405		1,748,930,792
iii) Income from Investing activities			
Dividends/Income from Investments	251,190,376		115,928,128
Interest	81,943,032		76,638,491
Sub-Total (iii)	<u>333,133,408</u>		<u>192,566,619</u>
Sub-Total [(i) to (iii)]	<u>2,365,812,611</u>		<u>1,942,056,762</u>
2. <b>Less:</b>			
i) Purchase of Fixed Assets	1,609,359		1,419,174
ii) Purchase of Investments	<u>2,181,996,463</u>		<u>1,813,545,544</u>
	<u>2,183,605,822</u>		<u>1,814,964,718</u>
3. Net Cash from Investing Activities (1 - 2)		<u>182,206,789</u>	<u>127,092,044</u>
<b>C. Cash Flow From Financing Activities:</b>			
1. Increase/(Decrease) in Bank Cash Credit Balances		-	-
2. Interest Paid		(9,339)	(4,696)
3. Dividend Paid		(61,472,446)	(61,581,309)
4. Dividend Distribution Tax Paid		(10,439,783)	(10,682,568)
Net Cash from Financing Activities		<u>(71,921,568)</u>	<u>(72,268,573)</u>
<b>D. Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>		<u>(12,148,618)</u>	<u>(59,168,908)</u>
<b>E. Cash &amp; Cash equivalents as at 1st April (Opening Balance)</b>		47,469,659	106,638,567
<b>F. Cash &amp; Cash equivalents as at 31st March (Closing Balance)</b>		35,321,041	47,469,659

Previous year's figures have been regrouped wherever necessary.

**Madhur Bajaj**  
Chairman

**D. S. Mehta**  
**Jayant H. Shah**  
**Sanjiv Bajaj**  
**R. K. Nikharge**  
**Smt. Kanchan Vijayan**  
**G.R. Jangda**  
Directors

**N. S. Kulkarni**  
Company Secretary

Pune, 16th May, 2011

**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, 16th May, 2011

**5 YEARS' HIGHLIGHTS**

(Rs. in Lacs)

		2010-11	2009-10	2008-09	2007-08	2006-07
<b>SALES &amp; EARNINGS:</b>						
Net Sales & Other Income		4,109	2,434	2,698	2,919	3,057
Gross Profit before Interest and Depreciation		2,214	744	1,193	1,304	1,107
Profit before Tax		2,113	640	1,088	1,198	997
Profit after Tax		2,113	640	1,087	1,197	988
Profit for the year		2,173	841	1,091	1,176	1,193
Profit available for appropriations		2,173	841	1,091	1,176	746
Dividends including Tax		1,195	733	735	802	401
Retained Earnings		977	108	355	373	344
<b>ASSETS EMPLOYED:</b>						
Gross Fixed Assets		2,711	2,725	2,729	2,729	2,759
Net Fixed Assets		816	908	1,005	1,096	1,183
Investments		21,397	19,815	20,132	19,946	19,161
Net Working Capital		(1,182)	(668)	(1,191)	(1,451)	(1,126)
Capital Employed	Total	21,032	20,055	19,946	19,591	19,218
<b>FINANCED BY:</b>						
A. Borrowed Funds:						
i) Bank Overdraft		-	-	-	-	-
ii) Unsecured Loans		-	-	-	-	-
Total		-	-	-	-	-
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		19,889	18,912	18,803	18,448	18,075
Less: Miscellaneous Expenditure		-	-	-	-	-
Deferred tax adjustments		-	-	-	-	-
Net Worth	Total	21,032	20,055	19,946	19,591	19,218
<b>OTHERS:</b>						
Production - Scooters	Nos.	-	-	-	-	-
Sales - Scooters	Nos.	-	-	-	-	2,402
Employees	Nos.	578	608	616	627	636
Employees' Cost		1,458	1,336	1,287	1,366	1,238
<b>EQUITY SHARE DATA:</b>						
Earning per equity share	Rs.	19.01	7.36	9.54	10.29	10.44
Net worth per equity share	Rs.	184.03	175.48	174.53	171.42	168.16
Dividend	%	90.00	55.00	55.00	60.00	30.00
Dividend Cover	Times	1.82	1.15	1.48	1.47	1.86



# 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 Sixth Annual General Meeting of the Company to be held on Tuesday, 12th July, 2011 and at any adjournment thereof.

Signed this ..... day of ..... 2011



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 SIXTH ANNUAL GENERAL MEETING of the Company on Tuesday, 12th July, 2011 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)





# MAHARASHTRA SCOOTERS LTD.

Regd. Office: C/o.Bajaj Auto Ltd., Mumbai Pune Road,  
Akurdi, Pune – 411 035



RE: **Green Initiative in Corporate Governance: Go Paperless**

Dear Shareholder,

As you may be aware, the Ministry of Corporate Affairs, as a part of the Green Initiative in Corporate Governance, vide its Circular No.21/2011 & 18/2011 dated 21.04.2011 and 29.04.2011, has allowed paperless compliance by Companies, which now can send various notices / documents, such as Notice of General Meetings, Annual Report, etc., to its Shareholders through electronic mode at their e-mail address registered with the Company.

Your Company welcomes the spirit of this green initiative, which will reduce paper consumption to a great extent and allow Shareholders to contribute towards a Greener Environment. This will also ensure prompt receipt of communication by Shareholders and avoid their loss / misplacement in postal transit. In this backdrop, we wish to intimate / request you as under:-

- (i) Shareholders holding shares in **demat form** are requested to register/ update their e-mail ID with their respective Depository Participant/s, if not already done so.
- (ii) Shareholders holding shares in **physical mode** are invited to contribute to the cause of Green Initiative by submitting the appended **E-COMMUNICATION REGISTRATION FORM**, duly filled-in, at the address indicated therein. The said form is also available for download from our website, [www.mahascooters.com](http://www.mahascooters.com). Shareholders are also given an option to submit the said form by way of fax on 040-44655024 or e-mail a scanned copy to [einward.ris@karvy.com](mailto:einward.ris@karvy.com).

**Full text of all documents aforesaid would be available on our website [www.mahascooters.com](http://www.mahascooters.com), for download and that the Company would notify, by way of advertisement in newspapers, the availability of such documents on our website and their inspection at the Registered Office during office hours. We, further wish to clarify that as a Member of the Company, you will be entitled to be furnished, free of cost, with a copy of Annual Report and all other documents required by law to be sent to you, upon receipt of requisition from you to that effect.**

As a responsible citizen, we invite you to be a part of the “Green Initiative”.

Best Regards.

**N.S.Kulkarni**  
Company Secretary



**E-COMMUNICATION REGISTRATION FORM**  
*(Exclusively meant for Shareholders holding shares in physical form)*

To,  
Karvy Computershare Private Limited  
Unit:- **Maharashtra Scooters Limited**  
Plot No.17 to 24, Vittalrao Nagar  
Madhapur, Hyderabad – 500 081

RE:- **Green Initiative in Corporate Governance**

Regd.Folio No.	
Name of 1st Registered Holder	
Name of Joint Holder/s	1. 2.
E-mail ID to be registered	

I / We, Shareholders of MAHARASHTRA SCOOTERS LIMITED, hereby agree to receive all communications from the Company by way of a e-mail. Please register my e-mail ID in your records for sending communications through e-mail.

Date :

\_\_\_\_\_  
Signature  
(First Holder)





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