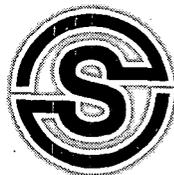


38th ANNUAL REPORT

2009-10



Scooters India Limited

(A Government of India Enterprise)

An ISO 9001 Company



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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
 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 till 05.07.2010
 Shri P. K. Brahma - Director w.e.f. 08.02.2007 till 07.02.2010
 Prof. S. Chakraborty - Director w.e.f. 31.01.2007 till 30.01.2010

Statutory Auditor

S. Srivastava & Co.
 Chartered Accountants
 1/12, Vivek Khand, Gomti Nagar,
 Lucknow-226010

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,
 (16th Mile Stone),
 Post Bag No. 23 (GPO),
 (P.O.) Sarojini Nagar,
 Lucknow-226008.

Registrar & Transfer Agent

Skyline Financial Services Pvt. Ltd.,
 D-153/A, 1st Floor, Okhla
 Industrial Area Phase-1,
 New Delhi-110020
 Tel. : 011-26812682, 83 & 84
 Fax : 011-26812681

INTERNAL AUDITORS

M/s Dhirendra Tripathi & Co.,
 Chartered Accountants,
 C-121, Indira Nagar,
 Lucknow-226 016.

M/s A.K. Mukherjee & Co.
 Chartered Accountants,
 58/1, Kali Banerjee Lane,
 Howrah-711 101.

M/s Jayaswal Associates,
 Chartered Accountants,
 A-160, IInd Floor,
 Vikas Marg, Shakarpur,
 Delhi-110 092.

M/s R. Balaji & Co.
 Chartered Accountants,
 New No.2, Balaji Street,
 Rangarajapuram,
 Chennai-600 024.

M/s Karandikar & Co.
 Chartered Accountants,
 6, Amit Complex,
 474-B, Sadashiv Peth
 Opp. New English School
 Tilak Road, Pune-411030

M/s K.S. Ramakrishna & Co.
 Chartered Accountants,
 285 & 286, 2nd Floor,
 Chenoy Trade Centre,
 'C' Block, Park Lane,
 Secunderabad-500 003.

STOCK EXCHANGES

The Delhi Stock Exchange
 Association Ltd.,
 DSE House,
 3/1 Asaf Ali Road,
 New Delhi - 110002

Bombay Stock Exchange Ltd.,
 1st Floor,
 Phiroze Jeejeebhoy Towers,
 Dalal Street,
 Mumbai - 400001

**DIRECTORS' REPORT**

Dear Shareholders,

The Board of Directors of your Company is pleased to present the **38th 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 31st March, 2010.

1. PRODUCTION REVIEW :

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

Description	<u>2008-2009</u>	<u>2009-2010</u>
Three wheelers	10,107	12,178

2. SALES REVIEW :

The Sales performance for the year is shown below :

Description	<u>2008-2009</u>		<u>2009-2010</u>	
	Physical (in Nos.)	Financial (Rs. in lakhs)	Physical (in Nos.)	Financial (Rs. in lakhs)
Three Wheelers	11,139	11,872.03	11,720	12,492.07
Spares	-	738.88	-	468.03
Petrol, Diesel, Lubricants etc.	-	947.30	-	1,024.34
Other Sales	-	104.05	-	73.63
TOTAL	-	<u>13,662.26</u>	-	<u>14,058.07</u>

3. FINANCIAL REVIEW :

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

	<u>2008-2009</u>	<u>2009-2010</u>
a) Profit/(Loss) before Depreciation	(2,599.94)	(2,637.40)
b) Depreciation	173.91	151.44
c) Profit/(Loss) for the year	(2,773.85)	(2,788.84)
d) Prior period adjustment	15.18	(11.70)
e) Income Tax	-	-
f) FBT	6.76	-
Net Profit/(Loss) (PAT)	<u>(2,765.43)</u>	<u>(2,800.54)</u>

The production and sales performance of the Company improved during the year under report. However the company registered a loss of Rs. 28.01 crores (including extra-ordinary provision of Rs. 5.77 crores on account of enhancement of entitlement limit of gratuity from Rs. 3.5 lacs to Rs. 10 lacs) compared to Rs. 27.65 crores in the previous year.

4. CONTRIBUTION TO NATIONAL EXCHEQUER

The company has contributed a sum of Rs. 2,700.00 lakhs to the exchequer during the period under review.



5. EXPORTS

The company has achieved exports of Rs. 23.71 lakhs during the period under review. The royalty income by way of foreign exchange remittances amounted to Rs. 134.96 lakhs during the year.

6. MANAGEMENT DISCUSSION AND ANALYSIS:

(A) Mission, Vision & Objective

- Vision** 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.
- Mission** To fulfill customers' needs for economic and safe mode of road transport and quality engineering products through contemporary technologies.
- Objective**
- Providing economical and safe means of transportation with contemporary technology for movement of cargo and people.
 - Providing eco-friendly, flawless and reliable products of high quality to fulfil customer needs.
 - Achieving customers' satisfaction by providing products and services at competitive price.
 - Improving and upgrading present 3-wheeler products including engines to achieve growth in market share.
 - Improve productivity by skilful addition of Jigs & fixtures, wherever required, servicing of old machines and replacing whenever necessary, introducing modern manufacturing and quality assurance practice.
 - Empower employees of SIL with knowledge and skills to the extent that they will be capable of managing sustained growth rate with minimal support.

(B) MARKET SCENARIO

- (i) The total number of 3-wheelers produced and sold in the domestic market by manufacturers in India during the year 2009-10 as against 2008-09 is given below :

<u>Category</u>	<u>Production</u>	
	<u>Apr.08-Mar.09</u>	<u>Apr.09-Mar.10</u>
<u>Segment/Sub-segment</u>		
Passenger Carrier	4,17,434	5,30,203
Goods Carrier	79,586	88,890
Total :	4,97,020	6,19,093
	<u>Sales</u>	
Passenger Carrier	2,68,463	3,49,662
Goods Carrier	81,264	90,706
Total :	3,49,727	4,40,368

Note : Sales excludes Export of 1,48,066 Nos. in 2008-09 and 1,73,282 Nos. in 2009-10.

Source-SIAM

Scooters India Limited has been a pioneer in bringing out various models of 3-wheelers running on diesel, electric and CNG 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 83.82% in 2009-10 (SIL sales 2709 Nos. out of 3232 Nos.) as against 66.20% in 2008-09 (SIL sales 2840 Nos. out of 4290 Nos.). With Govt. of India notification regarding implementation of BS-III norms across the country from 1st April 2010, the company has got its all five models certified for BS-III pollution norms from ARAI, Pune.

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

- Fast development of infrastructure and focus of both Central as well as State Govt. on infrastructure mainly on roads the demand of 3-wheeler has seen as upward trend. The demand driver for 3-wheeler are its affordability as an economical viable transport solution, however, the demand for 3-wheeler passenger carrier is driven by availability of permits issued by various RTOs.
- Increased demand from semi-urban & rural areas for 3-wheelers having high product maneuverability and drivability.
- Suitability for congested Indian road and tropical conditions.
- Self employment opportunity for a large no. of youths especially as the Govt. has focused on various schemes for the unemployed youth.
- 3-wheeler of smaller capacity are in great demand in load carrier segment which is set to increase because of increase in retail marketing across the country resulting in faster and cheaper transportation in 0.5 ton - 1 ton segment which is entered by smaller 3-wheeler.

(C) Resources and Liquidity :

In view of the continuing cash losses, the company's liquidity position was under extreme strain and the Company received non-plan salary support of Rs. 28.43 crores from GOI for disbursement of salary and wages for the month of April to Sept. 2009, salary support for Oct. to Dec. 2009 by way of non plan support of Rs. 10.93 crores was received in June 2010 and accordingly the same was disbursed.

(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 :

- ❖ Growing automobile sector including three-wheelers.
- ❖ Untapped markets-Rural, South, West & Exports
- ❖ Developing hub and spoke transportation model.
- ❖ Increasing allocation of funds for poverty alleviation under various Govt. Schemes like PMRY, SC/ST, NREGP etc.
- ❖ Rapidly growing awareness about vehicular pollution leading to policy formulation for increase use of alternate fuel vehicles.
- ❖ Options for technology infusion.
- ❖ Rapidly growing GAIL network for CNG/LPG supply.

E.2 Threats :

- ❖ Increase in product substitution effect by rapidly growing 4WSCV.
- ❖ Increase in competition both from organized and unorganized players.



- ❖ Strict enforcement of the pollution norms and Passenger Vehicle permits.
- ❖ Increased customer expectations.
- ❖ Suitable engine for Bajaj dominated small A1 segment Passenger Carrier, i.e. 200cc, not yet available.

(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 & margins.
- ❖ 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 Sept. 2010.
- ❖ Employees aspiration for effecting revision in salary and wages and increase in retirement age from 58 to 60 years.

(ii) Strategic Road Map :

There has been positive growth in Auto sector in India in line with economic trends during the past year. The performance of your company has improved in comparison to the previous year, however growth has not been matching up with the growth in Auto sector due to various reasons including low productivity. The Company has been declared sick and referred to BIFR under section 15 (1) of SICA, 1985. M/s Price Waterhouse Coopers were appointed for preparation of comprehensive Business Plan for revival of the company. The Business Plan for revival of SIL is under consideration of the GOI.

7. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY :

An expenditure of Rs. 6.25 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 1.4.2010 TO DATE :

No material change and commitments have been made by the company from 01-04-10 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 1.4.2009 to 31.3.2010, the industrial relations in the Company continued to be under stress mainly due to non fulfillment of employees aspirations in wake of financial crises.

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 03.11.2009 to 07.11.2009.

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 31.3.2010, the total strength of the Company is 1205. Out of these, 265 employees belong to Scheduled Castes and 03 employees to Scheduled Tribe.

16. DIRECTORS :

Shri Ajai Kumar & Shri P. Muthusamy 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. Term of Shri S. Chakraborty, Shri P.K. Brahma & Shri S.K. Tripathi, Part time Non official Directors (Independent Directors) completed on 30.01.2010, 07.02.2010 & 05.07.2010 respectively. The Board records the appreciation for contribution made by aforesaid Independent Directors during their association with the Company. The Company has taken up the matter with DHI for filling up the vacant positions on the Board.

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 31st March 2010, 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 31st March 2010 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. 398.80 lakhs and interest of Rs. 228.37 lakhs during the period under review.

21. AUDITORS REPORT :

M/s S. Srivastava & Co., Chartered Accountants have been appointed by the Comptroller and Auditor General of India, as Statutory Auditors of the Company for the year 2009-10. The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2010 alongwith Management replies are enclosed at Annexure-III & V.

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 by the Govt. of India, Ministry of Corporate Affairs, for auditing cost records relating to manufacture of Motor Vehicles for the financial year ending 31st March 2010.

23. CORPORATE GOVERNANCE :

A certificate from M/s S. Srivastava & Co., 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 to this report.



24. REFERENCE TO BIFR/BRPSE :

On 18th February, 2010, BIFR has declared the Company as sick industrial company in terms of the provisions of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) on reference being made after full erosion of the Networth of the Company, as per annual accounts for the year ended at 31st March, 2009. Your Company being a Central PSU has also been referred to BRPSE in addition to BIFR.

The business plan for revival of SIL is under consideration of GOI.

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 and Public Enterprises, BIFR, BRPSE, 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 27th, 2010

**ANNEXURE - I****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 0.01 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 for cutting down operational cost and administrative expenses 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. 160.21 lakhs** in the previous year to **Rs. 134.96 lakhs** in the current year. Foreign Exchange earned by way of export of goods is **Rs. 16.18 lakhs** in 2009-10 as compared to **Rs. 76.28 lakhs** during previous year.

(b) Earnings and Outgo :

	<u>2008-2009</u>	<u>2009-2010</u>
		(Rs. in lakhs)
Foreign Exchange earnings	236.49	151.13
Foreign Exchange outgo	1.32	48.11



Form - A

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

Description	2008-2009	2009-2010
A. Power and fuel consumption		
1. Electricity		
a) Purchased		
Unit*	5,184,600	5,182,800
Total Amount (Rs.)	26,221,790	26,066,903
Rate / Unit (Rs.)	5.0576	5.0295
b) Own Generation		
i) Through Diesel Generator		
Unit*	2,400	11,570
Units per litre of diesel oil	1,367	1,989
Cost / Unit (Rs.)	23.69	18,696
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
2. Coal	N.A.	N.A.
Quantity (Ton)	NIL	NIL
Total Cost	NIL	NIL
Average rate	NIL	NIL
3. (a) Furnace Oil		
Quantity (Ton)	45.145	48.00
Total Amount (Rs.)	1,622,511.30	1,429,440.00
Average Rate per Kg. (Rs.)	35.94	29.78
(b) Light Diesel Oil		
Quantity (Kilo litres)	96.000	9.400
Total Amount (Rs.)	4,690,560	293,650
Average Rate per Kg. (Rs.)	48.86	31.14
4. Others / Internal generation	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)	2008-2009	2009-2010
Production (in Nos.)	-	10,107	12,178
Electricity (Unit)	-	512.971	425.622
Furnace oil (Ton)	-	0.00447	0.00788
Light Diesel oil (Kilo litres)	-	0.00950	0.00371
Coal (Specify quality)	-	NIL	NIL
Others (Specify)	-	NIL	NIL

*Unit denotes KWH



Form - B

Annexure I-B

Form for disclosure of particulars with respect to technology absorption

Research and Development (R&D)

- | | | |
|----|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Specific areas in which R&D carried out by the company | Development work carried out for making new products operating on both diesel & alternate fuels (CNG / LPG). Up-gradation of the several existing model to meet updated CMVR and also improve product reliability. |
| 2. | Benefits derived as a result of the above R&D | New 3-wheeler models developed with conformance to BS III norms and submitted to ARAI for vehicle Type Approval to enable subsequent productionisation of the same models.
<ul style="list-style-type: none"> ● Vikram 1000 CG (CNG operated 3-seater/LC) ● Vikram 1000 LG (LPG operated 3-seater/LC) ● Vikram 1500 CG (CNG operated 6-seater/LC) ● Vikram 450 (D) (Diesel operated 3-seater/LC in both Handle Bar & Steering configuration) |
| 3. | Future plan of action | Working on continuous basis on sub systems/ systems of the various vehicle models to improve design, performance and reliability through in-house and technical consultancy.
The company is exploring the option of developing rear-mounted engine for 3-wheeler.
Considering development of small 4-wheeler for commercial application, in association with a design house. |
| 4. | Expenditure on R&D | |
| | A) Capital | NIL |
| | B) Recurring | 19,01,004.00 |
| | C) Total | 19,01,004.00 |
| | D) Total R&D expenditure as a percentage of total turnover | 0.14% |

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 training programmes attending seminars, courses, interactive sessions etc. relating to technology absorption and innovation.
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 vehicles (both CNG & LPG) & 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. Recently SIL has adopted the Guidelines issued by DPE on Corporate Governance.

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. 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 Auditor M/s S. Srivastava & Co. regarding compliance of condition 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 31.3.2010 is comprised of one Non-Executive Director who is the nominee of Govt. of India, three Executive Directors' and two Independent Directors.


A) List of Directors

Name of Director	Tenure	No. of other Director ship	No. of other committeeship	
			Member	Chairman
Wholetime Functional Director				
Shri Ajai Kumar, CMD	23.4.2008 till date	-	3	-
Shri P. Muthusamy, Director (Finance)	12.9.06 till date	-	3	2
Shri P.P. Sarkar, Director (Technical)	16.5.07 till date	-	2	-
Part-time Non Executive Director (Govt. Nominee)				
Shri Vikram Gulati	16.11.07 till date	1	1	1
Part time Independent Director				
Shri S. Chakraborty	31.01.07 till 30.01.10	-	3	1
Shri P.K. Brahma	08.02.07 till 07.02.10	-	2	-
Shri S.K. Tripathi	06.07.07 till 05.07.10	-	1	1

The matter of appointment of 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 29.4.09	BM dated 10.6.09	BM dated 30.6.09	BM dated 29.7.09	BM dated 25.8.09	BM dated 30.9.09	BM dated 29.10.09	BM dated 31.12.09	BM dated 28.01.10	AGM dated 25.09.09
Total Strength		7	7	7	7						
1.	Shri Ajai Kumar	P	P	P	P	P	P	P	P	P	P
2.	Shri P. Muthusamy	P	P	P	P	P	P	P	P	P	P
3.	Shri Vikram Gulati	P	P	A	A	A	A	P	P	P	A
4.	Shri P.P. Sarkar	P	P	P	P	P	P	P	P	P	P
5.	Shri S. Chakraborty	P	P	P	P	P	A	P	P	P	A
6.	Shri P.K. Brahma	A	A	A	A	A	A	P	P	P	A
7.	Shri S. K. Tripathi	P	P	P	P	P	P	P	P	P	P

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 Directors.
- ❖ 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 30.01.2010
2.	Shri P. K. Brahma, Member	30.4.2007 till 07.02.2010
3.	#Shri S. K. Tripathi, Member	26.4.2008 till 05.07.2010
4.	Shri Ajai Kumar, Member	30.04.2010 till date
5.	@Shri Vikram Gulati, Member	30.04.2010 till date
6.	Shri P. Muthusamy, Member	27.07.2010 till date

#Appointed as Chairman w.e.f. 30.04.2010

@Appointed as Chairman w.e.f. 27.07.2010

Company secretary act as secretary to the committee.



Meetings and Attendance

Sl. Name of Director	29.4.09	30.6.09	29.7.09	25.9.09	29.10.09	28.1.10
1 Shri S. Chakraborty	P	P	P	P	P	P
2 Shri P.K. Brahma	A	A	A	A	P	P
3 Shri S.K. Tripathi	P	P	P	P	P	P

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

B. Shareholders/Investors Grievance Committee:

Composition of shareholders/investors grievance committee is :

Sl.No.	Name of Director	Tenure
1.	Shri P. Muthusamy, Chairman	31.1.2007 till date
2.	Shri P. K. Brahma, Member	30.4.2007 till 07.02.2010
3.	Shri S. Chakraborty, Member.	31.01.2007 till 30.01.2010
4.	Shri Ajai Kumar, Member	30.04.2010 till date
5.	Shri P.P. Sarkar, Member	30.04.2010 till date

Company Secretary act as Secretary to the Committee.

Details of Shareholders Complaints

Complaints Received	Complaints pending
1	Nil

C. Share Transfer Committee

Sl.No.	Name of Director	Tenure
1.	Shri P. Muthusamy, Chairman	31.1.2007 till date
2.	Shri P. P. Sarkar, Member	16.05.2007 till till date
3.	Shri S. Chakraborty, Member	31.01.2007 till 30.01.2010
4.	Shri S.K. Tripathi, Member	30.04.2010 till 05.07.2010
5.	Shri Ajai Kumar, Member	27.07.2010 till date

Company Secretary act as Secretary to the Committed

4. General Body Meetings :

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

Year	Location	Date	Time
2006-2007	Sahakarita Bhawan, Lucknow.	26 th Sept., 2007	3.00 p.m.
2007-2008	Sahakarita Bhawan, Lucknow.	29 th Sept., 2008	3.00 p.m.
2008-2009	Gandhi Bhawan, Lucknow.	30 th Sept., 2009	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
26.9.2007	ONE	No	N.A.	N.A.
29.9.2008	TWO	No	N.A.	N.A.
30.9.2009	ONE	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 2009-10:

(Amount in Rs.)

Name	Designation & Period	Sitting Fee	Salary	Benefits & Contribution to PF/Pension/ Others	Total
Sri Ajai Kumar	CMD	-	774,738.76	82,666.00	857,404.76
Sri P. Muthusamy	Dir. (Fin.)	-	759,345.00	81,036.00	840,381.00
Sri P. P. Sarkar	Director (Tech.)	-	662,752.37	70,660.00	733,412.37
Total :		-	2,196,836.13	234,362.00	2,431,198.13

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 : 27th September, 2010 at 3.00 p.m.
 Financial Calendar : 1st April, 2009 to 31st March, 2010
 Venue : Gandhi Bhawan Auditorium, Opp. Shaheed Smaarak, Mahatma Gandhi Marg, Lucknow-226 001
 Book Closure date : 15th September, 2010 to 25th September, 2010.
 Listing of Equity : BSE, DSE
 Stock code : 505141
Registrar and transfer Agent : Skyline Financial Services (P) Ltd.
 D-153/A, 1st Floor Okhla Industrial Area
 Phase-1, New Delhi-110020
 Tel. : 011-26812682, 83 & 84
 Fax : 011-26812681

Dematerialization of Shares : CDSL - 392231
 As on 31.03.2010 : NSDL - 822664

Outstanding GDR / ADRs / Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity : NIL

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

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



Script Code : 505141

Company : SCOOTERS INDIA LTD. For the period : April, 2009 to March, 2010

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 2009	14.55	17.98	13.22	16.03	12199	131	193,525	4.76	1.48
May 2009	15.30	22.80	14.20	22.80	15173	130	264,767	8.6	7.50
June 2009	23.90	28.95	20.15	24.75	102206	576	2,631,060	8.80	0.85
July 2009	25.95	29.75	19.10	21.30	220379	838	5,301,365	10.65	-4.65
August 2009	20.45	22.00	18.45	21.90	61579	358	1,270,581	3.55	1.45
September 09	22.00	25.75	20.05	22.70	153837	760	3,574,858	5.70	0.70
October 2009	22.95	24.80	18.65	19.15	72527	436	1,605,509	6.15	-3.80
November 2009	20.80	38.85	17.60	26.50	853882	4360	26,231,806	21.25	5.70
December 2009	27.00	29.20	25.00	27.85	158733	1095	4,270,862	4.20	0.85
January 2010	28.00	47.55	26.90	34.25	3160798	13825	132,652,449	20.65	6.25
February 2010	35.15	39.35	25.30	27.10	115234	990	3,794,820	14.05	-8.05
March 2010	27.90	31.00	24.00	25.10	94906	631	2,566,917	7.00	-2.80

* Spread H-L-> High-Low C-O -> 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 29.04.09, 29.07.2009, 29.10.09, 28.01.10)	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 18th Jan, 2002 and 25th 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. D-153/A, 1ST FLOOR OKHLA INDUSTRIAL AREA PHASE - 1, NEW DELHI-110020, as its Registrar and Transfer Agent (RTA).

10. Distribution of shareholding as on March 31, 2010

Shareholding of Nominal Value		Share Holders		Share Amount in Rupees				
Category		Number	%	Physical	NSDL	CDSL	TOTAL	%
Upto	500	8719	94.34	615470	266709	130306	1012485	2.36
501 -	1000	319	3.45	63850	148420	63427	275697	0.64
1001 -	2000	109	1.18	45100	86663	35052	166815	0.39
2001 -	3000	30	0.32	13600	40526	22450	76576	0.18
3001 -	4000	17	0.18	3700	40235	18662	62597	0.15
4001 -	5000	12	0.13	4350	34190	18093	56633	0.12
5001 -	10000	23	0.25	25800	93972	51188	171960	0.40
10001 and above		13	0.15	41005490	111949	52053	41169492	95.76
TOTAL		9242	100	41777360	822664	391231	42992255	100

Category	Percentage
1. Central Government	95.38
2. Nationalized Banks & Financial Institutions	0.05
3. Corporate Bodies	0.60
4. Indian Public and Others	3.97
Total	100.00

11. Any Query on the Annual Report :

Secretarial Department,
Scooters India Limited,
Lucknow - Kanpur Road,
(16th 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



Annexure II-A

Certification in terms of clause 49 of the Listing Agreement

1. We have reviewed financial statements and the cash flow statement for the year 2009-10 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 : 17th August, 2010



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 31st March, 2010 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 31st March, 2010 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 S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Date : 27.07.2010

Sanjeev Srivastava
Partner
M.No. 073449



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

1. We have audited the attached Balance Sheet of Scooters India Limited, as at 31st March, 2010 and also the Profit & Loss Account and cash flow statement for the year ended on that date annexed thereof. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion these financial statements based on our Audit.
2. We have 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 estimate 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 (Audit'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 Audits;
 - (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 term 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.



- A. 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 Companies Act, 1956, in the manner so required and subject to;
1. Para no. 2 of schedule 20 regarding contingent liability of Rs. 473.80 lakhs in respect to various claims against the company which the company has not acknowledged as debts and its consequent effect over profitability/loss of the company.
 2. Para 2 (ii) of schedule 20 regarding unfavorable arbitration award of Rs. 177.91 lakhs against the company, the liability of which has not been provided in books of accounts and its consequent effect over the profitability/loss of the company.
 3. Para 2 (iii) of schedule 20 regarding interest payable by the company to UPSIC, the amount of which is indeterminate because of non-availability of information of amount outstanding from UPSIC and its consequent effect over the profitability/loss of the company.
 4. Para 2 (iv) of schedule 20 regarding amount relating to employees of 163 cases, not provided in books of accounts against various court cases pending and its consequent effect over the profitability/loss of the company.
 5. Para 2 of schedule 20 regarding demand of Rs. 2412 lakhs against recovery notice issued by Tehsildar Lucknow which is pending in the High Court, Lucknow and its consequent effect over the profitability/loss of the company.
 6. Para 4 (a) of schedule 20 regarding loss of Rs. 15.50 lakhs out of investment of Rs. 15.50 lakhs in U.P.I.L. as equity share capital.
 7. Para 4(b) of schedule 20 regarding loss of Rs. 52.28 lakhs out of investment of Rs. 52.28 lakhs in the equity shares of U.P. Tyres & tubes Ltd.
 8. Para 5 of shedule 20 regarding non confirmation of most of the balances of debtors/creditors accounts claims recoverable, loans and advances material lying with this party, various deposit to electricity, custom, court, landlord and other parties and the consequent effect from the book balance and the actual balance over the profitability/loss of the company.
 9. Para 8 of schedule 20 regarding non provision of lease rent of the property no. 64/65 Nazafgarh road, New Delhi to Ms. Ganesh floor mills Ltd. since 1982-83 onwards and its consequent effect over the profitability/loss of the company.
 10. Para 17(ii) of schedule 20 regarding pending allotment of shares to central government which has been classified and disclosed as "Advance against share capital".



11. Para 25 of schedule 20 regarding complete erosion of net worth of the company as on 31st March, 2010 and consequent being declared as sick under section 3(1)(i)(o) of SICA of BIFR on 18th February, 2010.

B. Subject to the observations given as per no. 1 to 11 referred to above we report that;

1. Company has neither paid nor made any provision for the capital filing fees on account of increase of Authorized Share Capital from Rs. 8 Crore to Rs. 75 Crores and consequent interest/penalties thereupon. The losses of the company are understated by the amount of the same.
2. The Company has recognized the Royalty Income on the basis of agreement executed, without authority of the Board of Directors, and its consequent effect if any, over the profitability/loss of the company.
3. The Company has made statutory contravention by not depositing Rs. 32,65,998/- of P.F./Pension to the Trust/P.F. authorities.
4. There is unfunded liability of Rs. 16.11 crores on account of retirement benefit according to actuarial valuation.
5. In absence of the certainty of the estimates of amount involved in various legal cases and other replacement cost, we are unable to comment upon the correctness of amount of the Contingent liabilities as given schedule 20 and its consequent effect over the losses of the company.

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 31st March, 2010.
- (ii) In the case of Profit & Loss Account, of the Loss of the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the cash flows of the year ended on that date.

Place : Lucknow
Date : 30.07.2010

For S. Srivastava & Co.
Chartered Accountants

(Sanjeev Srivastava)
M.N. 073449



**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 by 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 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 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.
- (ix) (a) As per records, the Company is regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues, except for Provident Fund & Family Pension for the period October 2009 to March 2010 on account of non disbursement of Salary & Wages for said period amounting to Rs. 334.86 lakhs & Rs. 46.41 lakhs respectively including interest thereof. The Salary & Wages for the period October 2009 to March 2010 amounting Rs. 953.11 lakhs has not been disbursed by the Company to the extent applicable to it, with the appropriate authorities and as informed no undisputed amounts were outstanding as 31st March 2010 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.	Jammu & Kashmir	State Sales Tax	2006-07	0.01
3.	Madhya Pradesh	Entry Tax & Penalty	2005-06, 2006-07	0.30
			Total	4.53

(b) The disputed statutory dues aggregating Rs. 169.48 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 Act	Sales Tax & Interest	Asst. Com. (Appeal)	77-78,86-87,87-88,92-93, 93-94,96-97,98-99	25.02
(b)	State Sales Tax Act	Entry Tax and Penalty	Comm. of Commercial Taxes	93-94 to 2001-02 02-03 & 03-04	0.96
(c)	State Sales Tax Act	Entry Tax & Penalty	Comm. of Commercial Taxes	97-98 to 06-07	113.77
(d)	State Sales Tax Act	Entry Tax & Penalty	Tribunal	03-04, 04-05, 05-06	10.55
2.	Central Sales Tax Act	Central Sales Tax & Interest	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	7.88
				Total :	169.48

- (x) The Company has an accumulated losses of Rs. 84,51,47,742.00 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 hundred percent of its net worth and the company has been declared as sick company by BIFR vide order no. 501/2010 dated 18th February 2010.
- (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 explanation given to us, the Company is not dealing or trading in clause 4 (xiv) of the order and therefore it is 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.28.43 Crores from Government of India during the Year 2009-10 which has since been utilized as per 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 terms basis have, prime-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 Registered maintained under section 301 of the Act.
- (xix) According to information and explanations given to us, the company has not issued any debentures, therefore, the question of creation of securities or charges 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 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 one commercial agreement executed by the then CMD without the authority of the Board has been referred to the appropriate authority for further action.

For S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Dated : 30.07.2010

Sanjeev Srivastava
M.No. 073449

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 31ST MARCH, 2010.

The preparation of financial statements of Scooters India Limited for the year ended 31st March, 2010 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 July, 2010.

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 31st March, 2010. 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**

Naina A. Kumar
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board - II,
New Delhi

Place : New Delhi

Date : 27.08.2010

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

1. We have audited the attached Balance Sheet of Scooters India Limited, as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereof. 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 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 (Audit 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.
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 explanation, 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 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 sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable to the Company being a Government Company.

- A. 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 Companies Act, 1956 in the manner so required and subject to :
1. Para No.2 of schedule 20 regarding contingent liability of Rs. 473.80 lakhs in respect to various claims against the company which the company has not acknowledged as debuts and its consequent effect over the profitability/loss of the company.
 2. Para No.2 (ii) of schedule 20 regarding unfavorable arbitration award of Rs. 177.91 lakhs against the company, the liability of which has not been provided in books of accounts and its consequent effect over the profitability/loss of the company.
 3. Para 2 (iii) of schedule 20 regarding interest payable by the company to UPSIC the amount of which is indeterminate because of non-available of information of amount outstanding from UPSIC and its consequent effect over the profitability/loss of the company.
 4. Para 2 (iv) of schedule 20 regarding amount relating to employees of 163 cases, not provided in books of accounts against various court cases pending and its consequent effect over the profitability/loss of the company.
 5. Para 2 of schedule 20 regarding demand of Rs. 2412 lakhs against recovery notice issued by Tehsildar Lucknow which is pending in the High Court, Lucknow and its consequent effect over the profitability/loss of the company.
 6. Para No.4 (a) of schedule 20 regarding loss of Rs. 15.50 lakhs out of investment of Rs. 15.50 lakhs in U.P.I.L. as equity share capital.
 7. Para No.4 (b) of schedule 20 regarding loss of Rs. 52.28 lakhs out of investment of Rs. 52.28 lakhs in the equity share of U.P. Tyres & Tubes Limited.
 8. Para No.5 of schedule 20 regarding non confirmation of most of the balance of debtors/creditors accounts claims recoverable, loans and advances material lying with this party, various deposit to electricity, custom, court, landlord and other parties and the consequent effect from the book balance and the actual balance over the profitability/loss of the company.
 9. Para No.8 of schedule 20 regarding non provision of lease rent of the property No.64/65 Nazafgarh Road, New Delhi to M/s Ganesh Floor Millis Ltd. since 1982-83 on wards and its consequent effect over the profitability/loss of the company.

Appropriate disclosure made in schedule 20 as referred in audit report.



10. Para No.17 (ii) of schedule 20 regarding pending allotment of shares to central government which has been classified and disclosed as "Advance against share capital".

11. Para No.25 of schedule 20 regarding complete erosion of net worth of the company as on 31st March 2010 and consequent being declared as since under section 3)1)(i) (o) of SICA OF BIFR on 18th February 2010.

Appropriate disclosure made in schedule 20 as referred in audit report.

B. Subject to the observations given as per para No.1 to 11 referred to above we report that :

1. Company has neither paid nor made any provision for the capital filing fees on account of increase of Authorised Share Capital from Rs.8 Crores to Rs.75 Crores and consequent interest/penalties thereupon. The losses of the company are understated by the amount of the same.

Appropriate disclosure has been made vide note number-17 (i) in Schedule 20 under notes to account.

2. The Company has recognized the Royalty Income on the basis of agreement executed, without authority of the Board of Directors; and its consequent effect if any, over the profitability/loss of the company.

Appropriate disclosure has been made vide note number 23 in Schedule 20 under notes to account.

3. The Company has made statutory contravention by not depositing Rs. 3,265,998/- of P.F./Pension to the Trust/ P.F. authorities.

Required provision for PF and Pension has been made in the accounts and there is no under statement/over statement of profit/loss.

4. There is unfunded liability of Rs. 16.11 crores on account of retirement benefit according to actuarial valuation.

Appropriate disclosure has been made vide note no.11 in schedule 20 under notes to accounts to the extent of unfunded liabilities as per AS. 15 and there is no under statement/ over statement of profit & loss.

5. In absence of the certainty of the estimates of amount involved in various legal cases and other replacement cost, we are unable to comment upon the correctness of amount of the contingent liabilities as given schedule 20 and its consequent effect over the losses of the company.

Appropriate disclosure has been made in schedule 20 under notes to accounts.

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 31st March, 2010.

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 of the year ended on that date.

For S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Date : 30th July, 2010

Sanjeev Srivastava
Membership No.: 073449



BALANCE SHEET AS AT MARCH 31, 2010

	SCHEDULE	AS AT 31-3-2010 Rs.	AS AT 31-3-2009 Rs.
1. SOURCES OF FUNDS			
1) Shareholders' Funds			
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>
2) Loan Funds			
a) Secured Loans	3	57,867,411	76,983,655
b) Unsecured Loans	4	472,375,744	165,317,186
		<u>530,243,155</u>	<u>242,300,841</u>
		<u>1,066,007,426</u>	<u>778,065,112</u>
2. APPLICATION OF FUNDS			
1) Fixed Assets			
a) Gross Block	5	559,362,628	555,650,730
b) Less: Depreciation		390,233,251	375,087,229
c) Net Block		169,129,377	180,563,501
d) Capital work-in-progress	6	1,111,662	274,668
		<u>170,241,039</u>	<u>180,838,169</u>
2) Investments			
3) Current Assets, Loans & Advances			
a) Inventories		268,275,859	197,172,250
b) Sundry Debtors		29,103,540	35,473,099
c) Cash and Bank Balances		191,101,924	184,449,936
d) Other Current Assets		3,670,137	2,124,018
e) Loans and Advances		174,985,538	73,520,861
		<u>667,136,998</u>	<u>492,740,164</u>
4) Less : Current Liabilities and Provisions			
a) Liabilities	9	453,653,831	270,434,112
b) Provisions		162,864,522	190,767,411
		<u>616,518,353</u>	<u>461,201,523</u>
5) Net Current Assets (3-4)		50,618,645	31,538,641
6) Miscellaneous Expenditure (to the extent not written off)		-	594,196
Deferred Revenue Expenditure	10		
7) Profit & Loss Account		845,147,742	565,094,106
		<u>1,066,007,426</u>	<u>778,065,112</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 S. Srivastava & Co.
Chartered Accountants

Sanjeev Srivastava
(Partner)

Membership No.73449

Place : Lucknow
Date : 30th July, 2010


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2010

	SCHEDULE	YEAR ENDED	YEAR ENDED
		31-3-2010	31-3-2009
		Rs.	Rs.
INCOME			
Sales	11	1,398,444,127	1,355,821,915
Less : Excise		98,084,058	127,709,891
Net Sales		1,300,360,069	1,228,112,024
Other Income	12	35,222,737	46,829,058
Accretion / Decretion to Stock	13	50,666,621	(142,485,444)
		1,386,249,427	1,132,455,638
EXPENDITURE			
Materials Consumed	14	889,853,698	740,854,567
Cost of sales at Petrol Pump	14	100,117,292	93,020,741
Employees' Remuneration and Benefits	15	451,702,123	391,957,584
Other expenses of Manufacture, Administration, Selling & Distribution	16	157,941,682	140,076,782
Depreciation	5	15,144,417	17,390,775
Interest	17	53,690,377	31,139,861
		1,668,449,589	1,414,440,310
LESS :			
Expenditure included in above capitalised		3,316,333	4,599,833
		1,665,133,256	1,409,840,477
Profit/(Loss) for the year		(278,883,829)	(277,384,839)
- Prior Year Adjustments (Net)	18	(1,169,807)	1,517,815
Profit/(Loss) After prior period Adjustments		(280,053,636)	(275,867,024)
Fringe Benefit Tax		-	676,174
Income Tax		-	-
Profit/(Loss) after Tax		(280,053,636)	(276,543,198)
Balance brought forward from last year		(565,094,106)	(288,550,908)
Balance carried to Balance Sheet		(845,147,742)	(565,094,106)
Basic / Diluted Earnings Per Share (In Rs.)		-6.51	(6.43)
Basic/Diluted Earnings Per Share Before Prior Period Items (In Rs.)		(6.49)	(6.47)
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)
As per our separate report of even date
For S. Srivastava & Co.
Chartered Accountants

Ajai Kumar

Chairman-cum-Managing Director

Sanjeev Srivastava
(Partner)

Place : Lucknow
Date : 30th July, 2010

Membership No.73449



Schedules annexed to and forming part of the Balance Sheet as at March 31, 2010.

SCHEDULE 1**Share Capital**

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
Authorised Capital^o		
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>
Issued Capital		
4,29,95,500 Equity Shares (Previous year 4,29,95,500) of Rs. 10 each.	<u>429,955,000</u>	<u>429,955,000</u>
Subscribed and Paid up Capital		
4,29,92,255 Equity Shares* (Previous year 4,29,92,255) of Rs. 10 each.	<u>429,922,550</u>	<u>429,922,550</u>
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>

@ Refer note no.17 of Schedule 20.

*Of the subscribed and paid up capital 905,000 shares (Previous year 9,05,000 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 31.3.2010 Rs.	As at 31.3.2009 Rs.
Reserves		
Capital Reserve	<u>926,083</u>	<u>926,083</u>
	<u>926,083</u>	<u>926,083</u>
Surplus	<u>926,083</u>	<u>926,083</u>

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

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
Loans and advances from Banks*		
State Bank of India	53,557,459	19,049,705
Indian Overseas Bank	4,309,952	57,933,950
	<u>57,867,411</u>	<u>76,983,655</u>

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

SCHEDULE 4**Unsecured Loans**

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
Loans from Government of India	444,045,710	159,745,710
Interest Accured & Due	28,330,034	5,571,476
	<u>472,375,744</u>	<u>165,317,186</u>

**SCHEDULE 5****Fixed Assets**

Amount in Rs.

Description	GROSS BLOCK AT COST				DEPRECIATION					NET BLOCK	
	As at 01.04.2009	Additions during the year	Ded./Adj./ Transfers	As at 31.03.2010	As at 01.04.2009	Prior Year Adjustment ----- Additions Ded//Trf.	For the year	As at 31.03.2010	As at 31.03.2010	As at 01.04.2009	
Lease Hold Land	1,258,111	-	-	1,258,111	496,254	-	-	13,979	510,233	747,878	761,857
Building (including Roads, Services and Tubewell)	39,378,631	-	-	39,378,631	28,514,226	-	-	1,126,071	29,640,297	9,738,334	10,864,405
Plant and Machinery*	270,619,152	18,090	-	270,637,242	141,096,183	-	-	7,696,141	148,792,324	121,844,918	129,522,969
Special Tools	166,691,843	3,383,653	-	170,075,496	146,006,502	-	-	3,847,863	149,854,365	20,221,131	20,685,341
Handling Equipments	11,020,116	-	-	11,020,116	8,357,981	-	-	206,409	8,564,390	2,455,726	2,662,134
Furniture/Fixture & Office Equipments	38,792,010	265,155	-	39,057,165	29,461,015	-	-	1,517,740	30,978,755	8,078,410	9,330,996
Electrical Equipments, Installation & Fittings	18,428,392	45,000	-	18,473,392	14,884,903	1,605	-	177,284	15,063,792	3,409,600	3,543,490
Vehicles	9,462,475	-	-	9,462,475	6,270,165	-	-	558,930	6,829,095	2,633,380	3,192,309
Total	555,650,730	3,711,898	-	559,362,628	375,087,229	1,605	-	15,144,417	390,233,251	169,129,377	180,563,501
Previous year	546,526,082	9,319,719	195,071	555,650,730	357,364,465	331,991	-	17,390,775	375,087,229	180,563,501	-

* 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 31.3.2010 Rs.	As at 31.3.2009 Rs.
Capital Items awaiting insallation	638,833	85,410
Construction Work-in-Progress	472,829	189,258
	<u>1,111,662</u>	<u>274,668</u>

SCHEDULE 7**Investments**

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
Investment at cost (Unquoted fully paid)*		
UP Instruments Limited	1,550,300	1,550,300
1,55,030 Equity Shares of Rs.10 each.		
UP Tyres & Tubes Limited	5,228,000	5,228,000
5,22,800 Equity Shares of Rs. 10 each.		
Co-operative Electric Supply Society Limited	57,000	57,000
5,700 Equity Shares of Rs.10 each.		
	<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>
	-	-

* All investments are long term.

** Refer Note No.4 of Schedule 20.


SCHEDULE 8
Current Assets, Loans and Advances

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
i) Inventories :		
Raw Materials and Components*	94,382,034	68,474,256
Stores and Spares	17,136,119	18,474,257
Loose Tools and Consumables*	34,876,702	33,551,690
Work-in-progress	49,931,419	53,874,148
Finished goods	80,549,602	25,802,799
Material-in-transit	11,715,918	5,788,610
Material under Inspection	317,385	2,135,839
Disposal Stores	7,164,819	7,302,272
Other Stocks #	3,002,443	1,513,908
	<u>299,076,441</u>	<u>216,917,779</u>
Less : Provision for Inventory Obsolescence	29,016,889	17,961,836
Provision for material lying with sub Contractor doubtful of recovery	1,783,693	1,783,693
	<u>268,275,859</u>	<u>197,172,250</u>
* Raw - materials, loose tools and consumables lying with sub - contractors / Licencees amount to Rs. 1,13,93,827 (Previous year Rs. 6,09,51,148)		
# Other Stocks includes Petrol Pump of Rs. 19,32,048 (Previous Year Rs. 766,427)		
ii) Sundry Debtors (unsecured)		
Debts outstanding for a period exceeding 6 months		
Considered good	14,756,022	16,056,709
Considered doubtful	36,414,669	35,333,217
	<u>51,170,691</u>	<u>51,389,926</u>
Other debts considered good	14,347,518	19,416,390
	<u>65,518,209</u>	<u>70,806,316</u>
Less : Provision for doubtful debts	36,414,669	35,333,217
	<u>29,103,540</u>	<u>35,473,099</u>
iii) Cash and Bank Balances		
Cash and stamps in hand	1,336,484	352,486
Cheques in hand	1,125,254	2,455,500
Term deposits with Scheduled Banks*	177,529,606	168,765,495
Balances with Scheduled Banks	11,110,580	12,876,455
	<u>191,101,924</u>	<u>184,449,936</u>

* Term Deposits for Rs. 118,531,269 (Previous Year Rs. 112,764,534) held against L.C. Margin.

* Term Deposits for Rs. 4,328,182 (Previous Year Rs. 4,021,036) for E.S.I. Case.



SCHEDULE 8 Contd.

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
iv) Other Current Assets		
Interest accrued on term deposits	3,670,137	2,124,018
	<u>3,670,137</u>	<u>2,124,018</u>
v) Loans and Advances (Advances recoverable in cash or kind or for value to be received)		
1) Secured considered good	673	673
2) Unsecured considered good :		
a) Deposits	10,707,804	10,537,743
b) Others #	164,277,061	62,982,444
3) Unsecured Considered doubtful	12,197,344	11,282,657
	<u>187,182,882</u>	<u>84,803,518</u>
Less : Provision for doubtful advances	12,197,344	11,282,657
	<u>174,985,538</u>	<u>73,520,861</u>
Total (i) to (v)	<u>667,136,998</u>	<u>492,740,164</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 31.3.2010 Rs.	As at 31.3.2009 Rs.
i) Current Liabilities		
Acceptances	67,614,900	28,274,205
Sundry Creditors		
i) Total Dues of SSI undertaking(s)	-	-
ii) Total Dues of Creditors other than SSI Undertaking(s)	224,398,343	132,368,067
Advances and Deposits [@]	44,042,900	57,994,299
Other Liabilities	103,338,816	46,833,390
Interest accrued but not due	10,379,717	1,264,596
Unspent Balance against Workmen Housing Colony*	3,879,155	3,699,555
	<u>453,653,831</u>	<u>270,434,112</u>
ii) Provisions		
Provision for Retirement Benefits	161,149,522	188,622,411
Warranty	1,715,000	2,145,000
	<u>162,864,522</u>	<u>190,767,411</u>
	<u>616,518,353</u>	<u>461,201,523</u>

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

* The details are :

Amount recovered so far from workmen	14,483,614	14,296,614
Less : Expenditure on Workmen's Housing Colony	10,604,459	10,597,059
	<u>3,879,155</u>	<u>3,699,555</u>

SCHEDULE 10
Miscellaneous expenditure

(To the extent not written off or adjusted)

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
<u>Deferred Revenue Expenditure</u>		
Opening Balance	594,196	1,385,965
Additions during the year	-	-
	<u>594,196</u>	<u>1,385,965</u>
Less: Written off & charged to Profit & Loss Account	594,196	791,769
	<u>-</u>	<u>594,196</u>
<u>Profit & Loss Account</u>		
Loss brought forward	(565,094,106)	(288,550,908)
Profit / (-) Loss during the year	(280,053,636)	(276,543,198)
	<u>(845,147,742)</u>	<u>(565,094,106)</u>



Schedules annexed to and forming part of the Profit & Loss Account for the year ended
March 31, 2010

SCHEDULE 11

Sales

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Three-Wheeler*	1,249,206,602	1,187,203,418
Spare-parts*	46,803,261	73,888,400
Petrol, Diesel, Lubricants etc.**	102,434,264	94,730,097
	<u>1,398,444,127</u>	<u>1,355,821,915</u>

*Includes Excise Duty amounting Rs.9,80,84,058 (Previous year Rs. 12,77,09,891)

**Includes 60,255.64 ltrs.of petrol, diesel,oil etc. value Rs. 21,80,128 (Previous year 47,788.96 ltrs. value Rs. 18,42,187) consumed for internal use.

SCHEDULE 12

Other Income

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Miscellaneous Receipts		
Sale of :		
a) Empties	-	431,531
b) Miscellaneous Items & Scrap	7,362,913	9,973,896
Interest on :		
a) Term deposits	12,886,889	17,699,345
b) Others	544,200	308,140
Royalty	13,495,553	16,020,463
Profit on sale of fixed assets	-	-
Gain in exchange rate	40,087	29,625
Excess Provision written back	340,680	315,732
Other receipts	552,415	2,050,326
Total	<u>35,222,737</u>	<u>46,829,058</u>

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

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Opening Stock		
Finished Goods	25,802,799	149,974,290
Work-in-progress	53,874,148	79,045,769
Disposal Stores	7,302,272	444,604
(A)	<u>86,979,219</u>	<u>229,464,663</u>
Closing Stock		
Finished Goods	80,549,602	25,802,799
Work-in-progress	49,931,419	53,874,148
Disposal Stores	7,164,819	7,302,272
(B)	<u>137,645,840</u>	<u>86,979,219</u>
Accretion / (Decretion)	(B - A)	50,666,621 (142,485,444)

SCHEDULE 14
Consumption of Materials

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
(I) Consumption of Materials :		
a) Raw Materials and Components		
Opening Stock	68,474,256	90,762,327
Add : Purchases	915,762,177	718,568,623
	<u>984,236,433</u>	<u>809,330,950</u>
b) Less :		
i) Closing Stock	94,382,034	68,474,256
ii) Shortages in inventory written off	701	2,127
	<u>94,382,735</u>	<u>68,476,383</u>
c) Consumption of Materials (a - b)	<u>889,853,698</u>	<u>740,854,567</u>
(II) Petrol Pump		
a) Opening Stock	766,428	1,226,298
Add : Purchases	101,291,313	92,890,734
	<u>102,057,741</u>	<u>94,117,032</u>
b) Less : i) Closing Stock	1,932,048	766,428
ii) Shortages written off	8,401	329,863
	<u>1,940,449</u>	<u>1,096,291</u>
c) Cost of sales at Petrol Pump (a - b)	<u>100,117,292</u>	<u>93,020,741</u>

**SCHEDULE 15****Employees' Remuneration and Benefits**

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Salaries , Wages and Bonus *	281,276,762	280,094,817
Leave Encashment	23,914,535	20,969,239
Contribution to PF	19,942,801	18,834,927
Employer's share of Pension Contribution	8,711,018	9,615,236
Interest Subsidy on House Building Loans	132,789	375,236
Contribution to ESI scheme	479,395	283,499
Contribution to Employees' Group Insurance	1,119,771	1,159,412
Medical benefits	12,535,107	14,167,727
Canteen expenses	6,080,336	5,280,177
Transport expenses	6,650,446	7,828,939
Rent (Leasehold accommodation)	10,920	10,920
Gratuity	85,066,942	27,382,796
Leave travel assistance	3,746,500	4,086,500
Uniform	624,023	182,988
Benevolent expenses	520,200	791,600
Children education allowance	132,240	195,200
Other expenses	758,338	698,371
Total	451,702,123	391,957,584

* Includes stipend paid to the trainees / apprentices Rs.16,17,800 (Previous year Rs.1,05,66,080)

SCHEDULE 16
Other Expenses of Manufacture, Administration, Selling and Distribution

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Stores, Spares and Tools	28,291,413	28,683,975
Power & Fuel	27,315,127	27,573,624
Repairs	13,712,248	10,445,142
Research and Development	1,901,004	4,458,242
Excise Duty with cess	10,648,872	5,878,517
Rent	2,023,754	1,964,093
Postage, Telegram and Telephone	1,604,835	1,880,549
Directors' Sitting Fees	188,000	30,000
Directors' Travelling Expenses	558,136	987,171
Travelling Expenses	2,867,096	4,141,936
Printing and Stationery	1,423,164	1,261,835
Board Meeting Expenses	102,581	15,865
Legal Expenses	5,635,990	3,595,546
Consultancy Charges	3,625,499	4,371,330
Rates and Taxes	484,514	369,462
Vehicle Running and Maintenance	335,199	341,974
Bank Charges	1,418,961	1,671,867
Insurance & Miscellaneous Expenses	1,621,523	1,906,578
Demands and Interest on Taxes	1,008,844	74,415
Advertisement & Sales Promotion Expenses	625,182	1,528,387
Freight & Packing Expenses	10,681,323	10,675,099
Service Expenses (Free Coupon/After Sales Service)	4,481,272	6,533,311
Cash Discount & Incentives	16,248,613	13,200,016
Entry Tax	7,264,533	3,665,409
Bad and Doubtful Debts, Advances and others written off	9,103	372,152
Deferred Revenue Expenditure Written Off	594,196	791,769
Provision for doubtful debts/advances	2,215,646	1,920,118
Provision for inventory obsolescence	11,055,054	1,738,400
Total	157,941,682	140,076,782

**SCHEDULE 17****Interest**

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Interest on Loans and Advances from :		
Government of India	31,873,679	8,515,253
Banks	16,782,819	22,438,094
Others	5,033,879	186,514
	<u>53,690,377</u>	<u>31,139,861</u>

SCHEDULE 18**Prior Period Adjustments**

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Depreciation	1,605	331,991
Interest from Others	-	(1,849,806)
Factory building maintenance	1,168,202	-
	<u>1,169,807</u>	<u>(1,517,815)</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 Know how 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 31st 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.

B.N. Raj
Financial Controller

P. Muthusamy
Director (Finance)

Ajai Kumar
Chairman-cum-Managing Director

As per our separate report of even date
For S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Date : 30th July, 2010

Sanjeev Srivastava
(Partner)
Membership No.73449



SCHEDULE 20

Notes annexed to and forming part of the accounts

	As at 31.3.2010 Rs. in Lakhs	As at 31.3.2009 Rs. in Lakhs
1. Estimated amount of contracts (net of advances) remaining to be executed on Capital Accounts and not provided for.	87.70	75.94
2. Company is contingently liable for		
(i) Claims against the Company not acknowledged as debts.		
(a) Consumer Forum Cases (Refer Note 19)	15.00	15.31
(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. (Refer Note to 18 (i))	351.52	351.52
(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 (ii))	177.91	162.83
(iii) Counter claimed by M/s UPSIC (Refer Note 20)	9.27	Indeterminate
	Plus Interest Indeterminate	
(iv) Employees' Cases pending before various Court		
(a) In Labour Court (12 in Nos.)	Indeterminate	Indeterminate
(b) In Others (151 in Nos.)	Indeterminate	Indeterminate
(v) The Workmen Housing Colony (Refer Note No.6)	2412.00	2412.00
(vi) Award of Central Government Labour Court and Appellate Tribunal	(Refer Note No. 16 (i))	
3. Sales-tax assessment both under UPVAT and CST have been completed upto Dec. 2007. The Income-tax assessment has been completed upto assessment year 2007-08 (financial year ended on March 31, 2007). 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.15.50 lakhs towards equity share capital (Previous year Rs.15.50 lakhs). 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. 0.57 lakh 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. 2.29 lakhs 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. 2412 lakhs, 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. 113.94 lakhs (Previous year Rs. 60.22 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 31.03.2010 there is an outstanding of Rs. 98.58 lakhs (Previous year Rs.103.64 Lakhs) against M/s Amausi Motors Limited, Lucknow. Pursuant to the arrangement entered into by the company for liquidating the balance, the outstanding has come down during the year by Rs.5.06 Lakhs (Previous year Rs. 7.37 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 31 dealers, the amount involved as on 31-3-2010 is Rs. 338.93 Lakhs. (Previous year 30 dealers amounting to Rs. 339.12 lakhs) against which provision has been made.
 - (c) As a measure of conservatism generally provision is being made for Debtors where there is no transaction for three years or where the company has initiated legal case against defaulting debtors.
11. Liability for Gratuity & 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 31.03.2010 As at 31.03.2010

Amount To be Recognised in Balance Sheet	Grauity	Leave Encashment
Present Value of Funded Obligation	3594.94	1595.27
Fair Value of Plan Assets	-2433.55	-1145.17
Net Liability	1161.39	450.10
Amounts in Balance Sheet		
Liability	1161.39	450.10
Assets	-	-
Net Liability	1161.39	450.10
Expenses to be Recognised in the statement of Profit & Loss		
Current Service cost	134.94	215.08
Past Service Cost	576.76	-
Interest on Defined Benefit Obligation	202.65	95.30
Expected Return on Plan Assets	-178.36	-67.97
Net Actuarial Losses / (Gains) Recognised in year	260.11	221.91
Total Included "Employees' Emoluments"	996.12	464.32
Actual Return on Plan Assets	185.65	73.10
Reconciliation of Benefit Obligations & Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	3070.48	1444.01
Current Service Cost	134.95	215.08
Past Service Cost	576.76	-
Interest Cost	202.65	95.30
Actuarial Losses / (Gain)	267.42	227.03
Benefits Paid	-657.32	-386.15
Closing Defined Benefit Obligation	3594.94	1595.27
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	1897.40	730.87
Expected Return on Plan Assets	178.35	67.97
Actuarial Gain / (Losses)	7.30	5.12
Contributions by Employer	1007.82	727.36
Benefits Paid	-657.32	-386.15
Closing Fair Value of Plan Assets	2433.55	1145.17
Summary of the Actuarial Assumptions		
Discount Rate	7.50%	7.50%
Expected Rate of Return on Assets	9.40%	9.40%
Salary Escalation Rate - Senior Staff	10.81%	10.81%
- Junior Staff	10.81%	10.81%



The maximum amount payable under gratuity has been revised upward from Rs. 3.50 lakhs to Rs. 10 lakhs w.e.f. 24th May, 2010 vide notification number DL-(N)04/0007/2003-10 dated 18th May, 2010 by Ministry of Law & Justice, Govt. of India and necessary valuation had been carried out as per revised limit, Accrued gratuity liability at the enhanced entitlement limit of Rs. 10.00 lakhs is Rs. 1161.40 lakhs against accrued gratuity liability of Rs. 584.63 lakhs at the entitlement limit of Rs. 3.50 lakhs. The accrued liability of Rs. 1161.40 lakhs at the enhanced limit of Rs. 10 lakhs, being unfunded liability has been provided for in the account.

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. Related party disclosure as required by AS-18

(a) List of related parties during the financial year 2009-10

Whole Time Directors

Shri Ajai Kumar, Chairman-cum-Managing Director

Shri P. Muthusamy, Director (Finance)

Shri P.P. Sarkar, Director (Technical)

Part-Time Director

Shri Vikram Gulati

Shri S. Chakraborty.

Shri P.K. Brahma

Shri S.K Tripathi

(b) Transaction with related parties (Rs. in Lakhs)

Sl.No.	Nature of Transaction	Associates	Directors	Total
1	Remuneration	-	34.62	34.62

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 31-03-2010.

15. The Government of India, Ministry of Industry & Public Enterprises, Deptt. of Heavy Industry released funds by way of non plan loan amounting to Rs. 2843 lakhs (Previous year Rs. 945 lakhs) during the year towards salary support for the period April, 2009 to September, 2009. The dues of the employees towards salary and wages, PF etc. have been settled up to September, 2009 as on 31st March, 2010. The balance dues are expected to be settled on receipt of necessary non plan support from 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. 178.25 lakhs (Previous year Rs. 183.55 lakhs) is being shown as recoverable advance in the books of accounts. However,



the said advance is being recovered from the separated workmen which has been a matter of industrial dispute leading to the decision of the Central Government Labour Court cum Appellate Tribunal to award the refund of the said money. The company has preferred an appeal against the award of the Tribunal in the Hon'ble Lucknow Bench of the Allahabad High Court, Consequently, the company has not recognized the said award as a liability in the books of accounts. The amount recovered from the employees on this account as on 31.03.2010 is Rs. 23.88 lakhs.

- (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 25th September, 2004. The Company had filed Form 5 and Form 23 along with requisite filing fee of Rs. 15 lakhs 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 16th 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. 15 lakhs 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 towards equity from Government of India is classified as advance against share capital.
18. (i) Review petition in case of SIL VS OBC filed by SIL was rejected by DRAT, Allahabad. For Filing wirt petition before court, approval is being sought from committee of Disputes:
- (ii) 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. 177.91 lakhs in the books of accounts and it is shown as contingent liability.
19. The amount involved in 14 cases (previous year 14 cases) of Consumer forum is estimated at Rs. 15 lakhs (previous year Rs. 15.31 lakhs). In remaining 72 cases (previous year 76 cases) the amount is indeterminate.
20. UPSICL and Scooters India Limited jointly sponsored a scheme for the development of Ancillary Estate in the Amausi Industrial Area, Lucknow. SIL had claimed an amount of Rs. 43.05 lakhs spent on behalf of UPSICL towards such Ancillary Estate, whereas UPSICL has made a counter claim of Rs. 9.27 lakhs plus interest. Pending resolution of the issue the matter went into arbitration in the year 1985, the outcome of which is still



awaited and pending clarity on the matter, the company has not recognized counter claim as liability.

21. Earnings per share (EPS) :

	<u>2009-10</u>	<u>2008-09</u>
Profit as per Profit & Loss Account (Rs. In lakhs)	-2800.54	-2765.43
Average number of Equity shares (Face value Rs. 10 each)	42,992,255	42,992,255
Basic and diluted EPS (In Rupees)	-6.51	-6.43

22. In absence of information from vendors with regard to their registration (filing of memorandum) under The Micro, Small Medium Enterprises Development Act, 2006, the information is NIL.

23. 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.

24. Computation of deferred tax is tabulated below : (Rs. in lakhs)

Particulars	As at 31 st March, 10	As at 31 st March, 09
(A) Deferred tax liability		
On account of timing difference with regard to depreciation	246.12	241.38
On account of timing difference with regard to deferred revenue expenditure	-	1.98
Total (A)	246.12	243.36
(B) Deferred tax Assets		
On account of timing difference with regard to disallowance of provision in Income Tax.	263.79	221.38
On account of timing difference with regard to unabsorbed depreciation and carry forward losses	3699.68	2813.00
Total (B)	3963.47	3034.38
Deferred Tax Assets (B-A)	3717.35	2791.02

In consideration of prudence, the above deferred tax assets aggregating to Rs. 3717.35 lakhs (Previous Year 2791.02 lakhs) 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.



25. The company has been declared sick under section 3(1)(o) of the SICA by BIFR in its meeting held on 18th February, 2010 consequent to the reference made by the company due to erosion of its net worth as on 31st March, 2009

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

(Rs. in lakhs)

	Particulars	2009-2010	2008-2009
	Opening Balance	21.45	29.35
Add :	Provision for the year (net) including additional/less provision for earlier years	1.97	8.88
	Total	23.42	38.23
Less :	Payment/Debits	6.27	16.78
	Closing Balance	17.15	21.45

27. Previous year's figures have been regrouped, rearranged and recast, wherever necessary, to make them comparable with those of the current year.

28. 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 S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Date : 30th July, 2010

Sanjeev Srivastava
(Partner)
Membership No.73449

**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	
	2009-10	2008-09	2009-10	2008-09
Three-wheeler	16,500	16,500	12,178	10,107

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, 2010

	Stocks					
	At commencement		At Close		Turnover	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
Vikram Three Wheeler	365 (1,426)	16,326,457 (138,438,299)	823 (365)	75,070,007 (16,326,457)	11,720 (11,139)	1,249,206,602 (1,187,203,418)
Spares and Components	- (-)	9,476,342 (11,535,991)	- (-)	5,475,070 (9,476,342)	- (-)	46,803,261 (73,888,400)
Petrol Pump Stock* (Quantity in Ltrs.)	33,522 (29,372)	766,428 (1,226,298)	46,291 (33,522)	1,932,048 (766,428)	2,713,199 (2,404,470)	102,434,264 (94,730,097)

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 NIL Vikram three-wheeler dismantled during the year (Previous year 29 Vikram three-wheeler)
- (3) Petrol Pump turnover represents the sale of Diesel, Petrol & other Oil & Lubricants. The Company purchased 27,26,165 ltrs. of Diesel/Petrol during the year (Previous Year 24,08,641 ltrs). There has been evaporation loss of 196.50 ltrs. (Previous Year 21.72 ltrs.)
- (4) Turnover includes the following export sales

	2009-2010		2008-2009	
	Nos.	Rs.	Nos.	Rs.
Vikram Three-Wheeler	-	-	14	1,470,806
Spares/components	-	2,370,724	-	7,372,840

Note : Export sales includes deemed export of Rs. 752,935.25 (Previous Year Rs. 12,15,376).



Schedule 21 contd.

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

	2009-2010 Rs.	2008-2009 Rs.
A. C.I.F. Value of Imports		
Spare parts/Components	-	673,981
Capital goods	-	-
Others	<u>121,883</u>	<u>153,504</u>
	<u>121,883</u>	<u>827,485</u>
B. Expenditure in foreign currencies		
On account of royalty, know-how, professional, consultation fees, interest, provisions and others.	<u>4,811,125</u>	<u>132,465</u>
	<u>4,811,125</u>	<u>132,465</u>
C. Earnings in foreign currencies		
Export of goods calculated on F.O.B. Basis*	<u>1,617,789</u>	<u>7,628,270</u>
Royalty	<u>13,495,553</u>	<u>16,020,463</u>
	<u>15,113,342</u>	<u>23,648,733</u>

Explanatory Notes :-

- 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	2009-2010		2008-2009	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Ferrous	Kg.	2,285,169	71,288,838	2,122,127	60,983,379
	Mtrs.	111,833	38,427,002	63,783	26,763,501
Non-ferrous	Kg.	177,060	21,092,326	125,526	16,674,816
B.O.S.F.	-	-	235,686,529	-	196,462,005
Tyres & Tubes	Nos.	89,075	51,986,080	79,566	40,189,188
Spare parts & Components -		-	471,372,923	-	399,781,678
			<u>889,853,698</u>		<u>740,854,567</u>

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

	2009-2010		2008-2009	
	Rs.	%	Rs.	%
(a) Imported (CIF, custom duty and other charges)	-	-	842,760	0.09
(b) Indigenous	<u>889,853,698</u>	<u>100.00</u>	<u>740,011,807</u>	<u>99.91</u>
	<u>889,853,698</u>	<u>100.00</u>	<u>740,854,567</u>	<u>100.00</u>



SCHEDULE 21 contd.

5 Auditor's Remuneration

	2009-2010 Rs.	2008-2009 Rs.
(a) Statutory Auditor's Audit fee	66,180	66,180
(b) Fee for Certification	55,150	37,500
	121,330	103,680

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 S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Date : 30th July, 2010

Sanjeev Srivastava
(Partner)
Membership No.73449



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

I Registration details :	
Registrar Number	3599 of 1972-73
State Code	20 (Uttar Pradesh)
Balance Sheet date	31.03.2010
II Capital raised during the year :	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private placement	NIL
Advance against equity capital-G.O.I.	-
III Position of mobilisation and deployment of funds :	
Total liabilities	1,066,007,426
Total assets	1,066,007,426
Sources of funds :	
a) Paid up capital	534,838,188
b) Reserves and surplus	926,083
c) Secured loans	57,867,411
d) Unsecured loans	472,375,744
Application of funds :	
a) Net fixed assets	170,241,089
b) Investments	-
c) Net current assets	50,618,645
d) Miscellaneous expenditure	-
e) Accumulated losses	845,147,742
IV Performance of company :	
a) Turnover (Gross)	1,398,444,125
b) Total expenditure	1,665,133,256
c) Profit before tax	-280,053,636
d) Profit after tax	-280,053,636
e) Earning per share in rupees excluding advance received from Govt. of India	-6.51
f) Dividend rate (%)	NIL
V Generic names of two principal products of the company :	
<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 S. Srivastava & Co.
Chartered Accountants

Sanjeev Srivastava
(Partner)

Place : Lucknow
Date : 30th July, 2010

Membership No.73449



SCHEDULE 23

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010.
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

Particulars	Current Year Rs.	Previous year Rs.
Cash flow from operating activities :		
Net Profit/(Loss) before Tax and extra ordinary items	(278,883,829)	(277,384,839)
Adjustment for :		
<u>Depreciation</u>		
(i) For Current Year	15,146,022	17,722,765
(ii) For Prior Period	-	-
<u>Deferred Revenue Expenditure</u>		
(i) Written Off for The Year	594,196	791,769
(ii) Addition For the Year	-	-
Provision for Loss in Value of Investment	-	-
Provision/Written off for Doubtful Debts	2,224,749	2,292,270
Provision for inventory Obsolescence	11,055,054	1,738,400
Interest Income	(13,431,089)	(18,007,484)
Interest Paid	53,690,377	31,139,861
(Profit)/Loss in exchange rate change	(40,087)	(29,625)
(Profit)/Loss on sale of fixed assets	-	35,647,956
Operating profit before working capital changes	(209,644,607)	(241,736,884)
Adjustment for :		
Trade receivables	4,144,810	14,718,403
Inventories	(82,158,663)	164,959,690
Other current assets	(1,546,119)	449,532
Loans & advances	(101,464,677)	(716,552)
Trade payables	155,316,830	17,898,055
197,309,128	(25,707,819)	197,309,128
Cash generated/(Loss) from operations :	(235,352,426)	(44,427,755)
Less Taxes paid :		
Income Tax	-	-
Fringe Benefit Tax	-	(676,174)
Cash in flow/(outflow) before extra ordinary items	(235,352,426)	(45,103,929)
Extra ordinary items :		
Prior Period Adjustment	(1,169,807)	1,517,816
(Loss) /Gain in exchange rate	40,087	29,625
1,547,441	(1,129,720)	1,547,441
Net cash from operating activities	(236,482,146)	(43,556,489)
Increase in fixed assets / capital expenditure	(4,548,892)	(9,594,386)
Sale / Adjustments of fixed assets	-	195,071
Interest Income	13,431,089	18,007,484
Net cash used in investing activities	8,882,197	8,608,170
Cash flow from financing activities :		
Interest paid	(53,690,377)	(31,139,861)
Increase in share capital	-	-
Repayment of term loan to G.O.I.	-	(9,500,000)
Receipt of long term loan from G.O.I.	284,300,000	94,500,000
Repayment of long term loan to PICUP	-	-
(Decrease) / Increase in cash credit limits	-	-
Interest Accrued & Due from GOI	3,642,314	(74,613,926)
Net cash used in financing activities	234,251,937	(20,753,788)
Net increase / (decrease) in cash and cash equivalents	6,651,988	(55,702,107)
Cash and cash equivalents (Opening balance)	184,449,936	240,152,043
Cash and cash equivalents (Closing balance)	191,101,924	184,449,936

**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'10/31st March'09	For the FY 2009-10	For the FY 2008-09
Cash and stamps in hand	1,336,484	352,486
Cheques in hand	1,125,254	2,455,500
Term Deposits with Scheduled Banks	177,529,606	168,765,495
Balance with Scheduled Banks	11,110,580	12,876,455
Unsecured loans from scheduled banks/ ICDs/CPs		
Cash and Cash Equivalents as restated	191,101,924	184,449,936
Net change in cash and Cash equivalents	6,651,988	(55,702,107)

2. Cash & Cash Equivalent includes :

(a) Term Deposits for Rs. 118,531,269 (Previous year Rs. 112,764,534) held against L.C. Margin.

(b) Term Deposits for Rs. 4,328,182 (Previous year Rs. 4,021,036) 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 S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Date : 30.07.2010

Sanjeev Srivastava
(Partner)
Membership No.73449



NOTICE

Notice is hereby given that the 38th Annual General Meeting of the members of Scooters India Limited will be held at **3.00 p.m. on Monday, the 27th September, 2010** at Gandhi Bhawan Auditorium, Opp. Shaheed Smaarak, Mahatma Gandhi Marg, Lucknow-226 001 to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31.03.2010.
2. To appoint a director in place of Mr. Ajai Kumar, who retires by rotation and being eligible has offered himself for re-appointment.
3. To appoint a director in place of Mr. P. Muthusamy, who retires by rotation and being eligible has offered himself for re-appointment.
4. 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 2010-2011.

By order of the Board of Directors

Ajai Kumar
Chairman-cum-Managing Director

Place : Lucknow

Date : 27th August, 2010



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 **15.9.2010** to **25.9.2010** (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.
10. Members are requested to note that address of M/s Sky Line Financial Services Private Limited, Registrar & Transfer Agent of the Company has changed to D-153/A, 1ST FLOOR OKHLA INDUSTRIAL, AREA PHASE-1, NEW DELHI-110020



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 23rd 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. 16th May, 2007.

Shri Vikram Gulati - holds PGDM/MBA (Gold Medalist) from MDI, Gurgaon and M.Sc. from Delhi University. Before being nominated to the Board of SIL, he has also worked as Government nominated Director in BSCL, BBJ, BCL, HMT (Watches), Pragya 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 and completed his tenure on 30.01.2010.

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 and completed his tenure on 07.02.2010.

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 31st March, 2004 on attaining the age of superannuation. He has joined the company as Independent Director w.e.f. 6.7.2007 and completed his tenure on 05.07.2010

CUT HERE

Attendance Card
SCOOTERS INDIA LIMITED

(A Government of India Enterprise)
Registered Office : Lucknow - Kanpur Road,
(16th 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 **38th Annual General Meeting** of the Company held on Monday, 27th September, 2010 at 3.00 p.m. at Gandhi Bhawan Auditorium, Opp. Shaheed Smaarak, Mahatma Gandhi Marg, Lucknow

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,
(16th 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 **38th Annual
General Meeting** of the Company to be held on **27th September,
2010** and at any adjournment thereof.

Affix
Re. 1
revenue
stamp

Signature

Signed this day of 2010.

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.

CUT HERE

BOOK POST

If undelivered please return to :

SCOOTERS INDIA LIMITED

(A Government of India Enterprise)

Registered Office : Lucknow - Kanpur Road,

(16th Mile Stone), Post Bag No. 23 (G.P.O.),

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