

# **37<sup>th</sup> ANNUAL REPORT**

## **2008-09**

**Any thing that moves...  
...moves better with "Vikram"**



## **Scooters India Limited**

**(A Government of India Enterprise)**

**An ISO 9001 Company**



<b>Contents</b>	<b>Page No.</b>
Board of Directors	4
Directors' Report	5
Management Discussion & Analysis	6
Corporate Governance Report	15
Auditors' Report	24
Comments of C & AG u/s 619(4) of the Companies Act. 1956	29
Management Replies to the Auditors' Report	30
Balance Sheet	32
Profit & Loss Account	33
Accounting Policies	46
Notes Annexed to and forming part of the accounts	51
Business Profile	62
Cash flow statement	63
Notice	65



**SCOOTERS INDIA LTD.**

Serving the Common man Since 1972

**BOARD OF DIRECTORS****Functional Director**

- Shri Ajai Kumar - Chairman-cum-Managing Director w.e.f. 23.04.08  
 Shri P. Muthusamy - Director (Finance) w.e.f. 12.09.06  
 (Addl. charge of Chairman & Managing Director from 13.04.2007 to 22.04.2008)  
 Shri P. P. Sarkar - Director (Technical) w.e.f. 16.05.2007

**GOI, Nominee Directors**

- Shri Vikram Gulati - GOI, Nominee Director w.e.f. 16.11.2007

**Independent Directors**

- Shri S.K. Tripathi - Director w.e.f. 06.07.2007  
 Shri P. K. Brahma - Director w.e.f. 08.02.2007  
 Prof. S. Chakraborty - Director w.e.f. 31.01.2007

**Statutory Auditor**

Avanish K. Rastogi & Associates  
 Chartered Accountants  
 F-10A, Khusnuma Complex-7,  
 R.F Bahadur Marg, Near State  
 Guest House, Lucknow-226 001

**Cost Auditors**

Shri R. N. Tripathi  
 C-121, Indira Nagar,  
 Faizabad Road,  
 Lucknow-226016.

**Bankers**

State Bank of India  
 Indian Overseas Bank  
 Allahabad Bank

**Delhi Sales & Liaison Office**

64-65, Najafgarh Road  
 Industrial Area,  
 New Delhi-110015.

**Registered Office & Works**

Lucknow-Kanpur Road,  
 (16<sup>th</sup> Mile Stone),  
 Post Bag No. 23 (GPO),  
 (P.O.) Sarojini Nagar,  
 Lucknow-226008.

**Registrar & Transfer Agent**

Skyline Financial Services Pvt. Ltd.,  
 123, Vinoba Puri, Lajpat Nagar-II,  
 New Delhi - 110024.

**INTERNAL AUDITORS**

M/s Dharendra Tripathi & Co., M/s A.K. Mukherjee & Co.  
 Chartered Accountants, Chartered Accountants,  
 C-121, Indira Nagar, 58/1, Kali Banerjee Lane,  
 Lucknow-226 016. Howrah-711 101.

M/s Jayaswal Associates, M/s R. Balaji & Co.  
 Chartered Accountants, Chartered Accountants,  
 A-160, IInd Floor, New No.2, Balaji Street,  
 Vikas Marg, Shakarpur, Rangarajapuram,  
 Delhi-110 092. Chennai-600 024.

M/s Karandikar & Co. M/s K.S. Ramakrishna & Co.  
 Chartered Accountants, Chartered Accountants,  
 6, Amit Complex, 285 & 286, 2<sup>nd</sup> Floor,  
 474-B, Sadashiv Peth Chenoy Trade Centre,  
 Opp. New English School 'C' Block, Park Lane,  
 Tilak Road, Pune-411030 Secunderabad-500 003.

**STOCK EXCHANGES**

The Delhi Stock Exchange Bombay Stock Exchange Ltd.,  
 Association Ltd., 1<sup>st</sup> Floor,  
 DSE House, Phiroze Jeejeebhoy Towers,  
 3/1 Asaf Ali Road, Dalal Street,  
 New Delhi - 110002 Mumbai - 400001



## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your Company is pleased to present the **37<sup>th</sup> Annual Report** on the business and operations of the Company together with the audited Balance Sheet and Profit and Loss Account and Auditors' Report thereon for the financial year ended 31<sup>st</sup> March, 2009.

### 1. PRODUCTION REVIEW :

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

Description	<u>2007-2008</u>	<u>2008-2009</u>
Three wheelers	11,512	10,107

### 2. SALES REVIEW :

The Sales performance for the year is shown below :

Description	<u>2007-2008</u>		<u>2008-2009</u>	
	Physical (in Nos.)	Financial (Rs. in lakhs)	Physical (in Nos.)	Financial (Rs. in lakhs)
Three Wheelers	12,221	13,477.22	11,139	11,872.03
Spares	-	902.88	-	738.88
Petrol, Diesel, Lubricants etc.	-	834.93	-	947.30
Other Sales	-	62.84	-	104.05
<b>TOTAL</b>	-	<u>15,277.87</u>	-	<u>13,662.26</u>

### 3. FINANCIAL REVIEW :

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

	<u>2007-2008</u>	<u>2008-2009</u>
	(Rs. in Lakhs)	
a) Profit/(Loss) before Depreciation	(2,058.53)	(2,599.94)
b) Depreciation	184.70	173.91
c) Profit/(Loss) for the year	(2,243.23)	(2,773.85)
d) Prior period adjustment (Net Income)	-	15.18
e) Income Tax	-	-
f) FBT	4.05	6.76
<b>Net Profit/(Loss) (PAT)</b>	<u>(2,247.28)</u>	<u>(2,765.43)</u>

During the year under review the company registered a loss of Rs. 27.65 crores as compared to Rs. 22.47 crores in the previous years.

### 4. CONTRIBUTION TO NATIONAL EXCHEQUER

The company has contributed a sum of Rs. 2,905.41 lakhs to the exchequer during the period under review.

**5. EXPORTS**

Your company has achieved exports of Rs. 88.43 lakhs during the period under review. The royalty income by way of foreign exchange remittances amounted to Rs. 160 lakhs during the year.

**6. MANAGEMENT DISCUSSION AND ANALYSIS:****(A) Mission, Vision & Objective**

- |                  |   |
|------------------|---|
| <b>Vision</b>    | To improve the performance of the company so as to be competitive and profitable through constantly improving existing products, adding new products and expanding customer base.   |
| <b>Mission</b>   | To fulfill customers' needs for economic and safe mode of road transport and quality engineering products through contemporary technologies.  |
| <b>Objective</b> | <ul style="list-style-type: none"> <li>● Providing economical and safe means of transportation with contemporary technology for movement of cargo and people.</li> <li>● Providing eco-friendly, flawless and reliable products of high quality to fulfil customer needs.</li> <li>● Achieving customers' satisfaction by providing products and services at competitive price.</li> <li>● Improving and upgrading present 3-wheeler products including engines to achieve growth in market share.</li> <li>● Improve productivity by skilful addition of Jigs &amp; fixtures, wherever required, servicing of old machines and replacing whenever necessary, introduction of modern manufacturing and quality assurance practice.</li> <li>● Empower employees of SIL with knowledge and skills to the extent that they will be capable of managing sustained growth rate with minimal support.</li> </ul> |

**(B) MARKET SCENARIO**

(i) The total number of 3 wheelers produced and sold in the domestic market by manufacturers in India during the year 2008-09 as against 2007-08 is given below :

<u>Category</u>	<u>Production</u>	
<u>Segment/Sub-segment</u>	<u>Apr.07-Mar.08</u>	<u>Apr.08-Mar.09</u>
Passenger Carrier	3,71,060	4,17,681
Goods Carrier	1,29,600	83,349
<b>Total :</b>	<b>5,00,600</b>	<b>5,01,030</b>
	<b>Sales</b>	
Passenger Carrier	2,34,774	2,68,489
Goods Carrier	1,30,007	81,230
<b>Total :</b>	<b>3,64,781</b>	<b>3,49,719</b>

Note : Sales excludes Export of 1,41,225 Nos. in 2007-08 and 1,48,074 Nos. in 2008-09.

**Source-SIAM**

Scooters India Limited has been a pioneer in bringing out various models of 3-wheelers running on petrol, diesel, electric and gas for application as both passengers and load carrier versions. Company has played an important role in popularizing of 3-wheelers of larger capacities in the country.



The company continues to be the leader in passenger carrier (6+1) segment of vehicles and has a share of 66.08% in 2008-09 as against 55.35% in 2007-08. With various cities legislating in favour of CNG/LPG vehicles the company has introduced CNG vehicles (1000CC) during the year 2008-09 and is geared up to introduce new products on LPG mode during 2009-10.

(ii) 3-Wheeler growth drivers are as under :

- Rapid urbanization with cities becoming larger and ever need for mobility and need for economically viable transport solution, however this domestic demand for 3-wheelers pasengers version is driven by availability of permits.
- Govt. focus on sirengthening road network which means more connectivity between cities and rural areas.
- Increased demand from semi-urban & rural areas for 3-wheelers having high product maneuverability and drivability.
- Suitability for congested Indian road and tropical conditions.
- Reduction in price of the 3-wheelers due to reduction in excise duty made by Govt. in financial year 2008-09.
- Self employment opportunity for a large segment of youth.

**(C) Resources and Liquidity :**

In view of the continuing cash losses, the company's liquidity position was under extreme strain and the Company has taken non-plan salary support of Rs. 9.45 crores from GOI for disbursement of salary and wages for the months of February & March, 2009.

**(D) Quality :**

Your company is an ISO 9001 : 2000 company. The company has taken several initiatives including manufacturing of no problem vehicle and up-gradation of its products to ensure that the best quality products are made available to its customers.

**(E) Opportunities & Threats :**

**E.1. Opportunities :**

- ❖ Improving infrastructure and high growth economy are creating more demand for transport.
- ❖ Last mile logistic market is growing very fast.
- ❖ Growing need for intercity transport.
- ❖ Rural market.
- ❖ Availability of CNG/LPG for auto sector.

**E.2 Threats :**

- ❖ Smaller passenger vehicle and sub 1.0 ton load carriers on 4-wheels have been introduced/ is being introduced by other automobile companies.
- ❖ Rise in cost of fuel and control in issue of permits by Regional Transport Authorities shall continue to pose problem for growth of 3-wheeler industry.
- ❖ Increasing tough and demanding CMVR requirements of safety and emissions.

**(F) Future Outlook :**

**i) Challenges faced by the Company :**

- ❖ The need for consistency in quality demands for enhanced investment in R & D and



upgradation of plant & machinery. Existing over-lived plant & machinery is a cause of concern.

- ❖ Manpower cost in the company is high and so is the average age profile of the employees. While your company needs to reduce its manpower cost at the same time it also needs to infuse fresh blood.
- ❖ Though 3-Wheeler as an industry continue to grow but increase in competition and availability of 4-Wheeler in 1.0 ton and sub 1.0 ton category is expected to aggravate the extremely competitive scenario and impact the volumes & margin.
- ❖ Strict regulatory laws concerning pollution and their strict implementation by judiciary for banning sale of diesel vehicles in certain states shall act as deterrent for company growth.
- ❖ SIL has lesser presence in small 3-wheeler segment which has strong market preference. In this segment contribution is lower and competition is higher as established players viz. Piaggio, Mahindra etc. dominate the market.
- ❖ LPG would provide a wider geographical and eco-friendly solution as CNG is only possible wherever pipeline is available. Our faster development of product based on LPG would be a challenge needing to be met successfully.
- ❖ Emission and safety norms are getting continuously upgraded by authorities which call for product up-gradation and investment to meet the requirements of CMV Rules for BS III emission norms applicable from April 2010.

**(ii) Strategic Road Map :**

There has been negative growth in Auto sector in India in line with international trends during the past year. The performance of your company continues to be under strain. Major factors attributable to the weak performance of SIL are as under :

- Increase in prices of raw material
- Negative growth in the Industry
- Non-availability of adequate credit facilities.
- General Economic slow down

The market outlook for current year 2009-10 appears promising.

The performance of your company has been under stress since 2002-03. With the help of Govt. of India, a short term project (known as JAGRITI Project) of product improvement, manpower training and upgradation of facilities for testing and evaluation has been taken up by your company at approved cost of Rs. 18.63 crores. The implementation of the project is expected to bring in 'no problem vehicle' ; modification of existing 3-wheelers to comply with the changing emission and safety rules; in addition to addressing various manufacturing, quality and supply related issues. Under this project the company has developed no problem vehicle for improved reliability and customer acceptance.

The company is working to design and improve system/sub-system for meeting future CMVR requirements. The company is geared up to meet the requirements of BS III emission and safety norms for its products w.e.f. 1.4.2010.

In view of net worth becoming negative the company has embarked upon preparation of comprehensive business plan to ensure long term sustenance of the company. A renowned consultant has been appointed for the preparation of Business Plan which will be submitted to BRPSE/BIFR through DHI shortly.

**7. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY :**

An expenditure of Rs. 14.68 lakhs was incurred on account of advertisement and publicity during the year.

**8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED FROM 1.4.2009 TO DATE :**

No material change and commitments have been made by the company from 01-04-09 to date that has adverse effect on the financial position of the company.

**9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Your company is an ISO 9001 : 2000 certified which focuses on quality management system. Information in accordance with provision of Section 217 (1) (e) of the Companies Act, 1956 regarding the conservation of energy, technology absorption and foreign exchange earnings and outflow are given in Annexure - I to this report.

**10. PARTICULARS OF EMPLOYEES :**

Information under Sec. 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 be treated as NIL as none of the employee of the company is getting salary more than the prescribed limit.

**11. INDUSTRIAL RELATIONS :**

During the year under review, that is 1.4.2008 to 31.3.2009, the industrial relations in the Company were under stress mainly due to financial crisis.

**12. VIGILANCE :**

Vigilance Group continues to function with particular emphasis on the aspects of preventive and corrective vigilance. In selected areas, surprise checks and system studies were carried out and the improvements suggested were implemented. Company also observed Vigilance Awareness week from 03.11.2008 to 07.11.2008. The employees participated in various programmes enthusiastically.

**13. HUMAN RESOURCE DEVELOPMENT :**

Company treats its employees as key resources and facilitates their development and upgradation of their skills in both technical and managerial fields with due emphasis on Product upgradation, Energy Conservation, Total Productive Maintenance, Safety, Customer Satisfaction, Quality & Environmental Management Systems, Productivity and Work Culture.

**14. HINDI IMPLEMENTATION :**

Official Language implementation Committee monitors and reviews the progress of implementation of the Annual Programme issued by Department of Official Language, Ministry of Home Affairs, Government of India. Hindi Divas is commemorated every year by observing official language week in the month of September. Various competitions are organized for employees and winners are felicitated.

**15. RESERVATION FOR SCHEDULED CASTES & SCHEDULED TRIBE :**

As on 31.3.2009, the total strength of the Company is 1366. Out of these, 277 employees belong to Scheduled Castes and 01 employees to Scheduled Tribe.

**16. DIRECTORS :**

Shri Ajai Kumar was appointed as Chairman-cum-Managing Director w.e.f. 23<sup>rd</sup> April 2008. Shri P.P. Sarkar, Director Technical, Shri Vikram Gulati, Director & Shri S.K. Tripathi, Director retire



by rotation at ensuing annual general meeting and being eligible had offered themselves for re-appointment. The Board commends for their re-appointment at ensuing annual general meeting.

**17. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (a) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2009 on a 'going concern' basis.

**18. ADEQUACY OF INTERNAL CONTROL :**

The Company has proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorized use of disposal of assets, and that the transactions are authorized, recorded and reported correctly.

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

**19. FIXED DEPOSITS :**

The Company has not accepted any deposits under Companies (Acceptance of Deposit) Rules, 1975 during the year.

**20. STATUS OF REPAYMENT OF LOAN FROM GOI**

Due to financial crisis the company has not re-paid principal amount of Rs. 157.66 lakhs and interest of Rs. 54.93 lakhs during the period under review.

**21. AUDITORS REPORT :**

M/s Avanish K. Rastogi & Associates, Chartered Accountants have been appointed by the Comptroller and Auditor General of India, as Statutory Auditors of the Company for the year 2008-09. The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2009 alongwith Management replies are enclosed at Annexure-III & V respectively.

The Accounts of the Company were submitted to the Comptroller & Auditor General of India for their report under Section 619(4) of the Companies Act 1956 and their report is appended as annexure-IV.

**22. COST AUDITOR :**

Shri R.N. Tripathi, Cost Accountant, Lucknow has been appointed as Cost Auditor of the Company vide letter No. 52/412/CAB-89(CLB) dated 29<sup>th</sup> Jan, 2008 from the Government of India, Ministry of Corporate Affairs, for auditing cost records relating to manufacture of Motor Vehicles for the financial year ending 31<sup>st</sup> March, 2009

**23. CORPORATE GOVERNANCE :**

A certificate from M/s Avanish K. Rastogi & Associates, auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement alongwith the report on Corporate Governance is attached as Annexure-II A to this report.

**24. REFERENCE TO BIFR/BRPSE**

As per annual accounts for the year ended at 31st March, 2009, the networth of the Company has been fully eroded and accumulated losses exceeded the networth of the Company. In terms of the provisions of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Company has become sick industrial company & reference is required to be made with BIFR in terms of the provisions of section 15 of the SICA. The Company has decided to make reference to BIFR accordingly.

Your Company being a PSU has to comply with the BRPSE guidelines in addition to provisions of SICA. Accordingly the Company has embarked upon preparation of comprehensive business plan to ensure long term sustenance of the company. A renowned consultant has been appointed for the preparation of Business Plan which will be submitted to BRPSE/BIFR through DHI shortly.

**25. ACKNOWLEDGEMENT :**

The Board of Directors would like to express their grateful appreciation for the sincere support and co-operation extended by its Bankers, Financial Institutions, Dealers and Suppliers. The Directors would also like to express their sincere thanks for the co-operation and advice received from Government of India, particularly, Department of Heavy Industry, Deptt. of Public Enterprises, the State Government and the local authorities for their continued support, co-operation and guidance.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of employees, and are deeply grateful to the shareholders for reposing the confidence and faith in us.

For and on behalf of the Board

**Ajai Kumar**

Chairman-cum-Managing Director

Place : Lucknow

Date : August 25, 2009

**I. CONSERVATION OF ENERGY :****(a) Measures being taken****Compressors**

- ❖ Stopping wastage of compressed air.
- ❖ Periodic servicing of suction filters, moisture traps, unloader and delivery valves.

**Water**

- ❖ Monitoring of control of water wastage.
- ❖ Recycling of cooling water.

**Power**

- ❖ Control of maximum demand in peak hours.
- ❖ Monitoring and control of power factor on regular basis and power factor improved by 0.04 approx.
- ❖ Monitoring and control of electricity consumption in different sections of the plant.
- ❖ By using low consumption accessories and equipments.
- ❖ Full capacity utilization of ovens and furnaces.
- ❖ Running of company for 5 days in a week without having impact on production.

**(b&c) Impact of Energy Consumption Measures, Total energy consumption and energy consumption per unit of production as per Form 'A' in respect of industries specified in the scheme thereto.**

The details are given in attached Annexure I-A.

**II. TECHNOLOGY ABSORPTION :**

Efforts made in technology absorption as per Form-B attached as Annexure I-B.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO :****(a) Efforts and initiative in relation to exports :**

Foreign exchange on account of Royalty income has decreased from **Rs. 167.32 lakhs** in the previous year to **Rs. 160.21 lakhs** in the current year. Foreign Exchange earned by way of export of goods is **Rs. 76.28 lakhs** in 2008-09 as compared to **Rs. 20.62 lakhs** during previous year.

**(b) Earnings and Outgo :**

	<u>2007-2008</u>	<u>2008-2009</u>
Foreign Exchange earnings	187.94	236.49
Foreign Exchange outgo	15.39	1.32



## Form - A

## Form for Disclosure of particulars with respect to Conservation of Energy.

Description	2007-2008	2008-2009
<b>A. Power and fuel consumption</b>		
<b>1. Electricity</b>		
a) Purchased		
Unit*	6,272,400	5,184,600
Total Amount (Rs.)	30,228,147	26,221,790
Rate / Unit (Rs.)	4.819	5.0576
b) Own Generation		
i) Through Diesel Generator		
Unit*	1,590	2,400
Units per litre of diesel oil	1,000	1,367
Cost / Unit (Rs.)	35.00	23.69
ii) Through Steam Turbine / Gen.	N.A.	N.A.
Unit*	NIL	NIL
Unit per litre of diesel oil	NIL	NIL
Cost / Unit (Rs.)	NIL	NIL
<b>2. Coal</b>	N.A.	N.A.
Quantity (Ton)	NIL	NIL
Total Cost	NIL	NIL
Average rate	NIL	NIL
<b>3. (a) Furnace Oil</b>		
Quantity (Ton)	99.870	45.145
Total Amount (Rs.)	2,198,982.5	1,622,511.30
Average Rate per Kg. (Rs.)	22.02	35.94
<b>(b) Light Diesel Oil</b>		
Quantity (Kilo litres)	96.000	96.000
Total Amount (Rs.)	2,117,740.20	4,690,560.00
Average Rate per Kg. (Rs.)	22.06	48.86
<b>4. Others / Internal generation</b>	N.A.	N.A.
(Please give details)		
Quantity	NIL	NIL
Total cost	NIL	NIL
Rate / Unit	NIL	NIL

**B. Consumption per unit of production**

Description	Standards (if any)	2007-2008	2008-2009
Production (in Nos.)	-	11,512	10,107
Electricity (Unit)	-	544.857	512.971
Furnace oil (Ton)	-	0.00867	0.00447
Light Diesel oil (Kilo litres)	-	0.00833	0.00950
Coal (Specify quality)	-	NIL	NIL
Others (Specify)	-	NIL	NIL

\*Unit denotes KWH



## Form - B

## Form for disclosure of particulars with respect to technology absorption

## Research and Development (R&amp;D)

- |  |   |
|--|---|
| 1. Specific areas in which R&D carried out by the company  | Development work carried out for making new products operating on alternate fuels (CNG /LPG), upgradation of the existing model to meet updated CMVR and also improve reliability.  |
| 2. Benefits derived as a result of the above R&D           | Vikram 1000-CG running on CNG productionized.   |
| 3. Future plan of action                                   | The company is working to design and improve system/ sub-system for meeting future CMVR requirement.<br><br>Product improvement through technical consultancy.<br><br>Upgradation of all vehicle models to meet the BSIII Emission norms applicable from April, 2010. |
| 4. Expenditure on R&D                                      | NIL   |
| A) Capital   | Rs. 44.58 lakhs   |
| B) Recurring   | Rs. 44.58 lakhs   |
| C) Total   | 0.33%   |
| D) Total R&D expenditure as a percentage of total turnover |   |

## Technology absorption, adaptation and innovation

- |   |  |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation   | Officers and staff of R&D have been sponsored for different training programmes relating to technology absorption and innovation.<br><br>Associative R&D has been carried out with different organisations and design houses like ARAI etc. for improvement, development and product innovation. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.                    | Development of Alternate fuel vehicle & improvement in reliability and performance of existing products.   |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: | Nil  |
| A) Technology imported.   |  |
| B) Year of import.  |  |
| C) Has technology been fully absorbed?  |  |
| D) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.   |  |

**CORPORATE GOVERNANCE**

The Company's philosophy of Corporate Governance is aimed at safeguarding and adding value to the interest of its various stakeholders including that of shareholders, lenders, employees and public at large. SIL is committed to good Corporate Governance to ensure that all functions of the Company are discharged in professionally sound and competent manner.

**1.A) SIL's PHILOSOPHY ON CORPORATE GOVERNANCE**

Over the past few years, the transition in the Indian business environment, coupled with liberalization and changing market conditions, has led to a fundamental shift in the Management's approach to enhancing shareholder value. In this context corporate governance has attained paramount importance for ensuring fairness, transparency, accountability & responsibility to all stakeholders. Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

**B. Code of Business Conduct & Ethics**

The Board of Directors of the company have adopted a Code of Conduct and Ethics for Directors and Senior Management incorporating best practices in Corporate Governance. The Code is also available on website of the company [www.scootersindia.com](http://www.scootersindia.com). In terms of Clause 49 of the Listing Agreement a confirmation from the CMD/CEO and CFO regarding compliance with the code by all the Director and Senior Management is given in Annexure-II A.

**C. Whistle Blower Policy**

Scooters India Limited has formulated a Whistle Blower Policy to establish procedures for the submission of complaints or concerns regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or unethical behaviour, actual or suspected fraud or violations of the Company's Code Conduct.

**D. CEO/CFO Certification**

In terms of Clause 49 of the Listing Agreement the Certification by CMD/CEO and CFO of the financial statment has been obtained and attached as Annexure-II A.

**E. Compliance Certificate of the Auditors**

A Certificate obtained from the Statutory Auditors M/s Avnish K. Rastogi & Associates regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement has been attached as Annexure-II B.

**2. BOARD OF DIRECTORS**

The Board of Directors of the Company as on 31.3.2009 is comprised of one Non-Executive Director who is the nominee of Govt. of India, three Executive Directors' and three Independent Directors.

**A) List of Directors**

Name of Director	Tenure	No. of other Director ship	No. of other committeeship	
			Member	Chairman
<b>Wholetime Functional Director</b>				
Shri Ajai Kumar, CMD	23.4.2008 till date	-	-	-
Shri P. Muthusamy, Director (Finance)	12.9.06 till date	-	2	2
Shri P.P. Sarkar, Director (Technical)	16.5.07 till date	-	1	-
<b>Part-time Non Executive Director (Govt. Nominee)</b>				
Shri Vikram Gulati	16.11.07 till date	1	-	-
<b>Part time Independent Director</b>				
Shri S. Chakraborty	31.1.07 till date	-	3	1
Shri P.K. Brahma	8.2.07 till date	-	2	-
Shri S.K. Tripathi	6.7.07 till date	-	1	-

The matter of inclusion of one more independent directors on the Board has been taken up with the Govt. of India.

**B) Presence of Directors in Board Meetings and Annual General Meeting held during the year.**

Sl. No.	Name of Directors	BM dated 30.4.08	BM dated 3.7.08	BM dated 30.7.08	BM dated 29.8.08	BM dated 31.10.08	BM dated 31.1.09	AGM dated 29.9.08
<b>Total Strength</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
1.	Shri Ajai Kumar	P	P	P	P	P	P	P
2.	Shri P. Muthusamy	P	P	P	P	P	P	P
3.	Shri Vikram Gulati	P	P	A	A	P	A	A
4.	Shri P.P. Sarkar	P	P	P	P	P	P	P
5.	Shri S. Chakraborty	A	P	P	P	P	P	A
6.	Shri P.K. Brahma	P	P	P	P	P	P	A
7.	Shri S. K. Tripathi	A	P	A	A	P	P	A

P = Present, A = Absent, NA = Not Applicable



There has not been a gap of over four months between two Board Meetings and at least one Board Meeting was held in each quarter of the financial year.

### C. Information supplied to the Board

The board is presented with all the relevant information on various vital matters affecting the working of the company, as well as those that require deliberation at the highest level. Extensive information is provided on various critical items such as :

- ❖ production, sales and capital expenditure budgets and updates,
- ❖ sales, investments and financial performance statistics,
- ❖ review of zone-wise business,
- ❖ quarterly results of the company,
- ❖ staff matters including senior officers appointments and extensions,
- ❖ legal proceedings by or against the company including show cause demands, notices etc.
- ❖ share transfer and demat compliance,
- ❖ minutes of meetings of Audit Committee and other Committee of the Director,
- ❖ R & D efforts of the company,
- ❖ labour matters and human resources issues,
- ❖ any material default in financial obligation to and by the company or substantial non-payment for goods sold by the company,
- ❖ vigilance and related matters,
- ❖ write-off and disposal of capital items,
- ❖ legal compliance reporting system and other such matters,
- ❖ fatal or serious accidents dangerous occurrence; any material effluent or pollution problems,
- ❖ transactions involving payment towards goodwill, brand equity or intellectual property,

## 3. COMMITTEES OF THE BOARD

### A. Audit Committee :

#### Terms of reference

The audit committee provides direction to the audit and risk management function in the company and monitors the quality of internal audit. The responsibilities of the audit committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment/ removal of external auditors and fixing their remuneration, reviewing the quarterly and annual financial statements before submission to the board, reviewing findings of internal investigations, discussing the scope of audit with external auditors and looking into reasons of substantial defaults, if any, of non-payment to stakeholders. Apart from above, the Audit Committee functions in accordance with Clause 49 of the Listing Agreement.

#### Composition of Audit Committee

Sl.No.	Name of Director	Tenure
1.	Shri S. Chakraborty, Chairman	31.1.2007 till date
2.	Shri P. K. Brahma, Member	30.4.2007 till date
3.	Shri S. K. Tripathi	26.4.2008 till date

Company secretary acts as secretary to the committee.

**Meetings and Attendance**

Sl. No.	Name of Director	26.4.08	3.7.08	30.7.08	29.8.08	31.10.08	31.1.09
1	Shri S. Chakraborty	P	P	P	P	P	P
2	Shri P.K. Brahma	P	P	P	P	P	P
3	Shri S.K. Tripathi	P	P	A	A	P	P

P = Present, A = Absent, NA = Not Applicable

**B. Shareholders/Investors Grievance Committee:**

Present composition of shareholders/investors grievance committee is :

Shri P. Muthusamy : Chairman of the Committee

Shri P. K. Brahma : Member

Prof. S. Chakraborty : Member

Company Secretary acts as Secretary to the Committee.

**Details of Shareholders Complaints**

Complaints Received	Complaints pending
6	Nil

**C. Share Transfer Committee**

Present composition of Share Transfer Committee is :

Shri P. Muthusamy : Chairman of the Committee

Shri P. P. Sarkar : Member

Prof. S. Chakraborty : Member

Company Secretary acts as Secretary to the Committee.

**4. General Body Meetings :**

The last three Annual General Meetings of the company were held as under :-

Year	Location	Date	Time
2005-2006	Sahakarita Bhawan, Lucknow.	27 <sup>th</sup> Sept., 2006	3.00 p.m.
2006-2007	Sahakarita Bhawan, Lucknow.	26 <sup>th</sup> Sept., 2007	3.00 p.m.
2007-2008	Sahakarita Bhawan, Lucknow.	29 <sup>th</sup> Sept., 2008	3.00 p.m.

**Special Resolution (if any) & Postal Ballot :**

AGM Date	Special Resolution	Whether Put Through Postal Ballot	Details of Voting Pattern	Person Who Conducted Postal Ballot
27.9.2006	ONE	No	N.A.	N.A.
26.9.2007	ONE	No	N.A.	N.A.
29.9.2008	TWO	No	N.A.	N.A.

- Procedure for Postal Ballot is as per the guidelines.

- No Special Resolution is proposed to be conducted through Postal Ballot.



### 5. Remuneration policy :

The following are the details of the remuneration paid to Directors for the year 2008-09:

(Amount in Rs.)

Name	Designation & Period	Sitting Fee	Salary	Benefits & Contribution to PF/Pension/ Others	Total
Sri Ajai Kumar	CMD	-	623,753.11	66,943.00	690,696.11
Sri P. Muthusamy	Dir. (Fin.)	-	680,034.00	96,098.00	776,132.00
Sri P. P. Sarkar	Director (Tech.)	-	593,041.00	117,044.00	710,085.00
<b>Total :</b>		-	<b>1,896,828.11</b>	<b>280,085.00</b>	<b>2,176,913.11</b>

Apart from the Sitting Fees which is paid in accordance with the Articles of Association of the company, all other remuneration paid to Directors are in compliance with Govt. orders issued from time to time.

### 6. General Shareholder Information:

#### Annual General Meeting :

Date and Time	: 25 <sup>th</sup> September, 2009 at 3.00 p.m.
Financial Calendar	: 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March, 2009
Venue	: Sahakarita Bhawan Auditorium, Lucknow-1.
Book Closure date	: 15 <sup>th</sup> September, 2009 to 25 <sup>th</sup> September, 2009.
Listing of Equity	: BSE, DSE
Stock code	: 505141
Registrar and transfer Agent	: Sky Line Financial Services Limited 123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110065
Dematerialization of Shares As on 31.3.09	: CDSL - 304993 : NSDL - 885747
Outstanding GDR / ADRs / Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	: NIL

Plant Location : Lucknow- Kanpur Road  
(16<sup>th</sup> Mile Stone), Post Bag No. 23 (G.P.O)  
P.O. Sarojini Nagar, Lucknow-226 008.

Address for Investor Correspondence : Lucknow- Kanpur Road  
(16<sup>th</sup> Mile Stone), Post Bag No.23 (G.P.O)  
P.O. Sarojini Nagar, Lucknow-226 008.

**Stock Prices Script Code : 505141**

Company : Scooters India Ltd. For the period : April, 2008 to March, 2009

Months	Open Price (Rs.)	High Price (Rs.)	Low Price (Rs.)	Close Price (Rs.)	No.of Shares	No.of Trades	Total Turnover (Rs.)	*Spread (Rs.)	
								H-L	C-O
April 2008	22.65	28.20	21.00	27.10	88741	583	2,256,342.00	7.20	4.45
May 2008	27.00	36.25	25.00	30.80	105695	849	3,247,480.00	11.25	3.80
June 2008	30.95	35.90	26.10	33.95	98887	456	3,039,396.00	9.80	3.00
July 2008	35.60	35.60	27.20	30.80	34379	225	1,096,222.00	8.40	-4.80
August 2008	32.30	33.85	28.25	29.00	25205	238	787,607.00	5.60	-3.30
September 08	30.30	31.75	23.10	25.80	22818	249	636,530.00	8.65	-4.50
October 2008	24.45	24.50	13.35	14.00	21255	159	388,227.00	11.15	-10.45
November 2008	13.97	15.70	10.12	12.00	29924	152	376,182.00	5.58	-1.97
December 2008	11.75	16.21	11.12	13.30	16958	105	224,930.00	5.09	1.55
January 2009	13.29	13.99	11.00	12.00	19046	164	237,751.00	2.99	-1.29
February 2009	11.45	13.79	10.75	12.25	3331	75	39,692.00	3.04	0.80
March 2009	12.70	13.88	10.51	13.88	18264	76	226,635.00	3.37	1.18

\* Spread H-L-&gt; High-Low C-O -&gt; Close - Open

**7. Disclosures:**

- a) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.**

Company had no related party transaction except remuneration paid to the Directors.

- b) **Details of non-compliance by the Company, penalties, structures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last 3 years.**

None

- c) **No person has been denied access to Audit Committee**

**8. Means of communication:**

a) Quarterly Results (Approved in the meetings held on 30.4.08, 30.7.08, 31.10.08, 31.1.09)	The Company has published quarterly results in Rastriya Swarup, Fin. Express, Pioneer, Indian Express & Business Standard
b) Management Discussion and Analysis	This forms part of the Directors' Report, which is posted to the Shareholders of the Company.
c) Web Site	www.scootersindia.com



## 9. Share Transfer System

The Company has signed agreement with both NSDL and CDSL on 18<sup>th</sup> Jan, 2002 and 25<sup>th</sup> Feb.2002 respectively. The company has been allotted ISIN Code No. **INE 959E01011** and since then the trading of company's shares is being done in dematerialized form. The company has appointed M/s Skyline Financial Services Pvt. Ltd. 123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110065, as its Registrar and Transfer Agent (RTA).

## 10. Distribution of shareholding as on March 31, 2009

Shareholding of Nominal Value	Share Holders		Share Amount in Rupees				
	Category	Number	%	Physical	NSDL	CDSL	TOTAL
Upto 500	8494	45.18	627475	249798	103583	980856	2.28
501 - 1000	262	2.94	65850	115778	41810	223438	0.52
1001 - 2000	89	1	45250	70926	24147	140323	0.33
2001 - 3000	22	0.25	13600	31570	13030	58201	0.14
3001 - 4000	10	0.11	3700	26146	7067	36913	0.09
4001 - 5000	12	0.13	4350	48514	4300	57164	0.13
5001 - 10000	20	0.22	35800	86968	31371	154139	0.36
10001 and above	15	0.17	41005490	256047	79684	41341221	96.16
<b>TOTAL</b>	<b>8924</b>	<b>100</b>	<b>41801515</b>	<b>885747</b>	<b>304993</b>	<b>42992255</b>	<b>100</b>

Category	Percentage
1. Central Government	95.38
2. Nationalized Banks & Financial Institutions	0.06
3. Corporate Bodies	0.37
4. Indian Public and Others	4.19
<b>Total</b>	<b>100.00</b>

## 11. Any Query on the Annual Report :

Secretarial Department,  
Scooters India Limited,  
Lucknow - Kanpur Road,  
(16<sup>th</sup> Mile Stone), Post Bag No. 23 (G.P.O.),  
P.O. Sarojini Nagar, Lucknow-226 008.

Ajai Kumar  
Chairman-cum-Managing Director  
Scooters India Ltd.  
Lucknow-226 008



**Certification in terms of clause 49 of the Listing Agreement**

1. We have reviewed financial statements and the cash flow statement for the year 2008-09 and that to the best of our knowledge and belief :
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee :
  - (i) significant changes in internal control during the year ;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or and employee having a significant role in the company's internal control system.
5. We confirm that all Directors and Members of the Senior Management have affirmed compliance with SIL's Code of Business Conduct & Ethics.

**P. Muthusamy**  
Director (F) / CFO

**Ajai Kumar**  
C.M.D./ CEO

Place : Lucknow  
Dated : 25<sup>th</sup> August, 2009

**ANNEXURE - II B****CERTIFICATE****TO THE MEMBERS OF SCOOTERS INDIA LIMITED  
ON  
CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by Scooters India Limited for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. 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 given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period exceeding one month as at 31<sup>st</sup> March, 2009 against the Company as per the records maintained by the Company.

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

For Avanish K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow  
Date : 25<sup>th</sup> August, 2009.

**Ishwar Dass**  
Partner  
M.No. 70785



**AUDITORS' REPORT**  
**TO THE MEMBERS OF, SCOOTERS INDIA LIMITED, LUCKNOW**

1. We have audited the attached Balance Sheet of Scooters India Limited, as at 31<sup>st</sup> March, 2009 and also the Profit & Loss Account and 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 and assurance standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub Section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the said Balance Sheet and Profit & Loss Account dealt with by this report comply with the mandatory accounting standards referred to in section 211(3C) of the Companies Act, 1956 to the extent applicable;
  - (e) As per the Notification No. GSR 829 (E) dated 21.10.2003 issued by the department Company Affairs, disqualification of Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable to the company being a Government Company.



- (f) In our opinion and to the best of our information and according to the explanation given to us the said accounts read together with Accounting Policies and Notes thereon given in Schedule 20 give the information required by the Companies Act, 1956, in the manner so required and subject to :
- (i) Note No. 5 of schedule 20, regarding the balances in debtors/creditors accounts, claims recoverable, loans & advances, assets/material lying with third parties are subject to adjustments, if any, and details of deposit are not available. The impact of such reconciliation and confirmation. If any, arising on the accounts of the company is unascertainable at the stage.
  - (ii) As per Note No. 11 of schedule 20 there is a unfunded liability of Rs. 1886.22 lacs on account of retirement benefits according to actuarial valuation. This however does not have any impact on the profitability of the company as this has been provided in the Books of Account.
  - (iii) Note No. 17 (i) of Schedule 20, regarding non provision of filing fee of Rs. 15.01 lacs.
  - (iv) Note No. 22 of schedule 20 regarding recognition of certain royalty income on the basis of agreement executed without authority of the Board of Directors.
  - (v) Overall effect of our observations at para 4(f) above.

without considering the points above the effect of which could not be determined, had the observations made in para 4(f) (iii) been considered the loss for the year after tax would have been Rs. 27,80,43,698.00 as against the reported figure of loss of Rs. 27,65,43,198.00

give a true and fair view in conformity with the accounting principles generally accepted in India :

- (i) In the case of the Balance Sheet, of the state of affairs of the Company, as at 31<sup>st</sup> March, 2009.
- (ii) In the case of Profit & Loss Account, of the Loss for the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Avanish K. Rastogi & Associates  
Chartered Accountants

**Ishwar Dass**  
Partner

Membership No.: 070785

Place : Lucknow  
Date : 30.6.2009



**ANNEXURE TO THE AUDITOR'S REPORT OF**  
**SCOOTERS INDIA LTD., LUCKNOW**

**(Refer to in paragraph 3 of our report of even date)**

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As informed, all the fixed assets have not been physically verified by the management during the year but there is a phased programme of verification which in our opinion is reasonable having regards to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- (c) As informed, the Company has not disposed of substantial part of fixed assets during the year thereby affecting the going concern status of the Company.
- (ii) (a) As explained to us, the company has conducted physical verification of the stores (excluding the inventory with third parties) as per the system of continuous physical verification of the inventory adopted during the year and finished goods and work in progress at the end of the year, which is considered to be reasonable.
- (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) According to information and explanations given to us, the discrepancies noticed on physical verification of inventory conducted the management from time to time as compared to book records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to information and explanations given to us, the Company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 in the Act.
- (b) According to information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 in the Act.
- (iv) In our opinion and according to information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and also for the sale of goods. During the course of audit, we have not observed any major weaknesses in internal control system.
- (v) According to information and explanations given to us, the company has not made any contracts or arrangements that need to be entered in register referred to in Section 301 of the Act.



- (vi) As informed and as per records, the company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the accounts and records maintained by the company pursuant to the order made by the Central Government for the maintenance of Cost Records under section 209 (i) (d) of the Act and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) As per records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues, to the extent applicable to it, with the appropriate authorities and as informed no undisputed amounts were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date of becoming payable, except the following :

Sl. No.	Name of the Statute	Nature of the dues	Period	Amount (In Lakhs)
1.	Kerala Sales Tax Act	State Sales Tax	92-93, 93-94 & 94-95	4.22
2.	Bihar State Sales Tax Act	State Sales Tax	2003-04	0.15
Total				4.37

- (b) The disputed statutory dues aggregating Rs. 158.93 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period	Amount (In Lakhs)
1. (a)	State Sales Tax Acts	Sales Tax & Interest	Dy.Com. (Appeal)	77-78, 86-87, 87-88, 92-93, 93-94, 96-97, 98-99 & 2002-03	25.97
(b)	State Sales Tax Acts	Entry Tax and Penalty	Comm. of Commercial Taxes	97-98 to 2006-07	113.77
2.	Central Sales Tax Act.	Central Sales Tax	Dy. Com. (Appeal)	82-83 & 86-87 92-93 & 93-94	11.30
3.	Central Sales Tax Act	Central Sales Tax	Asstt. Com (C.T.) - V	93-94	7.89
Total :					158.93

- (x) The Company has an accumulated losses of Rs. 56,50,94,106.00 at the end of the financial year and has incurred cash losses in the financial year under report and also in the immediately preceding financial year. The accumulated losses of the Company are more than fifty percent of its net worth.
- (xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or bank or debentures holders.
- (xii) According to information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- (xiv) In our opinion and according to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the Company.
- (xv) According to information and explanations given to us the company has not given any guarantee for the loans taken by others from bank or financial institutions.
- (xvi) According to information and explanations given to us, the company has received a non plan term loan amounting to Rs.945.00 lakhs from Government of India on 31.03.2009, which has since been utilised as per the terms of the sanction letter.
- (xvii) According to information and explanations given to us and on an overall examinations of the Balance Sheet, we are of the opinion that funds raised on short term basis have, prima-facie, not been used during the year for long term investment.
- (xviii) According to information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has not issued any debentures, therefore, the question of creation of securities or charge in respect of debentures issued is not applicable.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and the information given to us, we report that no fraud on or by the company has been noticed or reported during the year by management. However, checking of the minutes of the Board of Directors revealed that a commercial agreement was executed by the then CMD without the authority of the Board and after due consideration the board decided to refer the matter to the appropriate authority for further action.

For Avanish K. Rastogi & Associates  
Chartered Accountants

**Ishwar Dass**  
Partner

Place : Lucknow  
Dated : 30.06.2009

Membership No. 070785



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF SCOOTERS INDIA LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009.**

The preparation of financial statements of Scooters India Limited for the year ended 31<sup>st</sup> March, 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on *independent audit in accordance with the auditing and assurance standards prescribed* by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 June, 2009.

I on behalf of Comptroller & Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Scooters India Ltd. for the year ended 31<sup>st</sup> March, 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit *nothing significant* has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956

**For and on the behalf of the  
Comptroller & Auditor General of India**

**Saroj Punhani**

Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board - II,  
New Delhi

Place : New Delhi  
Date : 30.07.2009

**REPLY TO AUDITORS' REPORT****COMMENTS****MANAGEMENT REPLIES****TO THE MEMBERS,  
SCOOTERS INDIA LIMITED, LUCKNOW**

We have audited the attached Balance Sheet of Scooters India Limited, as at 31<sup>st</sup> March, 2009 and also the Profit & 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.

1. We conducted our audit in accordance with auditing and assurance standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books.
- (c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the said Balance Sheet and Profit & Loss Account dealt with by this report, comply with the mandatory accounting standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable.



(e) As per Notification No. GSR 829 (E) dated 21.10.2003 issued by the Department Company Affairs disqualification of Directors in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable to the Company being a Government Company.

(f) In our opinion and to the best of our information and according to the explanation given to us the said accounts read together with Accounting Policies and Notes thereon given in Schedule 20 give the information required by the Companies Act, 1956 in the manner so required and subject to :

(i) Note No. 5 of schedule 20, regarding balances and debtors/creditors accounts, claims recoverable, loans & advances, assets/material lying with third parties are subject to adjustments, if any, and details of deposit not available. The impact of such reconciliation and confirmation. If any, arising on the accounts of the company is unascertainable at the stage.

Appropriate disclosure has been made vide Note No.5 in Schedule 20 under Notes to Account.

(ii) As per Note No. 11 of schedule 20 there is a unfunded liability of Rs. 1886.22 lacs on account of retirement benefits according to actuarial valuation. This however does not have any impact on the profitability of the company as this has been provided in the Books of Account.

Appropriate disclosure has been made vide Note No.11 in Schedule 20 under Notes to Account.

(iii) Note No. 17 (i) of schedule 20, regarding non provision of filing fee of Rs. 15.01 lacs

Appropriate disclosure has been made vide Note No.17(i) in Schedule 20 under Notes to Account.

(iv) Note No.22 of schedule 20 regarding recognition of certain royalty income on the basis of agreement excuted without authority of the Board of Directors.

Appropriate disclosure has been made vide Note No.22 in Schedule 20 under Notes to Accounts.

(v) Overall effect of our observations at para 4(f) above without considering the points above the effect of which could not be determined, had the observations made in para 4 (f) (iii) been considered the loss for the year after tax would have been Rs. 278,043,698.00 as against the reported figure of loss of Rs. 276,543,198.00

give a true and fair view in conformity with the accounting princiles generally accepted in India;

i) in the case of the Balance Sheet, of the state of affairs of the Company, as at 31<sup>st</sup> March, 2009;

ii) in the case of Profit & Loss Account, of the loss for the year ended on that date; and

iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Avanish Rastogi & Associates  
Chartered Accountants

For and on behalf of Board of Directors

**Ishwar Dass**  
Partner

**Ajai Kumar**

Chairman cum Managing Director

Place : Lucknow  
Date : 30<sup>th</sup> June, 2008

Membership No.: 070785



## BALANCE SHEET AS AT MARCH 31, 2009

	SCHEDULE	AS AT 31-3-2009 Rs.	AS AT 31-3-2008 Rs.
<b>1. SOURCES OF FUNDS</b>			
<b>1) Shareholders' Funds</b>			
a) Capital	1	534,838,188	534,838,188
b) Reserves & Surplus	2	926,083	926,083
		<u>535,764,271</u>	<u>535,764,271</u>
<b>2) Loan Funds</b>			
a) Secured Loans	3	76,983,655	157,169,058
b) Unsecured Loans	4	165,317,186	74,745,710
		<u>242,300,841</u>	<u>231,914,768</u>
		<u>778,065,112</u>	<u>767,679,039</u>
<b>2. APPLICATION OF FUNDS</b>			
<b>1) Fixed Assets</b>			
a) Gross Block	5	555,650,730	546,526,083
b) Less: Depreciation		375,087,229	357,364,464
c) Net Block		180,563,501	189,161,619
d) Capital work-in-progress	6	274,668	-
		<u>180,838,169</u>	<u>189,161,619</u>
<b>2) Investments</b>	7	-	-
<b>3) Current Assets, Loans &amp; Advances</b>	8		
a) Inventories		197,172,250	363,870,341
b) Sundry Debtors		35,473,099	52,483,772
c) Cash and Bank Balances		184,449,936	240,152,043
d) Other Current Assets		2,124,018	2,573,550
e) Loans and Advances		73,520,861	72,804,309
		<u>492,740,164</u>	<u>731,884,015</u>
<b>4) Less : Current Liabilities and Provisions</b>	9		
a) Liabilities		270,434,112	293,421,687
b) Provisions		190,767,411	149,881,781
		<u>461,201,523</u>	<u>443,303,468</u>
5) Net Current Assets (3-4)		31,538,641	288,580,547
6) Miscellaneous Expenditure (to the extent not written off)			
Deferred Revenue Expenditure	10	594,196	1,385,965
7) Profit & Loss Account		565,094,106	288,550,908
		<u>778,065,112</u>	<u>767,679,039</u>
8) Significant Accounting Policies	19		
9) Notes on Accounts	20		
10) Additional Information	21		
11) Balance Sheet abstract and Companies General Business Profile	22		
12) Cash Flow Statement	23		

**B.N. Raj**  
Financial Controller

**P. Muthusamy**  
Director (Finance)

**Ajai Kumar**  
Chairman-cum-Managing Director

As per our separate report of even  
date  
For Avanish K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow  
Date : 30<sup>th</sup> June, 2009

**Ishwar Dass**  
(Partner)  
Membership No.70785


**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2009**

	SCHEDULE	YEAR ENDED 31-3-2009 Rs.	YEAR ENDED 31-3-2008 Rs.
<b>INCOME</b>			
Sales	11	1,355,821,915	1,521,503,510
Less : Excise		127,709,891	166,744,143
Net Sales		1,228,112,024	1,354,759,367
Other Income	12	46,829,058	62,359,096
Accretion / (-) Decretion to Stock	13	-142,485,444	-71,600,298
		<u>1,132,455,638</u>	<u>1,345,518,165</u>
<b>EXPENDITURE</b>			
Materials Consumed	14	740,854,567	818,628,759
Cost of sales at Petrol Pump	14	93,020,741	81,872,772
Employees' Remuneration and Benefits	15	391,957,584	417,103,874
Other expenses of Manufacture, Administration, Selling & Distribution	16	140,076,782	199,489,711
Depreciation	5	17,390,775	18,469,955
Interest	17	31,139,861	39,260,227
		<u>1,414,440,310</u>	<u>1,574,825,298</u>
<b>LESS :</b>			
Expenditure included in above capitalised		4,599,833	4,984,093
		<u>1,409,840,477</u>	<u>1,569,841,205</u>
Profit (-) Loss for the year		-277,384,839	-224,323,040
Prior Year Adjustments (Net)	18	1,517,815	-
Profit (-) Loss After prior period Adjustments		<u>-275,867,024</u>	<u>-224,323,040</u>
Fringe Benefit Tax		676,174	405,000
Income Tax		-	-
Profit (-) Loss after Tax		<u>-276,543,198</u>	<u>-224,728,040</u>
Balance brought forward from last year		-288,550,908	-63,822,868
Balance carried to Balance Sheet		<u>-565,094,106</u>	<u>-288,550,908</u>
Basic / Diluted Earnings Per Share (In Rs.)		-6.43	-5.23
Basic/Diluted Earnings Per Share Before Prior Period Items (In Rs.)		-6.47	-5.23
<b>8 Significant Accounting Policies</b>	19		
<b>9 Notes on Accounts</b>	20		
<b>10 Additional Information</b>	21		
<b>11 Balance Sheet abstract and Companies General Business Profile</b>	22		
<b>12 Cash Flow Statement</b>	23		

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**Ajai Kumar**

Chairman-cum-Managing Director

 As per our separate report of even  
date

 For Avanish K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow

 Date : 30<sup>th</sup> June, 2009

**Ishwar Dass**

(Partner)

Membership No.70785



Schedules annexed to and forming part of the Balance Sheet as at March 31, 2009.

**SCHEDULE 1****Share Capital**

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>Authorised Capital<sup>®</sup></b>		
7,50,00,000 Equity Shares (Previous Year 7,50,00,000) of Rs. 10 each.	<u>750,000,000</u>	<u>750,000,000</u>
<b>Issued Capital</b>		
42,995,500 Equity Shares (Previous year 42,995,500 ) of Rs. 10 each.	<u>429,955,000</u>	<u>429,955,000</u>
<b>Subscribed and Paid up Capital</b>		
42,992,255 Equity Shares* (Previous year 42,992,255) of Rs. 10 each.	429,922,550	429,922,550
Forfeited Shares	15,638	15,638
Advance against Share Capital	104,900,000	104,900,000
	<u>534,838,188</u>	<u>534,838,188</u>

② Refer note no.17 of Schedule 20.

\*Of the subscribed and paid up capital 905,000 shares (Previous year 905,000 shares) of Rs.10 each allotted to the Government of India during 1972-73 & 1975-76 as fully paid pursuant to a contract without payment being received in cash.

**SCHEDULE 2****Reserves and Surplus**

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>Reserves</b>		
Capital Reserve	<u>926,083</u>	<u>926,083</u>
	<u>926,083</u>	<u>926,083</u>
<b>Surplus</b>	<u>926,083</u>	<u>926,083</u>

**SCHEDULE 3****Secured Loans**

	<b>As at 31.3.2009 Rs.</b>	<b>As at 31.3.2008 Rs.</b>
<b>Loans and advances from Banks*</b>		
State Bank of India	<b>19,049,705</b>	119,142,991
Indian Overseas Bank	<b>57,933,950</b>	38,026,067
	<b><u>76,983,655</u></b>	<u>157,169,058</u>

\* Cash Credit facility from S.B.I. & I.O.B. are secured by hypothecation of inventories / book debts.

**SCHEDULE 4****Unsecured Loans**

	<b>As at 31.3.2009 Rs.</b>	<b>As at 31.3.2008 Rs.</b>
Loans from Government of India	<b>159,745,710</b>	74,745,710
Interest Accured & Due	<b>5,571,476</b>	-
	<b><u>165,317,186</u></b>	<u>74,745,710</u>



## SCHEDULE 5

## Fixed Assets

Amount in Rs.

Description	GROSS BLOCK AT COST				DEPRECIATION					NET BLOCK	
	As at 01.04.2008	Additions during the year	Ded./Adj./ Transfers	As at 31.03.2009	As at 01.04.2008	Prior Year Adjustment ----- Additions Ded//Trf.	For the year	As at 31.03.2009	As at 31.03.2009	As at 01.04.2008	
Lease Hold Land	1,258,111	-	-	1,258,111	482,275	-	-	13,979	496,254	761,857	775,836
Building (including Roads, Services and Tubewell)	39,197,583	181,048	-	39,378,631	27,388,583	-	-	1,125,643	28,514,226	10,864,405	11,809,000
Plant and Machinery*	269,483,799	1,135,353	-	270,619,152	133,435,566	-	-	7,660,617	141,096,183	129,522,969	136,048,233
Special Tools	162,049,960	4,641,883	-	166,691,843	140,105,009	-	-	5,901,493	146,006,502	20,685,341	21,944,951
Handling Equipments	11,020,115	-	-	11,020,115	8,151,572	-	-	206,409	8,357,981	2,662,134	2,868,543
Furniture/Fixture & Office Equipments	35,735,141	3,251,940	195,071	38,792,010	27,383,721	331,991	-	1,745,303	29,461,015	9,330,995	8,351,420
Electrical Equipments, Installation & Fittings	18,318,898	109,494	-	18,428,392	14,709,814	-	-	175,089	14,884,903	3,543,489	3,609,084
Vehicles	9,462,476	-	-	9,462,476	5,707,924	-	-	562,241	6,270,165	3,192,311	3,754,552
<b>Total</b>	<b>546,526,083</b>	<b>9,319,718</b>	<b>195,071</b>	<b>555,650,730</b>	<b>357,364,464</b>	<b>331,991</b>	<b>-</b>	<b>17,390,775</b>	<b>375,087,229</b>	<b>180,563,501</b>	<b>189,161,619</b>
Previous year	528,554,677	18,348,331	376,925	546,526,083	339,034,442	-	139,933	18,469,955	357,364,464	189,161,619	-

\* Includes pattern & dies with others amounting to Rs. 966,807 (Previous year Rs. 966,807)

Note : Amount of borrowing cost capitalised during the year is Nil. (Previous Year Nil)

**SCHEDULE 6****Capital Work-in-progress**

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
Capital Items awaiting insallation	85,410	-
Construction Work-in-Progress	189,258	-
	<u>274,668</u>	<u>-</u>

**SCHEDULE 7****Investments**

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>Investment at cost ( Unquoted fully paid )*</b>		
<b>UP Instruments Limited</b> 155,030 Equity Shares of Rs.10 each.	1,550,300	1,550,300
<b>UP Tyres &amp; Tubes Limited</b> 522,800 Equity Shares of Rs. 10 each.	5,228,000	5,228,000
<b>Co-operative Electric Supply Society Limited</b> 5,700 Equity Shares of Rs.10 each.	57,000	57,000
	<u>6,835,300</u>	<u>6,835,300</u>
Less : Provision for estimated loss in value**	<u>6,835,300</u>	<u>6,835,300</u>
	<u>-</u>	<u>-</u>

\* All investments are long term.

\*\* Refer Note No.4 of Schedule 20.



## SCHEDULE 8

## Current Assets, Loans and Advances

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>i) Inventories :</b>		
Raw Materials and Components*	68,474,256	90,762,326
Stores and Spares	18,474,257	18,855,932
Loose Tools and Consumables*	33,551,690	31,805,496
Work-in-progress	53,874,148	79,045,769
Finished goods	25,802,799	149,974,290
Material-in-transit	5,788,610	8,850,495
Material under Inspection	2,135,839	64,238
Disposal Stores	7,302,272	444,604
Other Stocks#	1,513,908	2,074,319
	<u>216,917,779</u>	<u>381,877,469</u>
Less : Provision for Inventory Obsolescence	17,961,836	16,223,435
Provision for material lying with sub Contractor doubtful of recovery	1,783,693	1,783,693
	<u>197,172,250</u>	<u>363,870,341</u>
* Raw - materials, loose tools and consumables lying with sub - contractors / Licencees amount to Rs. 6,096,148.73 (Previous year Rs.9,254,880)		
# Other Stocks includes Petrol Pump of Rs. 766,428 (Previous Year Rs. 1,226,298)		
<b>ii) Sundry Debtors ( unsecured )</b>		
Debts outstanding for a period exceeding 6 months		
Considered good	16,056,709	14,564,454
Considered doubtful	35,333,217	34,457,960
	<u>51,389,926</u>	<u>49,022,414</u>
Other debts considered good	19,416,390	37,919,318
	<u>70,806,316</u>	<u>86,941,732</u>
Less : Provision for doubtful debts	35,333,217	34,457,960
	<u>35,473,099</u>	<u>52,483,772</u>
<b>iii) Cash and Bank Balances</b>		
Cash and stamps in hand	352,486	251,455
Cheques in hand	2,455,500	11,736,569
Term deposits with Scheduled Banks*	168,765,495	200,339,299
Balances with Scheduled Banks	12,876,455	27,824,720
	<u>184,449,936</u>	<u>240,152,043</u>

\* Term Deposits for Rs. 112,764,534 (Previous Year Rs. 98,357,904) held against L.C. Margin.

\* Term Deposits for Rs. 4,021,036 (Previous Year Rs. 3,766,948) for E.S.I. Case.



## SCHEDULE 8 Contd.

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>iv) Other Current Assets</b>		
Interest accrued on term deposits	2,124,018	2,573,550
	<u>2,124,018</u>	<u>2,573,550</u>
<b>v) Loans and Advances</b> (Advances recoverable in cash or kind or for value to be received)		
1) Secured considered good	673	48,180
2) Unsecured considered good :		
a) Deposits	10,537,743	12,709,614
b) Others #	62,982,445	60,046,515
3) Unsecured Considered doubtful	11,282,657	10,407,628
	<u>84,803,518</u>	<u>83,211,937</u>
Less : Provision for doubtful advances	11,282,657	10,407,628
	<u>73,520,861</u>	<u>72,804,309</u>
Total ( i ) to ( v )	<u>492,740,164</u>	<u>731,884,015</u>
# Include Due from Directors		
Maximum balance due from Directors at any time during the year	NIL	NIL
Balance at the end of the year	NIL	NIL

**SCHEDULE 9**  
**Current Liabilities and Provisions**

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>i) Current Liabilities</b>		
Acceptances	28,274,205	25,324,932
Sundry Creditors		
i) Total Dues of SSI undertaking(s)	-	-
ii) Total Dues of Creditors other than SSI Undertaking(s)	132,368,067	147,431,207
Advances and Deposits <sup>@</sup>	57,994,299	41,888,554
Other Liabilities	46,833,390	74,961,365
Interest accrued but not due	1,264,596	1,888,319
Unspent Balance against Workmen Housing Colony*	3,699,555	1,927,310
	<u>270,434,112</u>	<u>293,421,687</u>
<b>ii) Provisions</b>		
Provision for Retirement Benefits	188,622,411	146,946,781
Warranty	2,145,000	2,935,000
	<u>190,767,411</u>	<u>149,881,781</u>
	<u>461,201,523</u>	<u>443,303,468</u>

@ Include Rs. 127,000 ( Previous year Rs. 76,400) on account of advance deposited by workmen for allotment of House in Workmen's colony.

\* The details are :

Amount recovered so far from workmen	14,296,614	12,512,369
Less : Expenditure on Workmen's Housing Colony	10,597,059	10,585,059
	<u>3,699,555</u>	<u>1,927,310</u>

**SCHEDULE 10**  
**Miscellaneous expenditure**

(To the extent not written off or adjusted)

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<u>Deferred Revenue Expenditure</u>		
Opening Balance	1,385,965	2,376,724
Additions during the year	-	-
	<u>1,385,965</u>	<u>2,376,724</u>
Less: Written off & charged to Profit & Loss Account	791,769	990,759
	<u>594,196</u>	<u>1,385,965</u>
<u>Profit &amp; Loss Account</u>		
Profit / (-) Loss brought forward	-288,550,908	-63,822,868
Profit / (-) Loss during the year	-276,543,198	-224,728,040
	<u>-565,094,106</u>	<u>-288,550,908</u>



Schedules annexed to and forming part of the Profit & Loss Account for the year ended  
March 31, 2009

**SCHEDULE 11**

**Sales**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
Three-Wheeler*	1,187,203,418	1,347,721,700
Spare-parts*	73,888,400	90,288,436
Petrol, Diesel, Lubricants etc.**	94,730,097	83,493,374
	1,355,821,915	1,521,503,510

\*Includes Excise Duty amounting Rs.127,709,891 (Previous year Rs. 166,744,143)

\*\*Includes 47,788.96 ltrs.of petrol, diesel,oil etc. value Rs.1,842,186.86 (Previous year 57,986 ltrs. value Rs.2,158,440) consumed for internal use.

**SCHEDULE 12**

**Other Income**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
<b>Miscellaneous Receipts</b>		
<b>Sale of :</b>		
a) Empties	431,531	83,295
b) Miscellaneous Items & Scrap	9,973,896	6,201,292
<b>Interest on :</b>		
a) Term deposits	17,699,345	34,715,435
b) Others	308,140	-
Royalty	16,020,463	17,141,197
Profit on sale of fixed assets	-	48,466
Gain in exchange rate	29,625	-
Excess Provision written back	315,732	521,934
Other receipts	2,050,326	3,647,477
Total	46,829,058	62,359,096

**SCHEDULE 13****Accretion / (Decretion) to Work-in-progress and Finished Goods**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
<b>Opening Stock</b>		
Finished Goods	149,974,290	230,143,886
Work-in-progress	79,045,769	70,476,471
Disposal Stores	444,604	444,604
( A )	<u>229,464,663</u>	<u>301,064,961</u>
<b>Closing Stock</b>		
Finished Goods	25,802,799	149,974,290
Work-in-progress	53,874,148	79,045,769
Disposal Stores	7,302,272	444,604
( B )	<u>86,979,219</u>	<u>229,464,663</u>
<b>Accretion / (Decretion)</b>	( B - A )	(71,600,298)
	(142,485,444)	

**SCHEDULE 14****Consumption of Materials**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
<b>(I) Consumption of Materials :</b>		
a) Raw Materials and Components		
Opening Stock	90,762,327	123,936,405
Add : Purchases	718,568,623	786,185,086
	<u>809,330,950</u>	<u>910,121,491</u>
b) Less :		
i) Closing Stock	68,474,256	90,762,327
ii) Shortages in inventory written off	2,127	730,405
	<u>68,476,383</u>	<u>91,492,732</u>
c) Consumption of Materials ( a - b )	<u>740,854,567</u>	<u>818,628,759</u>
<b>(II) Petrol Pump</b>		
a) Opening Stock	1,226,298	1,192,949
Add : Purchases	92,890,734	81,962,067
	<u>94,117,032</u>	<u>83,155,016</u>
b) Less : i) Closing Stock	766,428	1,226,298
ii) Shortages written off	329,863	55,946
	<u>1,096,291</u>	<u>1,282,244</u>
c) Cost of sales at Petrol Pump ( a - b )	<u>93,020,741</u>	<u>81,872,772</u>



## SCHEDULE 15

### Employees' Remuneration and Benefits

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
Salaries , Wages and Bonus *	280,094,817	281,336,504
Leave Encashment	20,969,239	35,057,769
Contribution to PF	18,834,927	18,347,666
Employer's share of Pension Contribution	9,615,236	10,441,995
Interest Subsidy on House Building Loans	375,236	404,183
Contribution to ESI scheme	283,499	262,722
Contribution to Employees' Group Insurance	1,159,412	1,197,855
Medical benefits	14,167,727	13,715,626
Canteen expenses	5,280,177	4,908,293
Transport expenses	7,828,939	8,450,410
Rent ( Leasehold accommodation )	10,920	10,335
Gratuity	27,382,796	35,705,102
Leave travel assistance	4,086,500	4,028,500
Uniform	182,988	1,760,517
Benevolent expenses	791,600	544,100
Children education allowance	195,200	267,550
Other expenses	698,371	664,747
<b>Total</b>	<b>391,957,584</b>	<b>417,103,874</b>

\* Includes stipend paid to the trainees / apprentices Rs.10,566,080.10 (Previous year Rs.7,459,308).  
The above schedule includes payments to wholetime Directors (including Chairman-cum-  
Managing Director). The details of salaries etc. are as under :

	2008-2009	2007-2008
No. of Directors	3	2
	Rs.	Rs.
(I) Salaries	1,896,828	1,120,290
(ii) Contribution to PF	200,015	117,023
(iii) Gratuity	77,315	350,000
(iv) Others (L.T.A., Leave Encashment, Group Insurance)	2,755	560,765



## SCHEDULE 16

**Other Expenses of Manufacture, Administration, Selling and Distribution**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
<b>Manufacturing expenses :</b>		
Stores, Spares and Tools	28,683,975	28,780,351
Power & Fuel	27,573,624	32,848,188
Repairs : a) Plant and Machinery	5,743,219	7,374,399
b) Factory Building	307,528	702,454
c) Non-Factory Building	1,760	675
d) Others	4,392,635	3,089,305
Research and Development	4,458,242	2,101,234
Fabrication Charges	-	19,688
Excise Duty (Net)	5,656,791	21,756,640
Cess Duty	50,507	194,256
Education Cess	171,219	658,527
	<u>77,039,500</u>	<u>97,525,717</u>
<b>Administrative expenses :</b>		
Rent	1,964,093	1,699,446
Postage, Telegram & Telephone	1,880,549	2,293,029
Directors' Sitting Fees	30,000	21,000
Directors' Travelling Expenses	987,171	740,066
Travelling Expenses	4,141,936	4,965,360
Printing and Stationery	1,261,835	1,463,871
Board Meeting Expenses	15,865	15,535
Legal Expenses	3,595,546	2,827,827
Consultancy Charges	4,371,330	29,306,118
Rates and Taxes	369,462	429,411
Vehicle Running and Maintenance	341,974	328,488
Bank Charges	1,671,867	1,442,287
Insurance	399,691	472,030
Miscellaneous Expenses	1,506,887	2,058,083
	<u>22,538,206</u>	<u>48,062,551</u>

**SCHEDULE 16 contd.**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
<b>Selling and Distribution expenses :</b>		
Demands and Interest on Taxes	74,415	196,850
Advertisement	1,468,433	4,227,787
Sales Promotion Expenses	59,954	64,887
Freight & Packing Expenses	10,675,099	14,341,287
Service Expenses ( Free Coupon/After Sales Service )	6,533,311	11,426,932
Cash Discount & Incentives	13,200,016	14,926,900
Entry Tax	3,665,409	-
Loss in Exchange Rate due to Fluctuation	-	175,979
	<u>35,676,637</u>	<u>45,360,622</u>
<b>Others</b>		
Bad and Doubtful Debts, Advances and others written off	372,152	188,965
Deferred Revenue Expenditure Written Off	791,769	990,759
Provision for Doubtful / Debts, Advances	1,920,118	7,109,968
Provision for inventory obsolescence	1,738,400	251,129
	<u>4,822,439</u>	<u>8,540,821</u>
<b>Total</b>	<u>140,076,782</u>	<u>199,489,711</u>

**SCHEDULE 17****Interest**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
<b>Interest on Loans and Advances from :</b>		
Government of India	8,515,253	9,357,641
Banks	22,438,094	29,902,586
Others	186,514	-
	<u>31,139,861</u>	<u>39,260,227</u>

**SCHEDULE 18****Prior Period Adjustments**

	Year Ended 31.3.2009 Rs.	Year Ended 31.3.2008 Rs.
<b>Provision For</b>		
Depreciation	331,991	-
Interest from Others	-1,849,806	-
	<u>-1,517,815</u>	<u>-</u>



## Schedule 19

### ACCOUNTING POLICIES

Annexed to and forming part of the Accounts

#### 1. SYSTEM OF ACCOUNTING :

(i) Basic assumptions :

The accounts have been prepared under historical cost convention on accrual basis and as per applicable Mandatory Accounting Standards.

(ii) Going concern :

Accounts have been prepared on the principle applicable to a going concern.

(iii) Use of Estimates :

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statement and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

#### 2. a) FIXED ASSETS :

(i) Fixed Assets are stated at original cost and are inclusive of all expenses to bring them to a state of use.

(ii) Land is valued at original cost.

(iii) The cost of the leasehold land is amortized over the lease span.

(iv) The tools manufactured departmentally costing individually Rs.5000 and below and/or having estimated average useful life of 5 years and below being of consumable nature are accounted for as revenue expenditure under relevant natural heads.

(v) Construction period expenses exclusively attributable to projects are capitalized.

(vi) Borrowing cost directly attributable in relation to acquisition, construction of assets that takes substantial period of time to get ready for its intended use are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as expenses in Profit & Loss Account in the year in which they are incurred.

#### b) INTANGIBLE ASSET :

Intangible assets are stated at cost of acquisition less accumulated amortisation. Technical Knowhow is amortised over the useful life of the underlying plant. Computer Software is amortised over a period of 6 years. Amortisation is done on straight line basis.

**c) IMPAIRMENT OF FIXED ASSET :**

The carrying values of fixed assets of the identified cash generating units (CGU) are reviewed for impairment at each Balance Sheet date. When events or changes in circumstances indicate that the carrying values may not be recoverable and the carrying amount exceeds the estimated recoverable amount, the assets of the CGU are written down to the recoverable amount and the impairment loss is recognized in the profit and loss account.

**3. DEPRECIATION :**

Premium on leasehold land is amortised over the period of lease.

Depreciation on other fixed assets is charged on straight-line method in accordance with rates prescribed in Schedule XIV to the Companies Act, 1956 as amended from time to time, except.

- (a) Plant, Machinery, Equipment and Jigs & Fixtures costing individually Rs. 5000 and below are depreciated fully in the year of purchase.
- (b) In case of tools where average estimated useful life is greater than five years but less than ten years, depreciation is charged @ 20% as was being done prior to introduction of Schedule XIV.

Depreciation is not provided on assets which have been declared surplus and are not in use. These are distinctively shown under other Current Assets at net realisable value.

**4. INVESTMENTS :**

Investments are valued at cost. However, in case of permanent diminution in the value of investments, suitable provision is made in the books of accounts.

**5. INVENTORIES :**

- (i) Raw materials, components, stores & spares, tools, consumables and other stocks are valued at cost (net of CENVAT) determined on FIFO Basis. Scrap and disposable goods are valued at estimated realisable value.
- (ii) Stock-in-trade is valued at lower of cost or realisable value.
- (iii) Work-in-progress is valued at cost. Where the jobs are in progress their conversion cost is taken at 50% of the standard cost regardless of the stage of completion. Completed jobs, including jobs pending inspection are valued at cost or realisable value whichever is less.
- (iv) Customs duty on bonded material is allocated to the cost of goods and equipment.



(v) Expenditure on stationery, uniform, medicine etc. is charged off to revenue at the time of receipt. But the stock remaining at the year end are credited to the revenue account at cost and shown as closing stock.

**6. DUTIES ON BONDED STOCK :**

Excise duty on finished stocks lying in bond is provided for, on the assessable value applicable for each product.

**7. PROVISION FOR REDUNDANCY/OBSOLESCENCE :**

A general provision for redundancy is made at 0.5% of the value of closing inventory of raw materials and components, stores and spares and loose tools and consumables. Wherever necessary, additional provision for redundancy/Obsolescence of inventory is made in individual cases keeping in view estimated realizable value.

**8. CENVAT**

Cenvat credit on eligible Revenue / Capital purchase is taken on receipt of such materials.

**9. SALES :**

Sales are set up as per the Sale of Goods Act. They represent value of goods sold at the ex-factory price plus incidentals like freight, insurance etc. embedded in the sale price.

**10. ACCOUNTING FOR INCOME AND EXPENDITURE :**

Income and expenditure are accounted for in the current year on accrual basis under natural heads of account.

**11. FOREIGN EXCHANGE VARIATION :**

All transactions denominated in foreign currencies are translated at the rate of exchange on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. Exchange differences arising on foreign currency transactions at the time of translation or settlement are included in the profit and loss account.

**12. RETIREMENT BENEFITS :**

Contribution to Provident Fund is made to the company's provident fund trust. The fund is compared to aggregate liability and shortfall if any is additionally contributed by the company and recognized as expenses.

Gratuity and Leave Encashment liability is ascertained on actuarial valuation. However, any deficit in funds managed by LIC as compared to the actuarial liability is recognised as liability immediately.

The compensation payable under Voluntary Retirement Scheme is amortised equally over a period of five financial years but not later than financial year ending on 31<sup>st</sup> March, 2010.

**13. RESEARCH AND DEVELOPMENT :**

Expenditure relating to product approvals including type approvals, consistency of production approvals from testing agencies and materials specifically procured for development of products are charged as Research & Development Expenses and other expenditure of Research and Development are charged off to the Profit and Loss Account under natural heads of accounts. Expenditure which results in creation of capital assets is taken to fixed assets and depreciation is provided as applicable. Prototype vehicles submitted to testing agencies are booked under finished goods.

**14. ACCOUNTING OF GOVERNMENT GRANT :**

- (i) Government Grant of revenue nature is accounted for in the Profit and Loss Account under the head other income to the extent the expenditure is charged to revenue as and when incurred.
- (ii) In case of any specific Government grant the treatment in the books of accounts is made on the basis of specific stipulation for the same.

**15. JOBS DONE FOR INTERNAL USE :**

Jobs done for internal use are valued on the basis of technical estimates of materials and conversion cost and are distinctly shown as a consolidated deduction from expenditures included in Profit & Loss Account.

**16. TAXES ON INCOME :**

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax on account of timing difference between taxable income and accounting income is provided considering the tax laws enacted or substantively enacted up to the Balance Sheet date.

**17. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES :****i) CONTINGENT LIABILITIES :**

- A. Show Cause Notices issued by various Government Authorities are not considered as Obligation.
- B. When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as disputed obligations.
- C. The treatment in respect of disputed obligations, in each case, are as under :
  - a) a provision is recognised in respect of present obligations where the outflow of resources is probable;
  - b) all other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.



**ii) CAPITAL COMMITMENTS :**

Estimated amount of contracts remaining to be executed on capital accounts, in each case, are considered for disclosure.

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**B.N. Raj**  
Financial Controller

**P. Muthusamy**  
Director (Finance)

**Ajai Kumar**  
Chairman-cum-Managing Director

As per our separate report of even  
date  
For Avnish K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow  
Date : 30<sup>th</sup> June, 2009

**Ishwar Dass**  
(Partner)  
Membership No.70785



## SCHEDULE 20

### Notes annexed to and forming part of the accounts

	As at 31.3.2009 Rs. in Lakhs	As at 31.3.2008 Rs. in Lakhs
1. Estimated amount of contracts (net of advances) remaining to be executed on Capital Accounts and not provided for.	75.94	98.45
2. Company is contingently liable for		
(i) Claims against the Company not acknowledged as debts.		
(a) Consumer Forum Cases (Refer Note 19)	15.31	6.24
(b) UP Govt.	98.55	98.55
(c) One case of Private party	8.73	8.73
(d) In connection with guarantee/ Indemnity given by SIL and UPSIDC to OBC.	351.52	958.39
(e) Demand Notice raised by Income Tax authorities.	10.46	-
(ii) Unfavourable Arbitration award in the matter between Ordinance Factory Board and the Company. (Refer Note 18)	162.83	147.03
(iii) Interest claimed by M/s UPSIC	Indeterminate	Indeterminate
(iv) Employees' Cases pending before various Court		
(a) In Labour Court	NIL	NIL
(b) In Others	Indeterminate	Indeterminate
(v) The Workmen Housing Colony (Refer Note No.6)	2412.00	2412.00
(vi) Wage revision (Refer Note No.16(i))	-	278.75
3. Sales-tax assessment both under UPVAT and CST have been completed upto financial year 2006-07. The Income-tax assessment has been completed upto assessment year 2006-07 (financial year ended on March 31, 2006). The company does not foresee any liability against pending assessment.		

#### 4. INVESTMENTS :

- (a) The Government of India approved participation in the equity share capital of M/s U.P. Instruments Ltd. (A State Government Undertaking) to the extent of Rs.15.68 lakhs, i.e., 49% of equity share capital and the Company/Nominees have so far invested Rs.1,550,300 towards equity share capital (Previous year Rs.1,550,300). The Company has been intimated that all assets including land, building and plant & machinery of UPIL has been sold through Committee constituted by U.P. State Government. Accordingly, the possible loss for the entire investment of Rs. 15.50 lakhs has been provided for in the Accounts.
  - (b) The Government of India approved participation in the equity shares of M/s UP Tyres & Tubes Ltd. (UPTT) (A State Government Undertaking) to the extent of Rs.52.28 lakhs, i.e., 49% of their equity share capital and the Company / Nominees have so far invested Rs.52.28 lakhs towards equity share capital (Previous year Rs.52.28 lakhs). As the net worth of UPTT has become negative, the estimated realisable value of the shares is considered as Nil. Accordingly, possible loss in the investment (Rs.52.28 lakhs) has been provided for in the Accounts.
  - (c) The company invested Rs. 57,000 in the shares of The Co-operative Electric Supply Society Limited in the year 1984. In absence of any information regarding the net worth of the company, a provision for the same has been made.
5. The balances in the debtors/creditors accounts, claims recoverable, loans and advances, assets/materials with third parties are subject to adjustments, if any, on reconciliation, as most of the above balances have not been confirmed or are showing balances different from SIL books. Details / confirmation of various deposits relating to Electricity, Customs- duty, Port Trust, Octroi, Sales-Tax, Landlord and certain parties are not available / obtained.
6. The Company is in physical possession of the land measuring 41 bigha, 3 biswa and 18 biswansi acquired for workmen's housing colony under "Own Your House Scheme". The compensation determined by the Land Acquisition Officer of U.P. Government amounting to Rs. 228,808.44 was paid by the Company. However, subsequently, some land owners entered into litigation for higher compensation before Nagar Mahapalika Tribunal against the State Government. The U.P. State Government has filed an appeal before the Hon'ble High Court Challenging the order of the Tribunal and final decision is still awaited. The Company has also been impleaded as a party to the said appeal. The additional liability on the part of the Company, if any, is not ascertainable.

As regards ceiling land measuring 24 bigha, 13 biswa and 16 biswansi, which is in physical possession of the Company, the Govt. of U.P. issued an order dated 3rd August 2000 giving above land to the Company for the purpose of Workmen Housing colony under "Own Your House Scheme" on lease for 90 years in consideration @ Rs. 4000 per bigha, amounting to Rs. 4.55 lakhs including premium. Payment was made but returned subsequently by U.P. Government. Thereafter, U.P. Government revised their earlier order vide their letter No. 919 (1) 1-12/2003-9151/87-92 dated 8.5.2003 demanding market price of Rs. 24.12 crores, which was contested by the Company. A recovery notice for Rs. 2412 lakhs in addition to collection charges was issued by Tehsildar, Lucknow.



Aggrieved by the recovery notice, Company filed a writ petition in Hon'ble High Court. The Court stayed recovery notice and ordered the Company to pay a sum of Rs. 4.55 lakhs to District Magistrate, Lucknow. It has been complied with. Final decision of the Court is awaited.

As regards another Forest land for Workmen Housing colony under "Own Your House Scheme" measuring 4 bighas and 13 biswa, which is in physical possession of the Company, for 90 years lease, the execution of conveyance deed with the State Government is pending due to delay in completion of procedural formalities by the Forest Department.

The land held for Workmen Housing colony under 'Own Your House Scheme" shall be transferred to workmen after complying with legal and other procedural formalities. Accordingly, the same has not been included in our Fixed Assets Schedule.

7. The Company held no security in respect of material lying with third parties/contractors to the tune of Rs. 60.22 lakhs (Previous year Rs. 92.55 lakhs), Fixed Asset with third party amounting to Rs. 9.66 lakhs (Previous year Rs. 9.66 lakhs) Provision available for material doubtful of recovery is Rs. 17.84 lakhs (Previous year Rs. 17.84 lakhs).
8. The Company is in physical possession of property at 64-65, Najafgarh Road, New Delhi where Regional Office, North Region is located, leased out to Scooters India Limited by M/s Ganesh Flour Mills Ltd. (since nationalised and vested in H.V.O.C. Ltd.). The lease agreement with M/s Ganesh Flour Mills Ltd. has expired in 1982-83. As there is no contractual document between the two Companies and based on legal opinion, no liability towards lease rent/royalty has been provided. The Company on record offered for one time settlement of Rs. 53.80 lakhs for transfer of land which has not been provided in the accounts pending clarity / decision in the matter.
9. The consumption of material is derived as a balancing figure by adding opening inventory with purchases during the year and deducting closing inventory.
10. (a) As on 31.03.2009 there is an outstanding of Rs. 103.64 lakhs (Previous year Rs. 111.01 Lakhs) against M/s Amausi Motors Limited, Lucknow. Pursuant to the agreement entered into by the company for liquidating the balance, the outstanding has come down during the year by Rs.7.37 Lakhs (Previous year Rs. 4.21 lakhs). The outstanding is expected to be liquidated in the following years.  
(b) Legal proceedings that are in progress for recovery of outstanding in case of 30 dealers, the amount involved as on 31-3-2009 is Rs. 339.12 Lakhs. (Previous year 31 dealers amounting to Rs. 340.76 lakhs) against which provision has been made.
11. Liability for Gravitry & Leave Encashment has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in Accounting Standard 15 the details of which are as hereunder.



(Rs. in Lakhs)

	As at 31.03.2009	As at 31.03.2009
Amount To be Recognised in Balance Sheet	Grauity	Leave Encashment
Present Value of Funded Obligation	3070.48	1444.01
Fair Value of Plan Assets	-1897.40	-730.87
Net Liability	1173.08	713.14
Amounts in Balance Sheet		
Liability	1173.08	713.14
Assets	-	-
Net Liability	1173.08	713.14
<b>Expenses to be Recognised in the statement of Profit &amp; Loss</b>		
Current Service cost	107.94	210.96
Interest on Defined Benefit Obligation	228.01	101.57
Expected Return on Plan Assets	-194.59	-61.78
Net Actuarial Losses / (Gains) Recognised in year	412.12	83.76
Total Included "Employees' Emoluments"	553.48	334.51
Actual Return on Plan Assets	187.06	65.08
<b>Reconciliation of Benefit Obligations &amp; Plan Assets For the Period</b>		
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	2942.10	1310.58
Current Service Cost	107.94	210.96
Interest Cost	228.01	101.57
Actuarial Losses / (Gain)	404.59	87.06
Benefits Paid	-612.16	-266.17
<b>Closing Defined Benefit Obligation</b>	3070.49	1444.01
Change in Fair Value of Assets		
<b>Opening Fair Value of Plan Assets</b>	2081.21	702.00
Expected Return on Plan Assets	194.59	61.78
Actuarial Gain / (Losses)	-7.52	-3.30
Contributions by Employer	-	-
Benefits Paid	-370.88	-36.21
<b>Closing Fair Value of Plan Assets</b>	1897.40	730.87
<b>Summary of the Actuarial Assumptions</b>		
Discount Rate	6.60%	6.60%
Expected Rate of Return on Assets	9.40%	9.30%
Salary Escalation Rate - Senior Staff	7.71%	7.71%
- Junior Staff	7.71%	7.71%



12. The Company is principally engaged in the business of manufacturing and sale of motor vehicles and spare-parts (Automobile). Accordingly, there are no other reportable segments as per AS-17 on segment accounting.
13. The Company does not have any related party transaction as defined in Accounting Standard-18.
14. As per guidelines issued under AS-28 "Impairment of Assets", the company has assessed and found that no indication of impairment exists in relation to assets as on 31-03-2009.
15. The Government of India, Ministry of Industry & Public Enterprises, Deptt. of Heavy Industry released funds amounting to Rs. Nil (Previous year Rs.160.00 lakhs) each towards plan loan & equity. During the year non plan loan of Rs. 945 lakhs (previous year Nil) was released by Government of India.
16. (i) Due to non approval of proposal for the revision of wages of workmen which was to be implemented with the effect from 1.8.2004 the amount paid to the workmen against the said revision amounting to Rs. 183.55 lakhs (Previous year Rs. 162.32 lakhs) is being shown as recoverable advance in the books of accounts :
  - (ii) As the Company is not meeting the criteria of the guidelines for revision of salary and wages to be implemented w.e.f. 1.1.2007, no provision has been made in the Accounts.
17. (i) The Company increased the authorised capital from Rs. 45 Crores to Rs. 75 Crores, in its Annual General Meeting held on 25<sup>th</sup> September, 2004. The Company had filed Form 5 and Form 23 along with requisite filing fee of Rs. 1,500,500/- with Registrar of Companies, Kanpur for its registration. The Registrar of Companies has returned the filing fee and advised the Company to approach the Central Government, for exempting filing fees in view of BIFR order under Section 632 in respect of previous increase from Rs. 8 crores to Rs. 45 crores. The Administrative Ministry i.e. Ministry of Heavy Industries & Public Enterprise, Department of Heavy Industry, vide letter No. 3(6)/2005-PE-VI dated 16<sup>th</sup> May, 2005 has recommended Ministry of Law Justice & Company Affairs for exemption for payment of filing fees in the first instance i.e. from Rs. 8 crores to Rs. 45 crores. The Company has not made provision for filing fee of Rs. 1,500,500/- in the Books of Accounts, pending receipt of final approval/



clarification. However, subsequent to implementation of MCA 21 the company's authorised capital has been shown as Rs. 75 crore by Registrar of Companies.

- (ii) Pending allotment of share to Central Government, the money received is classified as advance against share capital.

18. In the matter of arbitration case between Ordinance Factory Board and the Company, the Company filed a Review Petition before the Law Secretary on the merits of the case as allowed by the Committee on Disputes : The Review Petition dismissed by Law Secretary has not considered the issue on the merit of the case as pointed out by the Committee on Disputes and, therefore, the company has not recognized liability of Rs. 162.83 lakhs in the books of accounts and it is shown as contingent liability. Further course of action is under examination.

19. The amount involved in 14 cases (previous year 3 cases) of Consumer forum is estimated at Rs. 15.31 lakhs (previous year Rs. 6.24 lakhs). In remaining 78 cases (previous year 76 cases) the amount is indeterminate.

20. Earnings per share (EPS) :

	<u>2008-09</u>	<u>2007-08</u>
Profit as per Profit & Loss Account (Rs. In lakhs)	<b>-2765.43</b>	-2247.28
Average number of Equity shares (Face value Rs. 10 each)	<b>42,992,255</b>	42,992,255
Basic and diluted EPS (In Rupees)	<b>-6.43</b>	-5.23
Basic and diluted EPS without Prior period Items (in Rupees)	<b>-6.47</b>	-5.23

21. In absence of information from vendors with regard to their registration (filing of memorandum) under The Micro, Small Medium Enterprises Development Act, 2006, no disclosure have been made in this regard.

22. Based on the legal opinion, revenue recognition in respect of certain royalty income has been done on the basis of commercial agreement executed without the authority of Board notwithstanding the impact thereof to the company.



23. Computation of deferred tax is tabulated below :

Particulars	As at 31 <sup>st</sup> March, 09	As at 31 <sup>st</sup> March, 08
<b>(A) Deferred tax liability</b>		
On account of timing difference with regard to depreciation	24,137,922	23,438,418
On account of timing difference with regard to deferred revenue expenditure	198,224	462,358
Total (A)	24,336,146	23,900,776
<b>(B) Deferred tax Assets</b>		
On account of timing difference with regard to disallowance of provision in Income Tax.	22,138,164	20,974,338
On account of timing difference with regard to unabsorbed depreciation and carry forward losses	281,299,880	188,776,347
Total (B)	303,438,044	209,750,685
<b>Deferred Tax Assets (B-A)</b>	279,101,898	185,849,909

In consideration of prudence, the above deferred tax assets aggregating to Rs. 279,101,898 (Previous Year 185,849,909) has not been recognised by the Company in the financial statements in the current year, since it is not virtually certain whether the Company will have sufficient taxable income in near future against which such deferred tax assets can be realised. The same would be considered at appropriate time keeping in view the availability of sufficient future taxable income against which Deferred Tax Assets can be realized.

24. Schedule No.9 (ii) includes provision for warranty, the details of which are given below :

	Particulars	2008-2009	2007-2008
	Opening Balance	2,935,000	3,735,350
<b>Add :</b>	Provision for the year (net) including additional/less provision for earlier years	888,436	3,028,865
	Total	3,823,436	6,764,215
<b>Less :</b>	Payment/Debits	1,678,436	3,829,215
	Closing Balance	2,145,000	2,935,000



25. The changes effected in Accounting Policies of (a) Fixed Assets, (b) Depreciation, (c) Foreign Exchange and (d) Provisions for redundancy/obsolescence are intended to bring in clarity on the current practices being followed by the Company. There is no additional financial implication due to the changes.
26. Previous year's figures have been regrouped, rearranged and recast, wherever necessary, to make them comparable with those of the current year.
27. Figures have been rounded off to the nearest rupee.

**B.N. Raj**  
Financial Controller

**P. Muthusamy**  
Director (Finance)

**Ajai Kumar**  
Chairman-cum-Managing Director

As per our separate report of even  
date  
For Avanish K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow  
Date : 30<sup>th</sup> June, 2009

**Ishwar Dass**  
(Partner)  
Membership No.70785

**SCHEDULE 21****Additional Information pursuant to Schedule VI part II of the Companies Act, 1956  
Profit & Loss Account****1. Licenced and installed capacity and production (In physical terms Unit - Nos.)**

	Installed Capacity		Production	
	2008-09	2007-08	2008-09	2007-08
Three-wheeler	16,500	16,500	10,107	11,512

Installed Capacity as certified by the Management and relied upon by Auditors, being a technical matter.

**2. Stock and Turnover for the year ended March 31, 2009**

	Stocks					
	At commencement		At Close		Turnover	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
Vikram Three Wheeler	1,426 (2,165)	138,438,299 (216702031)	365 (1426)	16,326,457 (138438299)	11,139 (12221)	1,187,203,418 (1347721700)
Spares and Components	- (-)	11,535,991 (13441656)	- (-)	9,476,342 (11535991)	- (-)	73,888,400 (90288436)
Petrol Pump Stock* (Quantity in Ltrs.)	29,372 (31986)	1,226,298 (1192757)	33,522 (29372)	766,428 (1226298)	2,404,470 (2195417)	94,730,097 (83493374)

**Explanatory Notes :**

\* Includes value of empty drums containers etc lying in Petrol Pump stock.

- (1) Figures in brackets relate to previous year.
- (2) Turnover excludes 29 Vikram three-wheeler dismantled during the year (Previous year 30 Vikram three-wheeler)
- (3) Petrol Pump turnover represents the sale of Diesel, Petrol & other Oil & Lubricants. The Company purchased 24,08,641 ltrs. of Diesel/Petrol during the year (Previous Year 21,94,155 ltrs). There has been evaporation loss of 21.72 ltrs. (Previous Year 1352.4 ltrs.)
- (4) Turnover includes the following export sales

	2008-2009		2007-2008	
	Nos.	Rs.	Nos.	Rs.
Vikram Three-Wheeler	14	1,470,806	14	1,394,641
Spares/components	-	7,372,840	-	2,708,122

Note : Export sales includes deemed export of Rs. 12,15,376 (Previous Year Rs. 20,41,136).



## Schedule 21 contd.

**3 C.I.F. Value of Imports, Expenditure and Earnings in foreign currencies.**

	2008-2009 Rs.	2007-2008 Rs.
<b>A. C.I.F. Value of Imports</b>		
Spare parts/Components	673,981	-
Capital goods	-	-
Others	153,504	71,444
	<u>827,485</u>	<u>71,444</u>
<b>B. Expenditure in foreign currencies</b>		
On account of royalty, know-how, professional, consultation fees, interest, provisions and others.	132,465	1,539,313
	<u>132,465</u>	<u>1,539,313</u>
<b>C. Earnings in foreign currencies</b>		
Export of goods calculated on F.O.B. Basis*	7,628,270	2,061,627
Royalty	16,020,463	16,732,397
	<u>23,648,733</u>	<u>18,794,024</u>

**Explanatory Notes :-**

1. Earnings in foreign currencies are after adjustment of gain or loss on exchange rates as applicable.  
\* Export Sales does not include Deemed Export.

**4 Details of Raw Materials consumed****(i) Raw Materials (including spare parts) and Components.**

Materials	Unit	2008-2009		2007-2008	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Ferrous	Kg.	2,122,127	60,983,379	2,931,223	85,826,847
	Mtrs.	63,783	26,763,501	75,971	22,214,551
Non-ferrous	Kg.	125,526	16,674,816	188,159	24,401,256
B.O.S.F.	-	-	196,462,005	-	214,816,764
Tyres & Tubes	Nos.	79,566	40,189,188	97,532	41,750,613
Spare parts & Components -	-	-	399,781,678	-	429,618,728
			<u>740,854,567</u>		<u>818,628,759</u>

**(ii) Value of imported and indigenous raw materials consumed (including spare-parts and components)**

	2008-2009		2007-2008	
	Rs.	%	Rs.	%
(a) Imported (CIF, custom duty and other charges)	842,760	0.09	-	-
(b) Indigenous	740,011,807	99.91	818,628,759	100.00
	<u>740,854,567</u>	<u>100.00</u>	<u>818,628,759</u>	<u>100.00</u>

**SCHEDULE 21 contd.****5 Auditor's Remuneration**

	2008-2009 Rs.	2007-2008 Rs.
(a) Statutory Auditor's Audit fee	66,180	67,416
(b) Fee for Certification.	37,500	37,500
	<u>103,680</u>	<u>104,916</u>

The above figures includes service tax.

**B.N. Raj**  
Financial Controller

**P. Muthusamy**  
Director (Finance)

**Ajai Kumar**  
Chairman-cum-Managing Director

As per our separate report of even date  
For Avanish K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow  
Date : 30<sup>th</sup> June, 2009

**Ishwar Dass**  
(Partner)  
Membership No.70785



## SCHEDULE 22

Additional information relating to Balance-Sheet abstract and Company's General Business Profile as per Part IV of Schedule VI to the Companies Act, 1956, Annexed.

**BALANCE-SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

<b>I Registration details :</b>		
Registraton Number		3599 of 1972-73
State Code		20 (Uttar Pradesh)
Balance Sheet date		31.03.2009
<b>II Capital raised during the year :</b>		
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private placement		NIL
Advance against equity capital-G.O.I.		-
<b>III Position of mobilisation and deployment of funds :</b>		
Total liabilities		778,065,112
Total assets		778,065,112
<b>Sources of funds :</b>		
a) Paid up capital		534,838,188
b) Reserves and surplus		926,083
c) Secured loans		76,983,655
d) Unsecured loans		165,317,186
<b>Application of funds :</b>		
a) Net fixed assets		180,838,169
b) Investments		-
c) Net current assets		31,538,641
d) Miscellaneous expenditure		594,196
e) Accumulated losses		565,094,106
<b>IV Performance of company :</b>		
a) Turnover (Gross)		1,355,821,915
b) Total expenditure		1,409,840,477
c) Profit before tax		-275,867,024
d) Profit after tax		-276,543,198
e) Earning per share in rupees excluding advance received from Govt. of India		-6.43
f) Dividend rate (%)		NIL
<b>V Generic names of two principal products of the company :</b>		
<u>Product description</u>		<u>ITC - Code</u>
Motorised Three - Wheeler Chassis		870631
Motorised Three - Wheelers		870310

**B.N. Raj**  
Financial Controller

**P. Muthusamy**  
Director (Finance)

**Ajai Kumar**  
Chairman-cum-Managing Director

As per our separate report of even date  
For Avnish K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow  
Date : 30<sup>th</sup> June, 2009

**Ishwar Dass**  
(Partner)  
Membership No.70785



## SCHEDULE 23

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009.

Particulars	Current Year Rs.	Previous year Rs.
<b>Cash flow from operating activities :</b>		
Net Profit/(Loss) before Tax and extra ordinary items	-277,384,839	-224,323,040
Adjustment for :		
<u>Depreciation</u>		
(i) For Current Year	17,722,765	18,330,022
(ii) For Prior Period	-	-
<u>Deferred Revenue Expenditure</u>		
(i) Written Off for The Year	791,769	990,759
(ii) Addition For the Year	-	-
Provision for Loss in Value of Investment	-	-
Provision/Written off for Doubtful Debts	2,292,270	7,298,933
Provision for inventory Obsolescence	1,738,400	251,129
Interest Income	-18,007,484	-34,715,435
Interest Paid	31,139,861	39,260,227
(Profit)/Loss in exchange rate change	-29,625	175,979
(Profit)/Loss on sale of fixed assets	-	51,992
Operating profit before working capital changes	-241,736,884	-192,679,434
Adjustment for :		
Trade receivables	14,718,403	-1,363,231
Inventories	164,959,690	110,268,328
Other current assets	449,532	6,128,360
Loans & advances	-716,552	-11,500,979
Trade payables	17,898,055	-57,614,727
Cash generated/(Loss) from operations :	-44,427,755	-146,761,683
Less Taxes paid :		
Income Tax	-	-
Fringe Benefit Tax	-676,174	-405,000
<b>Cash in flow/(outflow) before extra ordinary items</b>	<b>-45,103,929</b>	<b>-147,166,683</b>
Extra ordinary items :		
Prior Period Adjustment	1,517,816	-
(Loss) /Gain in exchange rate	29,625	-175,979
<b>Net cash from operating activities</b>	<b>-43,556,489</b>	<b>-147,342,662</b>
Increase in fixed assets / capital expenditure	-9,594,386	-17,580,762
Sale / Adjustments of fixed assets	195,071	324,933
Interest Income	18,007,484	34,715,435
<b>Net cash used in investing activities</b>	<b>8,608,170</b>	<b>17,459,606</b>
<b>Cash flow from financing activities :</b>		
Interest paid	-31,139,861	-39,260,227
Increase in share capital	-	16,000,000
Repayment of term loan to G.O.I.	-9,500,000	-22,065,710
Receipt of long term loan from G.O.I.	94,500,000	16,000,000
Repayment of long term loan to PICUP	-	-5,413,334
(Decrease) / Increase in cash credit limits	-74,613,926	-36,009,990
<b>Net cash used in financing activities</b>	<b>-20,753,788</b>	<b>-70,749,261</b>
Net increase / (decrease) in cash and cash equivalents	-55,702,107	-200,632,317
Cash and cash equivalents (Opening balance)	240,152,043	440,784,360
Cash and cash equivalents (Closing balance)	184,449,936	240,152,043

**Notes to the Cash Flow Statement**
**1. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and cheques on hand and balances with banks and investment in short term deposit accounts. Cash and cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts.

Cash and cash equivalents as at 31st March'09/31st March'08	For the FY 2008-09	For the FY 2007-08
Cash and stamps in hand	352,486	251,455
Cheques in hand	2,455,500	11,736,569
Term Deposits with Scheduled Banks	168,765,495	200,339,299
Balance with Scheduled Banks	12,876,455	27,824,720
Unsecured loans from scheduled banks/ ICDs/CPs		
Cash and Cash Equivalents as restated	184,449,936	240,152,043
Net change in cash and Cash equivalents	-55,702,107	-200,632,317

**2. Cash & Cash Equivalent includes :**

- Term Deposits for Rs. 112,764,534 (Previous year Rs. 98,357,904) held against L.C. Margin.
  - Term Deposits for Rs. NIL (Previous year Rs. 150,000,000) held against OD Limit with I.O.B. Lucknow
  - Term Deposits for Rs. NIL (Previous year Rs. 733,100) held against Bank Guarantee, Sales Tax Case with I.O.B. Chennai.
  - Term Deposits for Rs. 4,021,036 (Previous year Rs. 3,766,948) for E.S.I. Case.
3. "Non-Cash items" comprise of provisions for inventory Obsolescences, Provisions for bad & Doubtful debts. depreciation, provision for loss in value of investment and write off of Deferred Revenue Expenditure.

**B.N. Raj**  
Financial Controller

**P. Muthusamy**  
Director (Finance)

**Ajai Kumar**  
Chairman-cum-Managing Director

As per our separate report of even date  
For Avaniish, K. Rastogi & Associates  
Chartered Accountants

Place : Lucknow  
Date : 30.03.2009

**Ishwar Dass**  
(Partner)  
Membership No.70785



## NOTICE

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the members of Scooters India Limited will be held at **3.00 p.m. on Friday, the 25<sup>th</sup> September, 2009** at Sahkarita Bhawan Auditorium, 14, Vidhan Sabha Marg, Lucknow to transact the following business :

### **Ordinary Business :**

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Auditors' Report and the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31.03.2009.
2. To appoint a director in place of Mr. P. P. Sarkar, who retires by rotation and being eligible has offered himself for re-appointment.
3. To appoint a director in place of Mr. Vikarm Gulati, who retires by rotation and being eligible has offered himself for re-appointment.
4. To appoint a director in place of Mr. S.K. Tripathi, who retires by rotation and being eligible has offered himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification, the following resolutions as a Special Resolution :

"RESOLVED that pursuant to Section 224(8) (aa) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the remuneration of the Statutory Auditors appointed by Comptroller & Auditor General of India (C & AG) under section 619(2) of the said act, be and is hereby approved to be fixed at Rs. 60,000/- for the year 2009-2010.

By order of the Board of Directors

**Ajai Kumar**  
Chairman-cum-Managing Director

Place : Lucknow

Date : 25<sup>th</sup> August, 2009



**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED AT THE END OF ANNUAL REPORT.**
2. *Only Members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first holder is same, only the first joint holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.*
3. The Register of Members and the Share Transfer Books of the Company will remain closed from **15.9.2009** to **25.9.2009** (both days inclusive).
4. Members seeking further information on Accounts or any matter contained in the Notice, are requested to write to the company at least 10 days before the meeting so that relevant information can be kept ready at the meeting.
5. Members/Proxies attending the meeting are requested to bring their copy of Annual Report and exchange, the duly filled attendance slip attached, with entry slip for entrance to the meeting hall.
6. Members should notify change in their addresses, if any, specifying full address with **PIN CODE** to the Company's registered office quoting their registered Folio No.
7. If shares are held under more than one folio, the same may kindly be consolidated for convenient reference.
8. Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance Slip.
9. Member can avail of nomination facility by filling Form 2 B, as prescribed under Companies (Central Governments) General Rules & Forms, 1956, with the Company. Blank forms will be supplied on request.



**Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the Directors.**

**Shri Ajai Kumar**, M.Tech. (Mechanical), IIT-Kanpur, started his career with Oil & Natural Gas Corporation Limited and served in various positions and places. Before joining SIL as CMD on 23<sup>rd</sup> April 2008 he was with the assignment of Head Central Workshop, ONGC, Sivasagar (Assam).

**Shri P. Muthusamy** - B.Com, AICWA, Started his career with Indian Oil Corporation Limited in 1981 and served in various positions in finance function. Later he joined Numaligarh Refinery Ltd., a subsidiary of Bharat Petroleum Corporation Limited. He has joined the company as Director (Finance) w.e.f. 12.9.2006 and also held the additional charge of CMD w.e.f. 13.4.2007 to 22.4.2008.

**Shri P.P. Sarkar** - holds a B.Tech (Mech.) degree from Indian Institute of Technology, Kanpur and PGDBM degree from Indian Institute of Management, Kolkata. Prior to joining the organisation he has worked as Superintending Engineer in ONGC. He has joined the company as Director (Tech.) w.e.f. 16<sup>th</sup> May, 2007.

**Shri Vikram Gulati** - holds PGDM from MDI, Gurgaon and M.Sc. from Delhi University, Gold Medalist for CGPA in the MBA program. Before being nominated to the Board of SIL, he has also worked as Government nominated Director in BSCL, BBJ, BCL, HMT (Watches), Praga Tools, Chinar Watches etc. At present he is holding Directorship in Tyre Corporation of India and Member Governing Council of Fluid Control Research Institute, Palghat, Kerala. He has joined the company as a Government of India, Nominee Director w.e.f. 16.11.2007

**Shri S. Chakraborty** - holds a M. Stats. degree from ISI, Kolkata. He is the Director of Jaipuria Institute of Management; Lucknow. He has been engaged in teaching, research, training and consultancy activities for nearly 35 years. He has joined the company as Independent Director w.e.f. 31.1.2007.

**Shri P.K. Brahma** - holds M.A. (Eco.) from Presidency College (Calcutta University), Speciality in Banking and currency, Masters diploma in Public Administration (IIPA), M.Phil from JNU, PHD (incomplete) Lecturer in Economics in Vidyasagar College, Kolkata before joining Indian Audit and Accounts Service. He has joined the company as Independent Director w.e.f. 8.2.2007.

**Shri S.K. Tripathi** - holds a post graduate degree in Physics from Lucknow University, joined the IAS-UP Cadre in 1966 and rose to senior positions during a career span of almost 38 years. He was also the MD/Chairman of several Public Sector Undertakings and was recruited to the position of Secretary in various departments of the Govt. of UP. He retired from IAS on 31<sup>st</sup> March, 2004 on attaining the age of superannuation. He has joined the company as Independent Director w.e.f. 6.7.2007.







CUT HERE

**Attendance Card**  
**SCOOTERS INDIA LIMITED**

(A Government of India Enterprise)  
Registered Office : Lucknow - Kanpur Road,  
(16<sup>th</sup> Mile Stone), Post Bag No. 23 (G.P.O.),  
P.O. Sarojini Nagar, Lucknow - 226 008.

Attendance Card

Regd. Folio / Client ID No.	
No. of Shares held	

I/We hereby record my/our presence at the **37<sup>th</sup> Annual General Meeting** of the Company held on Friday, 25<sup>th</sup> September, 2009 at 3.00 p.m. at Sahakarita Bhawan Auditorium, 14, Vidhan Sabha Marg, Lucknow-226001.

Name of the Shareholder : (In Block Letters)	_____
Signature of the Shareholder :	_____
Name of the Proxy : (In Block Letters)	_____
Signature of the Proxy :	_____

Notes :

1. You are requested to sign and hand this over at the entrance.
2. If you are attending the meeting in person or by proxy, your copy of the Annual Report may please be brought by you/your proxy for reference at the meeting.

**PROXY**

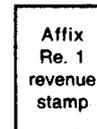
**SCOOTERS INDIA LIMITED**

(A Government of India Enterprise)  
Registered Office : Lucknow - Kanpur Road,  
(16<sup>th</sup> Mile Stone), Post Bag No. 23 (G.P.O.),  
P.O. Sarojini Nagar, Lucknow - 226 008.

Form of Proxy

Regd. Folio / Client ID No.	
No. of Shares held	

I/We .....  
..... of ..... in the  
district of.....  
being a MEMBER/MEMBERS of the abovenamed Company  
hereby appoint..... of  
..... in the  
district of..... as my/our  
proxy to vote for me/us on my/our behalf at the **37<sup>th</sup> Annual General Meeting** of the Company to be held on **25<sup>th</sup> September, 2009** and at any adjournment thereof.



**Signature**

Signed this ..... day of ..... 2009.

**NOTE : THIS PROXY FORM DULY FILLED IN MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT SCOOTERS INDIA LIMITED, POST BOX NO. 23, SAROJININAGAR P.O., LUCKNOW-226008 NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**

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## BOOK POST

UNDER CERTIFICATE OF POSTING

*If undelivered please return to :*

**SCOOTERS INDIA LIMITED**

(A Government of India Enterprise)

Registered Office : Lucknow - Kanpur Road,

(16<sup>th</sup> Mile Stone), Post Bag No. 23 (G.P.O.),

P.O. Sarojini Nagar, Lucknow - 226 008.