

39th ANNUAL REPORT 2010-11



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. 23.04.2008
Shri P. Muthusamy	- Director (Finance)	Relieved on 17.03.2011
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
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Statutory Auditor

S. Srivastava & Co.
Chartered Accountants
1/165, Vijay Khand, Gomti Nagar,
Lucknow-226010 (U.P.)

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-I, New Delhi-110020

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

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

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 **39th 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, 2011.

1. PRODUCTION REVIEW :

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

Description	<u>2009-2010</u>	<u>2010-2011</u>
Three wheelers	12,178	14,381

2. SALES REVIEW :

The Sales performance for the year is shown below :

Description	<u>2009-2010</u>		<u>2010-2011</u>	
	Physical (in Nos.)	Financial (₹ in lakhs)	Physical (in Nos.)	Financial (₹ in lakhs)
Three Wheelers	11,720	12,492.07	14,039	15,770.98
Spares	-	468.03	-	464.42
Petrol, Diesel, Lubricants etc.	-	1,024.34	-	1,240.12
Other Sales	-	73.63	-	77.85
TOTAL	-	<u>14,058.07</u>	-	<u>17,553.37</u>

3. FINANCIAL REVIEW :

The salient features of the Company's financial results for the year under review are as follows:
(₹ in Lakhs)

Description	<u>2009-2010</u>	<u>2010-2011</u>
a) Profit/(Loss) before Depreciation	(2,637.40)	(1,577.59)
b) Depreciation	151.44	133.55
c) Profit/(Loss) for the year	(2,788.84)	(1,711.14)
d) Prior period adjustment	(11.70)	-
e) Income Tax	-	-
f) FBT	-	-
Net Profit/(Loss) (PAT)	(2,800.54)	(1,711.14)

The production and sales performance of the Company improved during the year under report. However the company registered a loss of ₹ 17.11 crores compared to ₹ 28.01 crores in the previous year.

4. CONTRIBUTION TO NATIONAL EXCHEQUER

The company has contributed a sum of ₹ 3,811.49 lakhs to the exchequer during the period under review.

5. EXPORTS

The company has achieved exports of ₹ 25.40 lakhs during the period under review. The royalty income by way of foreign exchange remittances amounted to ₹ 30.37 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**
- To achieve 10% increase in production.
 - To achieve 5% decrease in cost.
 - Rationalization of Manpower.
 - To reduce energy input per unit of production.

(B) MARKET SCENARIO

- (i) The total number of 3-wheelers produced and sold in the domestic market by manufacturers in India during the year 2010-11 as against 2009-10 is given below :

<u>Category</u>	<u>Production</u>	
	<u>Apr.09-Mar.10</u>	<u>Apr.10-Mar.11</u>
Segment/Sub-segment		
Passenger Carrier	5,30,438	6,98,811
Goods Carrier	88,756	1,00,742
Total :	6,19,194	7,99,553
	<u>Sales</u>	
Passenger Carrier	3,49,868	4,26,943
Goods Carrier	90,524	99,079
Total :	4,40,392	5,26,022

Note : Sales excludes Export of 1,73,214 Nos. in 2009-10 and 2,69,967 Nos. in 2010-11.

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 popularization of 3-wheelers of larger capacity in the country. SIL has introduced vehicles complying to BS-III emission norms in 2010-11 as made mandatory by GOI for applicability across the country w.e.f. 1/10/11.

The company continues to be the leader in passenger carrier (6+1) segment of vehicles and has a share of 52.26% in 2010-11 (SIL sales 2784 Nos. out of 5327 Nos.)

- (ii) 3-Wheeler growth drivers in future 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 may see an 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 depends by availability of permits issued by various RTOs.



- Increased demand from semi-urban & rural areas for 3-wheelers having high product manoeuvrability and drivability.
- Suitability of 3-wheelers 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 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.
- 3-wheeler is a low cost transport solution to daily commuting passenger. 3-wheelers are also better earning opportunity for unemployed youths as with minimum expenditure i.e. ₹ 40,000/- ₹ 50,000/- (margin money) one can start earning ₹ 300 - ₹ 400 per day whereas in other business if people invest money, return is not assured.

(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 ₹ 37.32 crores from GOI for disbursement of salary and wages for the month of October 2009 to Sept. 2010 during the financial year 2010-11.

(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. Vehicle reliability has improved significantly which has generated goodwill leading to better sales. The company during the year has introduced BS-III compliant models in Diesel, CNG and LPG.

(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, NREGA etc.
- Rapidly growing awareness about vehicular pollution leading to policy formulation for increase use of alternate fuel vehicles.
- Options for technology infusion.
- Rapidly growing network for CNG/LPG supply.

E.2 Threats :

- Increase in product substitution effect by rapidly growing 4 Wheel Small Commercial Vehicle.
- Increased 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.



- Rising interest and fuel cost could dampen demand for company's products.
- Volatility in Raw Materials prices/input and difficulty in passing on cost increase.

(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.
- Retention of young officers who joined in the last couple of years is difficult as private/ other PSUs are offering substantially higher remuneration. Young executives are regularly leaving for greener pastures.
- Though 3-Wheeler as an industry continue to grow but increase in competition and availability of 4-Wheelers 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 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.
- 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. Monthly production of vehicles has shown significant improvement with highest ever production achieved during March 2011. Your company is evaluating various new product development options to cater to various market segments with a view to higher production and sales.

(iii) Status Before 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. Last meeting of BIFR was held on 18th October, 2010, where after no meeting could be held so far. Your Company being a Central PSU has also been referred to BRPSE in addition to BIFR. In the review meeting held on 28th July, 2010 BRPSE has recommended that efforts should be made to identify a possible joint venture partner for revival of SIL. The Business Plan for revival of SIL is under consideration of GOI.

7. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY :

An expenditure of ₹ 6.57 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 1.4.2011 TO DATE :

No material change and commitments have been made by the company from 01-04-11 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 - 1, 1-A and 1-B** 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 1.4.2010 to 31.3.2011, the industrial relations in the Company continued to be under stress mainly due to non fulfillment of employees' aspirations. The aspiration of employees regarding Wage Revision and retirement age could not be fulfilled due to Company's poor financial health.

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 25.10.2010 to 01.11.2010.

13. HUMAN RESOURCE DEVELOPMENT :

Employees of the Company are the most important constituent and Company understands that without their motivation and development Company can not progress. The Company has been analyzing developmental needs in technical and managerial areas and provides requisite training and exposure to the employees at all levels in the area 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 31.3.2011, the total strength of the company is 1011. Out of these, 246 employees belong to Scheduled Castes and 02 employees to Scheduled Tribe.

16. DIRECTORS :

Shri P. Muthusamy, Director (Finance), has been relieved from SIL w.e.f. 17th March, 2011. The Company has taken up the matter with DHI for filling up the vacant positions of Independent Directors as well as Director (Fin.) on the Board.



Shri S.K. Tripathi, Independent Director, retired w.e.f. 5th July, 2010.

The Board records the appreciation for contribution made by aforesaid Directors during their association with the Company.

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 2011, 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 2011 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 continuing losses the company has not re-paid principal amount of ₹ 787.20 lakhs and interest of ₹ 658.58 lakhs as on 31.03.2011.

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 2010-11. The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2011 alongwith Management replies are enclosed at **Annexure-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 2011.

Cost audit report for the year ended at 31st March, 2010 was submitted with the Ministry of Corporate Affairs on 27.09.2010

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-4** to this report.

24. 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

Lucknow
30th August, 2011

Ajai Kumar
Chairman-cum-Managing Director

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.

(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 ₹ **134.96 lakhs** in the previous year to ₹ **53.70 lakhs** in the current year. Foreign Exchange earned by way of export of goods is ₹ **17.89 lakhs** in 2010-11 as compared to ₹ **16.18 lakhs** during previous year.

(b) Earnings and Outgo :

	<u>2009-2010</u>	<u>2010-2011</u>
		(₹ in lakhs)
Foreign Exchange Earnings	151.13	71.59
Foreign Exchange Outgo	48.11	-

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

Description	2009-2010	2010-2011
A. Power and fuel consumption		
1. Electricity		
a) <u>Purchased</u>		
Unit*	51,82,800	60,97,200
Total Amount (₹)	2,60,66,903.32	3,28,32,917
Rate / Unit (₹)	5.0295	5.3849
b) <u>Own Generation</u>		
i) <u>Through Diesel Generator</u>		
Unit*	11,570	5,820
Units per litre of diesel oil	1.989	1.607
Cost / Unit (₹)	18.696	21.775
ii) <u>Through Steam Turbine / Gen.</u>	N.A.	N.A.
Unit*	NIL	NIL
Unit per litre of diesel oil	NIL	NIL
Cost / Unit (₹)	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)	48.00	56.63
Total Amount (₹)	1,429,440.00	1,763,571.40
Average Rate per Kg. (₹)	29.78	31.14
(b) Light Diesel Oil		
Quantity (Kilo litres)	94.00	96.00
Total Amount (₹)	293,650	29,74,665.00
Average Rate per Kg. (₹)	31.14	29.78
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)	2009-2010	2010-2011
Production (in Nos.)	-	12,178	14,381
Electricity (Unit)	-	425.622	424.380
Furnace oil (Ton)	-	.00371	.00675
Light Diesel oil (Kilo litres)	-	.00788	.00390
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 | <p>New 3-wheeler models type approved with conformance to BS III norms as well as Conformity of production for financial year 2010-11 to enable subsequent productionisation of the same models:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Vikram 1000 CG (CNG operated 3-seater/LC) <input type="checkbox"/> Vikram 1000 LG (LPG operated 3-seater/LC) <input type="checkbox"/> Vikram 1500 CG (CNG operated 6-seater/LC) <input type="checkbox"/> Vikram 450 (D) (Diesel operated 3-seater/LC) in both Handle Bar & Steering configuration) <input type="checkbox"/> Vikram 750 D (Diesel operated 6-S Eater/LC) <p>Improvement of vehicle model in system like Suspension System, Transmission System, Clutch system, Electrical etc. (To provide No Problem vehicle).
Upgradation of SIL 2-stroke petrol engine to meet current emission norms.</p> |
| 3. Future plan of action | <p>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.</p> <p>The company is exploring the option of developing 3-wheeler with rear-mounted engine having capacity of 265cc.</p> <p>Considering development of small 4-wheeler for commercial application, in association with a design house.</p> |
| 4. Expenditure on R&D (Fig. in ₹) | |
| A) Capital | NIL |
| B) Recurring | 37,31,876.00 |
| C) Total | 37,31,876.00 |
| D) Total R&D expenditure as a percentage of total turnover | 0.16 |



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 (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:
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. | Nil |



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. SIL has also 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 Directors and Senior Management is given in Annexure.

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 statement has been obtained and attached as Annexure.

E. Compliance Certificate of the Auditors

Scooters India Limited has annexed to this report a certificate obtained from the Statutory Auditors, M/s S. Srivastava & Co. regarding compliance of conditions of Corporate Governance as stipulated in clause-49 of the Listing Agreement.

2. BOARD OF DIRECTORS

The Board of Directors of the Company as on 31.3.2011 is comprised of one Non-Executive Director who is the nominee of Govt. of India and two Executive 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 17.3.11	-	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.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 30.4.10	BM dated 11.5.10	BM dated 27.7.10	BM dated 13.8.10	BM dated 17.8.10	BM dated 29.9.10	BM dated 12.11.10	BM dated 8.2.11	AGM dated 27.9.10
Total Strength →		5	5	4	4	4	4	4	4	4
1.	Shri Ajai Kumar	P	P	P	P	P	P	P	P	P
2.	Shri P. Muthusamy	P	P	P	P	P	P	P	P	P
3.	Shri Vikram Gulati	P	P	P	A	P	P	P	P	A
4.	Shri P.P. Sarkar	P	P	P	P	P	P	P	P	P
5.	Shri S. K. Tripathi	P	P	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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

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

C. Information supplied to the Board

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

- production, sales and capital expenditure budgets and updates.
- sales, investments and financial performance statistics.
- review of zone-wise business.
- quarterly results of the company,
- staff matters including senior officers appointments and extensions,
- legal proceedings by or against the company including show cause demands, notices etc.
- share transfer and demat compliance,
- minutes of meetings of Audit Committee and other Committee of the 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

SI.No.	Name of Director	Tenure
1.	Shri Ajai Kumar, Member	30.04.2010 till date
2.	@Shri Vikram Gulati, Member	30.04.2010 till date
3.	Shri P. P. Sarkar, Member	12.05.2011 till date
4.	#Shri S. K. Tripathi, Member	26.4.2008 to 05.07.2010
5.	Shri P. Muthusamy, Member	27.07.2010 to 17.3.2011

@Appointed as Chairman w.e.f. 27.07.2010

#Appointed as Chairman w.e.f. 30.04.2010

Company secretary act as secretary to the committee.

Meetings and Attendance

Sl. No.	Name of Director	11.5.10	27.7.10	13.8.10	29.9.10	12.11.10	8.2.11
1	Shri S.K. Tripathi	P	-	-	-	-	-
2	Shri Vikram Gulati	P	P	A	P	P	P
3	Shri Ajai Kumar	P	P	P	P	P	P
4	Shri P. Muthusamy	-	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 17.3.2011
2.	Shri Ajai Kumar, Chairman	12.5.2011 till date
3.	Shri Vikram Gulati, Member	12.5.2011 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
2	Nil

C. Share Transfer Committee

Present Composition of Share Transfer Committee is :

Sl.No.	Name of Director	Tenure
1.	Shri P. Muthusamy, Chairman	31.1.2007 till 17.3.2011
2.	Shri Ajai Kumar, Chairman	12.5.2011 till date
3.	Shri Vikram Gulati, Member	12.5.2011 till date
4.	Shri P. P. Sarkar, Member	16.05.2007 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
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.
2009-2010	Gandhi Bhawan, Lucknow.	27 th Sept., 2010	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
29.9.2008	TWO	No	N.A.	N.A.
30.9.2009	ONE	No	N.A.	N.A.
27.9.2010	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 2010-11:

(Amount in ₹)

Name	Designation & Period	Sitting Fee	Salary	Benefits & Contribution to PF/Pension/ Others	Total
Sri Ajai Kumar	CMD	-	8,62,800.00	96,680.63	9,59,480.63
Sri P. Muthusamy	Dir. (Fin.) (till 17.3.11)	-	7,77,286.00	97,284.08	8,74,570.08
Sri P. P. Sarkar	Director (Tech.)	-	7,20,183.00	83,152.15	8,03,335.15
Total :		-	23,60,269.00	2,77,116.86	26,37,385.86

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 : 30th September, 2011 at 3.00 p.m.
 Financial Calendar : 1st April, 2010 to 31st March, 2011
 Venue : Gandhi Bhawan Auditorium, Opp. Shaheed Smaarak, Mahatma Gandhi Marg, Lucknow-226 001
 Book Closure date : 26th September, 2011 to 30th September, 2011.
 Listing of Equity : BSE, DSE
 Stock code : 505141
Registrar and transfer Agent : 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 31.03.2011 : 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.

Stock Prices

Script Code : 505141

Company : SCOOTERS INDIA LTD. For the period : April, 2010 to March, 2011

Months	Open Price	High Price	Low Price	Close Price	No.of Shares	No.of Trades	Total Turnover (₹)	*Spread (₹)	
								H-L	C-O
April 2010	26.00	27.25	23.50	25.80	83,586	477	21,53,362	3.75	-0.20
May 2010	24.85	25.80	19.00	21.10	48,027	441	10,48,426	6.80	-3.75
June 2010	21.50	31.00	19.60	26.15	1,55,017	1086	39,78,296	11.40	4.65
July 2010	25.80	26.75	23.50	24.00	42,583	356	10,70,758	3.25	-1.80
August 2010	24.85	48.15	24.10	43.50	6,19,892	2,126	2,46,14,473	24.05	18.65
September 10	43.50	50.45	37.15	42.75	3,08,256	2,059	1,37,20,411	13.30	-0.75
October 2010	44.40	45.00	35.25	37.20	96,498	849	39,18,614	9.75	-7.20
November 2010	37.20	42.35	30.80	33.30	1,08,092	607	40,56,050	11.55	-3.90
December 2010	34.90	37.20	31.25	36.20	63,845	336	21,41,714	5.95	1.30
January 2011	34.45	40.50	25.00	25.20	1,01,831	707	33,98,691	15.50	-9.25
February 2011	23.95	39.90	23.50	38.80	1,80,669	1,219	60,99,221	16.40	14.85
March 2011	38.90	41.60	33.30	37.50	77,006	456	28,80,151	8.30	-1.40

* **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 11.05.10, 13.8.10, 12.11.10, 08.02.11, 12.05.11)	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, 2011

Shareholding of Nominal Value		Share Holders		Share Amount in Rupees				
Category		Number	%	Physical	NSDL	CDSL	TOTAL	%
Upto	500	8635	94.91	604870	268871	117312	991053	2.30
501 -	1000	287	3.15	65150	125736	56596	247482	0.58
1001 -	2000	91	1.00	45100	75147	20848	141095	0.33
2001 -	3000	26	0.29	10600	36190	18829	65619	0.15
3001 -	4000	17	0.19	3700	37616	23249	64565	0.15
4001 -	5000	11	0.12	4350	42548	4300	51198	0.12
5001 -	10000	20	0.22	25800	86313	26100	138213	0.32
10001 and above		11	0.12	41005490	231077	56463	41293030	96.05
TOTAL		9098	100.00	41765060	903498	323697	42992255	100.00

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

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.

B.N. Raj
Financial Controller

Ajai Kumar
CMD / CEO

Place : Lucknow
Dated : 12th August, 2011

**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, 2011 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, 2011 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 : 25.07.2011

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, 2011 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 on 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, 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 (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub Section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our 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;



- (i) Para no. 2 (i) of schedule 20 regarding contingent liability of ₹ 1073.95 lakhs and indeterminate penalty 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.
- (ii) Para 2 (ii) of schedule 20 regarding unfavorable arbitration award of ₹ 192.98 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.
- (iii) 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.
- (iv) Para 2 (iv) of schedule 20 relating to cases of 153 employees, the amount of which is indeterminate, not provided in books of accounts and its consequent effect over the profitability/loss of the company.
- (v) Para 2(v) of schedule 20 regarding demand of ₹ 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.
- (vi) Para 4 (a) and 4 (b) of schedule 20 regarding loss of ₹ 15.50 lakhs out of investment of ₹ 15.50 lakhs in the Equity share of U.P. Instrument Ltd. and loss of ₹ 52.28 lakhs out of investment of ₹ 52.28 lakhs in the equity shares of U.P. Tyres & Tubes Ltd.
- (vii) 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 to the company.
- (viii) Para 8 of schedule 20 regarding non provision of lease rent for the period 1983-84 till 2010-11 for land at 64-65, Najafgarh Road, New Delhi which has expired in 1982-83 but still in possession of the company.
- (ix) Para 16(i) of schedule 20 the company paid ₹ 192.90 lakhs to workmen against revision proposal which was not approved by the Central government, but has been shown as recoverable amount from workers.
- (x) Para 16 (ii) of schedule 20 the compapny has not made any provision as per the guidelines for revision of salary & wages with effect from 01.01.2007.
- (xi) 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".
- (xii) Para 26 of schedule 20 regarding complete erosion of net worth of the company as on 31st March, 2009 and consequently being declared as sick under section 3(1)(o) of SICA by BIFR on 18th February, 2010.



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

- (i) The Company has neither paid nor made any provision for the capital filing fees on account of increase of Authorized Share Capital from ₹ 8 Crore to ₹ 75 Crores and consequent interest/penalties thereupon. The losses of the company are understated by the amount of the same.
- (ii) In absence of the certainty of the estimates of amount involved in various legal cases, 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.
- (iii) The Company should take stringent action for recovery of outstanding/ Recoverable against which 100% provisioning has already been made in the earlier years by deciding a approved policy for the same.
- (iv) The company has defaulted in repaying the installment of Term loan of ₹ 3731.86 lakhs as well as interest of ₹ 941.88 lakhs thereupon, payable to Government of India.
- (v) The company has made statutory contravention by defaulting on salary & wages amounting to ₹ 294.45 lakhs and therefore not depositing ₹ 167.53 lakhs of P.F./Pension to the trust/P.F. authorities.
- (vi) There is unfunded liability of ₹ 38.00 lakhs on account of retirement benefit according to actuarial valuation.
- (vii) The company has booked minimum royalty due ₹ 30.37 lakhs as income, as FWL, Lambretta Trademark licensee of SIL has stopped payment of royalty due & has also stopped providing turnover figure. Accordingly the loss of the Company may be considered as understated by the said amount.

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, 2011.
- (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 : 25.07.2011

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 are 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 to the 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. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) As per records, the Company is regular in depositing undisputed statutory dues including provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues, to the extent applicable to it, although defaulting on salary & wages amounting to ₹ 294.45 lakhs and therefore not depositing ₹ 167.53 lakhs of P.F./Pension to the trust/P.F. Authorities, with the appropriate authorities and as informed no undisputed amount were outstanding as at 31st March, 2011 for a period of more than six months from the date of becoming payable, except the following;

Sl. No.	Name of the Status	Nature of dues	Period	Amount (₹ In Lakhs)
1.	Kerala Sales Tax	State Sales Tax	92-93, 93-94 & 94-95	4.22
2.	Uttar Pradesh	Central Sales Tax	07-08	0.12
			Total	4.34

(b) The disputed statutory dues aggregating ₹ 236.03 lakhs plus further penalty indeterminate that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Name of the dues	Nature of the dues	Forum where dispute is pending	Period	Amount (₹ In Lakhs)
1. (a)	State Sales Tax Acts	Sales Tax & Interest	Dy. Com. (Appeal) (Appeal)	77-78,86-87,87-88,92-93, 93-94,96-97,98-99	25.02
(b)	State Sales Tax Acts	Sales Tax	Asstt. Com. (Appeal)	01-02	0.29
(c)	State Sales Tax Acts	Entry Tax & Penalty	Comm. of Commercial Taxes	97-98 to 06-07	113.77
(d)	State Sales Tax Acts	Entry Tax & Penalty	Tribunal	03-04, 04-05, 05-06	10.55
2 (a)	Central Sales Tax Acts	Central Sales Tax & Interest	Dy. Com. (Appeal)	82-83 & 86-87 92-93 & 93-94	11.30
(b)	Central sales Tax Act	Central Sales Tax	Asstt. Com. (Appeal) (C.T.)-V	93-94	7.88
3 (a)	Central Excise & Service	Service Tax	Commissioner (Appeals)	Oct. 2002- Mar. 2007	7.91+ Further Penalty Indeterminate
(b)	Central Excise & Service Tax	Service Tax	Commissioner (Appeals)	Apr. 2007 Mar. 2008	0.70 + Further Penalty Indeterminate
(c)	Central Excise & Service Tax	Central Excise	Joint Comm. (Review)	Jan. 2006	0.32
(d)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	2001-02	2.98
(e)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	2001-02	10.83
(f)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	2005-06 to 2008-09	10.72 + 10.72 Penalty
(g)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	Apr. 2009- Sept. 2009	2.19+2.19 Penalty
(h)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	Oct. 2009- Mar. 2010	1.07+1.07 Penalty
(i)	Central Excise & Service Tax	Central Excise	Asst. Comm.	Apr. 2010- Sept. 2010	1.99+1.99 Penalty
(j)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	2005-06 to 2008-09	6.27+6.27 Penalty
				Total :	236.03+ Further Penalty Indeterminate



- (x) The Company has an accumulated losses of ₹ 1,016,261,248 at the end of the financial year and has incurred cash losses in the financial year under report and also in the immediately preceding financial year. The accumulated losses of the Company are more than fifty percent of its net worth.
- (xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or bank or debentures holders.
- (xii) According to information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provision of clause 4(xiii) of the Order is 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 is not applicable to the Company.
- (xv) According to information and explanation 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 ₹ 3272.66 lakhs from Government of India in financial year 2010-11, 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, thereof; 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, checking of minutes of the Board of Directors revealed that a commercial agreement was executed by the CMD without the authority of the Board and after due consideration the board decided to refer the matter of the appropriate authority for further action.

For S. Srivastava & Co.
Chartered Accountants

Sanjeev Srivastava
Partner
M.No. 073449

Place : Lucknow
Dated : 25.07.2011



Annexure IV

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, 2011.

The preparation of financial statements of Scooters India Limited for the year ended 31st March, 2011 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 25 July, 2011.

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, 2011. 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 : 30.08.2011

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, 2011 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 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 (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 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 explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by the law, have been kept by the company so far as appears from our examination of those books.
 - (c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.



- (d) In our opinion, the said Balance Sheet and Profit & Loss Account dealt with by this report, comply with the mandatory accounting standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable.
- (e) As per Notification No. GSR 829 (E) dated 21.10.2003 issued by the department Company Affairs; disqualification of Directors in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable to the company being a Government Company.
- 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 :
- (i) Para No.2 (i) of schedule 20 regarding contingent liability of ₹ 1073.95 lakhs and indeterminate penalty 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.
- (ii) Para No.2 (ii) of schedule 20 regarding unfavorable arbitration award of ₹ 192.98 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.
- (iii) 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.
- (iv) Para 2 (iv) of schedule 20 relating to cases of 153 employees, the amount of which is indeterminate, not provided in books of accounts and its consequent effect over the profitability/loss of the company.
- (v) Para 2 (v) of schedule 20 regarding demand of ₹ 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.

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



- (vi) Para No.4 (a) and 4 (b) of schedule 20 regarding loss of ₹ 15.50 lakhs out of investment of ₹ 15.50 lakhs in the Equity Share of U.P. Instruments Ltd. and loss of ₹ 52.28 lakhs out of investment of ₹ 52.28 lakhs in the equity share of U.P. Tyres & Tubes Ltd.
- (vii) Para 4(c) of schedule 20 regarding non confirmation of most of the balances of debtors/creditors accounts claims recoverable, loans and advances material lying with this party, various deposits to electricity, custom, court, landlord and other parties and the consequent effect on the book balance and the actual balance over the profitability/loss to the company.
- (viii) Para 8 of schedule 20 regarding non provision of lease rent for the period 1983-84 till 2010-11 for land at 64-65, Najafgarh Road, New Delhi which has expired in 1982-83 but still in possession of the company.
- (ix) Para 16 (i) of schedule 20 the company paid ₹ 192.90 lakhs to workmen against revision proposal which was not approved by the Central Government, but has been shown as recoverable amount from workers.
- (x) Para No.16 (ii) of schedule 20 the company has not made any provision as per the guidelines for revision of salary & wages with effect from 01.01.2007.
- (xi) 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".
- (xii) Para 26 of schedule 20 regarding complete erosion of net worth of the company as on 31st March, 2009 and consequently being declared as sick under section 3 (1) (o) of SICA by 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.i to xv referred to above we report that :

- (i) The company has neither paid nor made any provision for the capital filing fees on account of increase of Authorised Share Capital from ₹ 8 Crores to ₹ 75 Crores and consequent interest/penalties thereupon. The losses of the company are understated by the same.
- (ii) In absence of the certainty of the estimates of amount involved in various legal cases, 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 vide note no.17 (i) in Schedule 20 under Notes To Accounts.

Appropriate disclosure made in Schedule 20 under Notes To Accounts.



(iii) The Company should take stringent action for recovery of outstanding/Recoverable against which 100% provisioning has already been made in the earlier years by deciding a approved policy for the same.

Noted

(iv) The Company has defaulted in repaying the installment of Term loan of ₹ 3731.86 lakhs as well as interest of ₹ 941.88 lakhs thereupon, payable to Government of India.

In view of losses during the year the company defaulted in repayment of Term Loan & Interest due to Government.

(v) The Company has made statutory contravention by defaulting on salary & wages amounting to ₹ 294.45 lakhs and therefore not depositing ₹ 167.53 lakhs of P.F./ Pension to the trust/P.F. authorities.

Required provision of salary & wages, PF, Pension has made in accounts & there is no understatement/overstatement of Profit/Loss.

(vi) There is unfunded liability to ₹ 38.00 lakhs 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 & there is no understatement/overstatement of Profit/Loss.

(vii) The Company has booked minimum royalty due ₹ 30.37 lakhs as income, as FWL, Lambretta Trademark licensee of SIL has stoppted payment of royalty due & has also stopped providing turnover figure. Accordingly the loss of the Company may be considered as understated by the said amount.

Appropriate disclosure has been made vide note no.23 in Schedule 20 & therefore cannot considered as understatement of loss.

Give a true and fair view in conformity with the accounting principles generally accepted in India.

(i) In the case of Balance Sheet, of the state of affairs of the Company, as at 31st March, 2011.

(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.

For S. Srivastava & Co.
Chartered Accountants

Place : Lucknow
Date : 25th July, 2011

Sanjeev Srivastava
Membership No.: 073449



BALANCE SHEET AS AT MARCH 31, 2011

	SCHEDULE	AS AT 31-3-2011 ₹	AS AT 31-3-2010 ₹
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	42,969,613	57,867,411
b) Unsecured Loans	4	865,499,524	472,375,744
		<u>908,469,137</u>	<u>530,243,155</u>
		<u>1,444,233,408</u>	<u>1,066,007,426</u>
2. APPLICATION OF FUNDS			
1) Fixed Assets			
a) Gross Block	5	565,650,869	559,362,628
b) Less: Depreciation		403,588,212	390,233,251
c) Net Block		<u>162,062,657</u>	<u>169,129,377</u>
d) Capital work-in-progress	6	9,757,476	1,111,662
		<u>171,820,133</u>	<u>170,241,039</u>
2) Investments			
	7	-	-
3) Current Assets, Loans & Advances			
a) Inventories	8	355,465,520	268,275,859
b) Sundry Debtors		30,179,365	29,103,540
c) Cash and Bank Balances		164,231,624	191,159,984
d) Other Current Assets		4,359,720	3,676,004
e) Loans and Advances		140,368,149	174,921,611
		<u>694,604,378</u>	<u>667,136,998</u>
4) Less : Current Liabilities and Provisions			
a) Liabilities	9	433,331,167	453,653,831
b) Provisions		5,121,184	162,864,522
		<u>438,452,351</u>	<u>616,518,353</u>
5) Net Current Assets (3-4)		256,152,027	50,618,645
6) Miscellaneous Expenditure (to the extent not written off)		-	-
Deferred Revenue Expenditure	10		
7) Profit & Loss Account	10	1,016,261,248	845,147,742
		<u>1,444,233,408</u>	<u>1,066,007,426</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. P. Sarkar
Director (Technical)
As per our separate report of even date
For S. Srivastava & Co.
Chartered Accountants

Ajai Kumar
Chairman-cum-Managing Director

Sanjeev Srivastava
(Partner)

Membership No.73449

Place : Lucknow

Date : 25th July, 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2011

	SCHEDULE	YEAR ENDED 31-3-2011 ₹	YEAR ENDED 31-3-2010 ₹
INCOME			
Sales	11	1,747,551,986	1,398,444,127
Less : Excise		147,669,826	98,084,058
Net Sales		1,599,882,160	1,300,360,069
Other Income	12	29,923,579	35,222,737
Accretion / Decretion to Stock	13	65,617,326	50,666,621
		1,695,423,065	1,386,249,427
EXPENDITURE			
Materials Consumed	14	1,120,563,879	889,853,698
Cost of sales at Petrol Pump	14	121,327,559	100,117,292
Employees' Remuneration and Benefits	15	356,362,591	451,702,123
Other expenses of Manufacture, Administration, Selling & Distribution	16	152,716,750	157,941,682
Depreciation	5	13,354,961	15,144,417
Interest	17	105,374,611	53,690,377
		1,869,700,351	1,668,449,589
LESS :			
Expenditure included in above capitalised		3,163,780	3,316,333
		1,866,536,571	1,665,133,256
Profit/(Loss) for the year		(171,113,506)	(278,883,829)
Prior Year Adjustments (Net)	18	-	(1,169,807)
Profit/(Loss) After prior period Adjustments		(171,113,506)	(280,053,636)
Fringe Benefit Tax		-	-
Income Tax		-	-
Profit/(Loss) after Tax		(171,113,506)	(280,053,636)
Balance brought forward from last year		(845,147,742)	(565,094,106)
Balance carried to Balance Sheet		(1,016,261,248)	(845,147,742)
Basic / Diluted Earnings Per Share (In ₹)		(3.98)	(6.51)
Basic/Diluted Earnings Per Share Before Prior Period Items (In ₹)		(3.98)	(6.49)
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. P. Sarkar
Director (Technical)
As per our separate report of even date
For S. Srivastava & Co.
Chartered Accountants

Ajai Kumar

Chairman-cum-Managing Director

Sanjeev Srivastava
(Partner)

Membership No.73449

Place : Lucknow

Date : 25th July, 2011

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2011.

SCHEDULE 1

Share Capital

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
Authorised Capital[@]		
7,50,00,000 Equity Shares (Previous Year 7,50,00,000) of ₹ 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 ₹ 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 ₹ 10 each.	<u>429,922,550</u>	<u>429,922,550</u>
Forfeited Shares	15,638	15,638
Advance against Share Capital	<u>104,900,000</u>	<u>104,900,000</u>
	<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 ₹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 31.3.2011 ₹	As at 31.3.2010 ₹
Reserves		
Capital Reserve	<u>926,083</u>	<u>926,083</u>
	<u>926,083</u>	<u>926,083</u>
Surplus	<u>—</u>	<u>—</u>
	<u>926,083</u>	<u>926,083</u>

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

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
Loans and advances from Banks*		
State Bank of India	34,229,547	53,557,459
Indian Overseas Bank	8,740,066	4,309,952
	<u>42,969,613</u>	<u>57,867,411</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 31.3.2011 ₹	As at 31.3.2010 ₹
Loans from Government of India	771,311,710	444,045,710
Interest Accured & Due	94,187,814	28,330,034
	<u>865,499,524</u>	<u>472,375,744</u>

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

Amount in ₹

Description	GROSS BLOCK AT COST		DEPRECIATION		NET BLOCK	
	As at 01.04.2010	As at 31.03.2011	As at 01.04.2010	As at 31.03.2011	As at 31.03.2011	As at 01.04.2010
Lease Hold Land	1,258,111	-	1,258,111	-	733,899	747,878
Building (including Roads, Services and Tubewell)	39,378,631	-	39,378,631	-	8,612,262	9,738,334
Plant and Machinery*	270,637,242	2,847,979	273,485,221	-	116,973,059	121,844,918
Special Tools	170,075,496	3,182,792	173,258,288	-	21,093,771	20,221,131
Handling Equipments	11,020,116	-	11,020,116	-	2,249,317	2,455,726
Furniture/Fixture & Office Equipments	39,057,165	255,670	39,312,835	-	7,082,583	8,078,410
Electrical Equipments, Installation & Fittings	18,473,392	1,800	18,475,192	-	3,232,870	3,409,600
Vehicles	9,462,475	-	9,462,475	-	2,084,896	2,633,380
Total	559,362,628	6,288,241	565,650,869	-	162,062,657	169,129,377
Previous year	555,650,730	3,711,898	559,362,628	1,605	169,129,377	180,563,501

* Includes pattern & dies with others amounting to 966807 (Previous year Rs. 966807)

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



SCHEDULE 6

Capital Work-in-progress

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
Capital Items awaiting installation	9,284,647	638,833
Construction Work-in-Progress	472,829	472,829
	<u>9,757,476</u>	<u>1,111,662</u>

SCHEDULE 7

Investments

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
Investment at cost (Unquoted fully paid)*		
UP Instruments Limited 1,55,030 Equity Shares of ₹10 each.	1,550,300	1,550,300
UP Tyres & Tubes Limited 5,22,800 Equity Shares of ₹ 10 each.	5,228,000	5,228,000
Co-operative Electric Supply Society Limited 5,700 Equity Shares of ₹10 each.	57,000	57,000
	<u>6,835,300</u>	<u>6,835,300</u>
Less : Provision for estimated loss in value**	<u>6,835,300</u>	<u>6,835,300</u>
	<u>-</u>	<u>-</u>

* All investments are long term.

** Refer Note No.4 of Schedule 20.

SCHEDULE 8
Current Assets, Loans and Advances

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
i) Inventories :		
Raw Materials and Components*	114,202,293	94,382,034
Stores and Spares	16,377,743	17,136,119
Loose Tools and Consumables*	33,886,599	34,876,702
Work-in-progress	68,116,845	49,931,419
Finished goods	123,263,590	80,549,602
Material-in-transit	20,423,878	11,715,918
Material under Inspection	2,802,511	317,385
Disposal Stores	11,882,731	7,164,819
Other Stocks #	2,513,574	3,002,443
	<u>393,469,764</u>	<u>299,076,441</u>
Less : Provision for Inventory Obsolescence	36,220,551	29,016,889
Provision for material lying with sub Contractor doubtful of recovery	1,783,693	1,783,693
	<u>355,465,520</u>	<u>268,275,859</u>
* Raw - materials, loose tools and consumables lying with sub - contractors / Licencees amount to ₹ 7,031,770 (Previous year ₹ 11,393,827)		
# Other Stocks includes Petrol Pump of ₹ 1,740,551 (Previous Year ₹ 1,932,048)		
ii) Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding 6 months		
Considered good	19,317,628	14,756,022
Considered doubtful	37,705,424	36,414,669
	<u>57,023,052</u>	<u>51,170,691</u>
Other debts considered good	10,861,737	14,347,518
	<u>67,884,789</u>	<u>65,518,209</u>
Less : Provision for doubtful debts	37,705,424	36,414,669
	<u>30,179,365</u>	<u>29,103,540</u>
iii) Cash and Bank Balances		
Cash and stamps in hand	267,725	1,336,484
Cheques in hand	28,428	1,125,254
Term deposits with Scheduled Banks*	160,344,784	177,587,666
Balances with Scheduled Banks	3,590,687	11,110,580
	<u>164,231,624</u>	<u>191,159,984</u>

* Term Deposits for ₹ 125,221,199 (Previous Year ₹ 118,531,269) held against L.C. Margin.

* Term Deposits for ₹ 4,576,913 (Previous Year ₹ 4,328,182) for E.S.I. Case.


SCHEDULE 8 Contd.

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
iv) Other Current Assets		
Interest accrued on term deposits	4,359,720	3,676,004
	<u>4,359,720</u>	<u>3,676,004</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	11,151,211	10,643,877
b) Others #	129,216,265	164,277,061
3) Unsecured Considered doubtful	11,131,636	12,197,344
	<u>151,499,785</u>	<u>187,118,955</u>
Less : Provision for doubtful advances	11,131,636	12,197,344
	<u>140,368,149</u>	<u>174,921,611</u>
Total (i) to (v)	<u>694,604,378</u>	<u>667,136,998</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 31.3.2011 ₹	As at 31.3.2010 ₹
i) Current Liabilities		
Acceptances	97,813,733	67,614,900
Sundry Creditors		
i) Total Dues of SSI undertaking(s)	-	-
ii) Total Dues of Creditors other than SSI Undertaking(s)	189,456,530	224,398,343
Advances and Deposits [@]	45,156,654	44,042,900
Other Liabilities	64,921,054	103,338,816
Interest accrued but not due	32,021,191	10,379,717
Unspent Balance against Workmen Housing Colony*	3,962,005	3,879,155
	<u>433,331,167</u>	<u>453,653,831</u>
ii) Provisions		
Provision for Retirement Benefits	3,811,184	161,149,522
Warranty	1,310,000	1,715,000
	<u>5,121,184</u>	<u>162,864,522</u>
	<u>438,452,351</u>	<u>616,518,353</u>

@ Include ₹ 125,850 (Previous year ₹ 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	14,566,464	14,483,614
Less : Expenditure on Workmen's Housing Colony	10,604,459	10,604,459
	<u>3,962,005</u>	<u>3,879,155</u>

SCHEDULE 10
Miscellaneous expenditure

(To the extent not written off or adjusted)

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
<u>Deferred Revenue Expenditure</u>		
Opening Balance	-	594,196
Additions during the year	-	-
	-	594,196
Less: Written off & charged to Profit & Loss Account	-	594,196
	-	-
<u>Profit & Loss Account</u>		
Loss brought forward	(845,147,742)	(565,094,106)
Loss during the year	(171,113,506)	(280,053,636)
	<u>(1,016,261,248)</u>	<u>(845,147,742)</u>

Schedules annexed to and forming part of the Profit & Loss Account for the year ended March 31, 2011

SCHEDULE 11

Sales

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
Three-Wheeler*	1,577,098,391	1,249,206,602
Spare-parts*	46,442,037	46,803,261
Petrol, Diesel, Lubricants etc.**	124,011,558	102,434,264
	<u>1,747,551,986</u>	<u>1,398,444,127</u>

*Includes Excise Duty amounting ₹147,669,826 (Previous year ₹ 98,084,058)

**Includes 65,702 ltrs.of petrol, diesel,oil etc. value ₹ 2,816,251 (Previous year 60,256 ltrs. value ₹ 2,180,128) consumed for internal use.

SCHEDULE 12

Other Income

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
Miscellaneous Receipts		
Sale of :		
a) Empties	96,300	-
b) Miscellaneous Items & Scrap	7,689,089	7,362,913
Interest on :		
a) Term deposits	10,895,667	12,886,889
b) Others	959,913	544,200
Royalty	5,370,162	13,495,553
Gain in exchange rate	-	40,087
Excess Provision written back	3,352,459	340,680
Other receipts	1,559,989	552,415
	<u>29,923,579</u>	<u>35,222,737</u>

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

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
Opening 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
(A)	<u>137,645,840</u>	<u>86,979,219</u>
Closing Stock		
Finished Goods	123,263,590	80,549,602
Work-in-progress	68,116,845	49,931,419
Disposal Stores	11,882,731	7,164,819
(B)	<u>203,263,166</u>	<u>137,645,840</u>
Accretion / (Decretion)	(B - A)	65,617,326
		50,666,621

SCHEDULE 14
Consumption of Materials

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
(I) Consumption of Materials :		
a) Raw Materials and Components		
Opening Stock	94,382,034	68,474,256
Add : Purchases	1,140,384,335	915,762,177
	<u>1,234,766,369</u>	<u>984,236,433</u>
b) Less :		
i) Closing Stock	114,202,293	94,382,034
ii) Shortages in inventory written off	197	701
	<u>114,202,490</u>	<u>94,382,735</u>
c) Consumption of Materials (a - b)	<u>1,120,563,879</u>	<u>889,853,698</u>
(II) Petrol Pump		
a) Opening Stock	1,932,048	766,428
Add : Purchases	121,155,842	101,291,313
	<u>123,087,890</u>	<u>102,057,741</u>
b) Less : i) Closing Stock	1,740,551	1,932,048
ii) Shortages written off	19,780	8,401
	<u>1,760,331</u>	<u>1,940,449</u>
c) Cost of sales at Petrol Pump (a - b)	<u>121,327,559</u>	<u>100,117,292</u>

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

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
Salaries , Wages and Bonus *	279,418,026	281,276,762
Leave Encashment	9,349,259	23,914,535
Contribution to PF	20,622,687	19,942,801
Employer's share of Pension Contribution	7,655,046	8,711,018
Interest Subsidy on House Building Loans	285,891	132,789
Contribution to ESI scheme	1,476,116	479,395
Contribution to Employees' Group Insurance	1,614,765	1,119,771
Medical benefits	13,220,554	12,535,107
Canteen expenses	6,462,951	6,080,336
Transport expenses	8,460,650	6,650,446
Rent (Leasehold accommodation)	11,340	10,920
Gratuity	2,559,104	85,066,942
Leave travel assistance	2,891,000	3,746,500
Uniform	1,006,781	624,023
Benevolent expenses	490,100	520,200
Children education allowance	96,224	132,240
Other expenses	742,097	758,338
	<u>356,362,591</u>	<u>451,702,123</u>

* Includes stipend paid to the trainees / apprentices ₹2,005,409 (Previous year ₹16,17,800)

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

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
Stores, Spares and Tools	33,011,768	28,291,413
Power & Fuel	35,191,643	27,315,127
Repairs	13,961,607	13,712,248
Research and Development	2,795,505	1,901,004
Fabrication charges	76,800	-
Excise Duty with cess	11,297,219	10,648,872
Rent	2,051,504	2,023,754
Postage, Telegram and Telephone	1,564,762	1,604,835
Directors' Sitting Fees	15,000	188,000
Directors' Travelling Expenses	981,362	558,136
Travelling Expenses	3,621,983	2,867,096
Printing and Stationery	1,924,368	1,423,164
Board Meeting Expenses	23,905	102,581
Legal Expenses	2,112,039	5,635,990
Consultancy Charges	1,931,393	3,625,499
Rates and Taxes	447,653	484,514
Vehicle Running and Maintenance	468,595	335,199
Bank Charges	1,224,777	1,418,961
Insurance	312,317	279,545
Miscellaneous Expenses	2,020,109	1,341,978
Demands and Interest on Taxes	116,619	1,008,844
Advertisement & Sales Promotion Expenses	657,129	625,182
Freight & Packing Expenses	17,183,442	10,681,323
Service Expenses (Free Coupon/After Sales Service)	5,170,542	4,481,272
Cash Discount & Incentives	5,058,907	16,248,613
Entry Tax	664,483	7,264,533
Loss in Exchange Rate due to Fluctuation	10,181	-
Bad and Doubtful Debts, Advances and others written off	19,977	9,103
Deferred Revenue Expenditure Written Off	-	594,196
Provision for doubtful debts/advances	1,347,571	2,215,646
Provision for inventory obsolescence	7,453,590	11,055,054
	152,716,750	157,941,682

**SCHEDULE 17****Interest**

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
Interest on Loans and Advances from :		
Government of India	87,499,254	31,873,679
Banks	11,194,692	16,782,819
Others	6,680,665	5,033,879
	<u>105,374,611</u>	<u>53,690,377</u>

SCHEDULE 18**Prior Period Adjustments**

	Year Ended 31.3.2011 ₹	Year Ended 31.3.2010 ₹
Depreciation	-	1,605
Factory building maintenance	-	1,168,202
	<u>-</u>	<u>1,169,807</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 ₹ 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 ₹ 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 excess/deficit in funds managed by LIC as compared to the actuarial liability is recognised as asset/liability immediately and the consequent gain/loss arising from such valuation is charged to revenue in the year in which they arise.

**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 material 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 are considered for disclosure.

B.N. Raj
Financial Controller

P. P. Sarkar
Director (Technical)

Ajai Kumar
Chairman-cum-Managing Director

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

Place : Lucknow
Date : 25th July, 2011

Sanjeev Srivastava
(Partner)
Membership No.73449



SCHEDULE 20

Notes annexed to and forming part of the accounts

	As at 31.3.2011 ₹ in Lakhs	As at 31.3.2010 ₹ in Lakhs
1. Estimated amount of contracts (net of advances) remaining to be executed on Capital Accounts and not provided for.	14.55	87.70
2. Company is contingently liable for		
(i) Claims against the Company not acknowledged as debts.		
(a) Consumer Forum Cases (Refer Note 19)	12.00	15.00
(b) UP Govt.	98.55	98.55
(c) Case of Private Parties	238.64	8.73
(d) In connection with guarantee/ Indemnity given by SIL and UPSIDC to OBC. (Refer Note to 18 (i))	378.23	351.52
(e) SIL vs ESIC (Refer Note to 18 (iii)).	66.30	-
(f) Punjab National Bank vs SIL (Refer Note to 18 (iv)).	213.00	-
(g) Demand Notes raised by Central Excise and Service Tax Authorities.	67.23	-
	Plus Further Penalty Indeterminate	
(ii) Unfavourable Arbitration award in the matter between Ordinance Factory Board and the Company. (Refer Note 18 (ii))	192.98	177.91
(iii) Counter claimed by M/s UPSIC (Refer Note 20)	9.27	9.27
	Plus Interest Indeterminate	Plus Interest Indeterminate
(iv) Employees' Cases pending before various Court		
(a) In Labour Court (13 in Nos.)	Indeterminate	Indeterminate
(b) In Others (140 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 the Financial year 2007-08. The Income-tax assessment has been completed upto assessment year 2009-10 (financial year ended on March 31, 2009). 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 ₹15.68 lakhs, i.e., 49% of equity share capital and the Company/Nominees have so far invested ₹15.50 lakhs towards equity share capital (Previous year ₹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 ₹ 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 ₹ 52.28 lakhs, i.e., 49% of their equity share capital and the Company / Nominees have so far invested ₹52.28 lakhs towards equity share capital (Previous year ₹ 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 (₹ 52.28 lakhs) has been provided for in the Accounts.
- (c) The company invested ₹ 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 ₹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 @ ₹ 4000 per bigha, amounting to ₹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 ₹ 2412 lakhs, which was contested by the Company. A recovery notice for ₹ 2412 lakhs in addition to collection charges was issued by Tehsildar, Lucknow.



Aggrieved by the recovery notice, Company filed writ petition in Hon'ble High Court. The Court stayed recovery notice and ordered the Company to pay a sum of ₹ 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 ₹ 70.32 lakhs (Previous year ₹ 113.94 lakhs); Fixed Asset with third party amounting to ₹ 9.66 lakhs (Previous year ₹ 9.66 lakhs) Provision available for material doubtful of recovery is ₹ 17.84 lakhs (Previous year ₹ 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 ₹ 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 31.03.2011 there is an outstanding of ₹ 95.59 lakhs (Previous year ₹ 98.58 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 ₹ 2.99 Lakhs (Previous year ₹ 5.06 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 31-3-2011 is ₹ 338.80 Lakhs. (Previous year 31 dealers amounting to ₹ 338.93 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 Grauity & 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.



(₹ in Lakhs)

As at 31.03.2011 As at 31.03.2011

Amount To be Recognised in Balance Sheet	Gratuity	Leave Encashment
Present Value of Funded Obligation	3287.17	1428.79
Fair Value of Plan Assets	-3719.68	-1390.69
Net Liability	-432.50	-38.11
Amounts in Balance Sheet		
Liability	-432.50	38.11
Assets	-	-
Net Liability	-432.50	38.11

Expenses to be Recognised in the statement of Profit & Loss

Current Service cost	118.54	165.26
Past Service Cost	-	-
Interest on Defined Benefit Obligation	269.62	119.64
Expected Return on Plan Assets	-250.24	-106.65
Net Actuarial Losses / (Gains) Recognised in year	-44.43	-121.94
Total Included "Employees' Emoluments"	93.48	56.30
Actual Return on Plan Assets	250.24	106.65

Reconciliation of Benefit Obligations & Plan Assets For the Period

Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	3594.94	1595.27
Current Service Cost	118.54	165.26
Past Service Cost	-	-
Interest Cost	269.62	119.64
Actuarial Losses / (Gain)	-44.43	-121.94
Benefits Paid	-651.50	-329.44
Closing Defined Benefit Obligation	3287.17	1428.79
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	2433.55	1145.18
Expected Return on Plan Assets	250.24	106.65
Actuarial Gain / (Losses)	NIL	NIL
Contributions by Employer	1687.38	468.29
Benefits Paid	-651.50	-329.44
Closing Fair Value of Plan Assets	3719.67	1390.68

Summary of the Actuarial Assumptions

Discount Rate	8.00%	8.00%
Expected Rate of Return on Assets	9.40%	9.40%
Salary Escalation Rate - Senior Staff	10.85%	10.85%
- Junior Staff	10.85%	10.85%

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. 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 31-03-2011.

14. Related party disclosure as required by AS-18

(a) List of related parties during the financial year 2010-11

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.K. Tripathi (From 1st April 2010 to 5th July 2010)

(b) Transaction with related parties (₹ in Lakhs)

Sl.No.	Nature of Transaction	Associates	Directors	Total
1	Remuneration	-	26.52	26.52

15. The Government of India, Ministry of Industry & Public Enterprises, Deptt. of Heavy Industry released funds by way of non plan loan amounting to ₹ 3731.86 lakhs (Previous year ₹ 2843 lakhs) during the year towards salary support for the period October, 2009 to September, 2010. The dues of the officers are to be settled w.e.f. October 2010. The dues of staff is pending settlement for period October 2010 to December 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 ₹ 192.90 lakhs (Previous year ₹ 178.25 lakhs) is being shown as recoverable advance in the books of accounts. However, the said advance is being recovered from the separated workmen which had 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 31.03.2011 is ₹ 33.58 lakhs (Previous Year ₹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 ₹ 45 Crores to ₹ 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 ₹ 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 ₹ 8 crores to ₹ 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 ₹ 8 crores to ₹ 45 crores. The Company has not made provision for filing fee of ₹ 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 ₹ 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 field by SIL was rejected by DRAT, Allahabad. For Filing writ 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, pending further action, the company has not recognized liability of ₹ 192.98 lakhs (previous year ₹ 177.91 lakhs) in the books of accounts and it is shown as contingent liability.
- (iii) Employee State Insurance Corporation (ESIC) demanding ESI contribution of the employees from SIL in contravention of the judgement and order dated 22.06.2005 passed in SIL vs BIFR & Others, Appeal No. 304 of 2002 by tribunal AAIFR. The case is pending before High Court, Lucknow Bench.
- (iv) Punjab National Bank filed a case against SIL for the recovery against indemnity provided by SIL for loan availed by UP Tyres and Tubes. The case is pending before DRT Lucknow.
19. The amount involved in 11 cases (previous year 14 cases) of Consumer forum is estimated at ₹ 12 lakhs (previous year ₹ 15 lakhs). In remaining 76 cases (previous year 72 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 ₹ 43.05 lakhs spent on behalf of UPSICL towards such Ancillary Estate, whereas UPSICL has made a counter claim of ₹ 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) :

	2010-11	2009-10
Profit as per Profit & Loss Account (₹ In lakhs)	-1711.14	-2800.53
Average number of Equity shares (Face value ₹ 10 each)	429,92,255	429,92,255
Basic and diluted EPS (In Rupees)	-3.98	-6.51

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. Revenue recognition in respect of royalty income from M/s Fine White Line Limited (FWL), Lambretta Trademark Licencee, has been done on the basis of minimum royalty due (₹30.37 lakhs) during the year, in view of non availability of turnover figure, discontinuance of royalty payment since June, 2010 onwards and uncertainty in relationship with FWL, for which SIL is also initiating legal proceedings.

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

(₹ In Lakhs)

Particulars	2010-2011	2009-2010
Opening Balance	17.15	21.45
Add : Provision for the year (net) including additional/less Provision for earlier years	1.48	1.97
Total	18.63	23.42
Less : Payment/Debits	5.53	6.27
Closing Balance	13.10	17.15

25. Computation of Deferred Tax is tabulated below :

(₹ in lakhs)

Particulars	As at 31 st March, 11	As at 31 st March, 10
(A) Deferred tax liability		
On account of timing difference with regard to depreciation	234.66	246.12
On account of timing difference with regard to deferred revenue expenditure	-	-
Total (A)	234.66	246.12
(B) Deferred tax Assets		
On account of timing difference with regard to disallowance of provision in Income Tax.	289.46	263.79
On account of timing difference with regard to unabsorbed depreciation and carry forward losses	3974.53	3699.68
Total (B)	4263.99	3963.47
Deferred Tax Assets (B-A)	4029.33	3717.35

In consideration of prudence, the above deferred tax assets aggregating to ₹ 4029.33 lakhs (Previous Year ₹ 3717.35 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.

26. 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
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. P. Sarkar
Director (Technical)

Ajai Kumar
Chairman-cum-Managing Director

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

Place : Lucknow
Date : 25th July, 2011

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	
	2010-11	2009-10	2010-11	2009-10
Three-wheeler	16,500	16,500	14,381	12,178

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, 2011

	Stocks					
	At commencement		At Close		Turnover	
	Nos.	₹	Nos.	₹	Nos.	₹
Vikram Three Wheeler	823 (365)	75,070,007 (16,326,457)	1,165 (823)	116,979,213 (75,070,007)	14,039 (11,720)	1,577,098,391 (1,249,206,602)
Spares and Components	- (-)	5,475,070 (9,476,342)	- (-)	6,284,377 (5,475,070)	- (-)	46,442,037 (46,803,261)
Petrol Pump Stock* (Quantity in Ltrs.)	46,291 (33,522)	1,932,048 (766,428)	36,600 (46,291)	1,740,551 (1,932,048)	2,797,750 (2,713,199)	124,011,558 (102,434,264)

Explanatory Notes :

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

- (1) Figures in brackets relate to previous year.
- (2) Petrol Pump turnover represents the sale of Diesel, Petrol & other Oil & Lubricants. The Company purchased 27,88,436 ltrs. of Diesel/Petrol during the year (Previous Year 27,26,165 ltrs). There has been evaporation loss of 377.60 ltrs. (Previous Year 196.50 ltrs.)
- (3) Turnover includes the following export sales

	2010-2011		2009-2010	
	Nos.	₹	Nos.	₹
Vikram Three-Wheeler	-	-	-	-
Spares/components	-	2,540,151	-	2,370,724

Note : Export sales includes deemed export of ₹ 751,082 (Previous Year ₹ 752,935).

Schedule 21 contd.
3 C.I.F. Value of Imports, Expenditure and Earnings in foreign currencies.

	2010-2011	2009-2010
	₹	₹
A. C.I.F. Value of Imports		
Spare parts/Components	-	-
Capital goods	-	-
Others	-	121,883
	-	121,883
B. Expenditure in foreign currencies		
On account of royalty, know-how, professional, consultation fees, interest, provisions and others.	-	4,811,125
	-	4,811,125
C. Earnings in foreign currencies		
Export of goods calculated on F.O.B. Basis*	1,789,069	1,617,789
Royalty	5,370,162	13,495,553
	7,159,231	15,113,342

Explanatory Notes :-

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

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

Materials	Unit	2010-2011		2009-2010	
		Qty.	Value (₹)	Qty.	Value (₹)
Ferrous	Kg.	2,481,842	86,194,096	2,285,169	71,288,838
	Mtrs.	142,362	50,939,881	111,833	38,427,002
Non-ferrous	Kg.	194,438	28,186,569	177,060	21,092,326
B.O.S.F.	-	-	288,162,860	-	235,686,529
Tyres & Tubes	Nos.	123,118	90,754,754	89,075	51,986,080
Spare parts & Components -		-	576,325,719	-	471,372,923
			1,120,563,879		889,853,698

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

	2010-2011		2009-2010	
	₹	%	₹	%
(a) Imported (CIF, custom duty and other charges)	-	-	-	-
(b) Indigenous	1,120,563,879	100.00	889,853,698	100.00
	1,120,563,879	100.00	889,853,698	100.00

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

	2010-2011 ₹	2009-2010 ₹
(a) Statutory Auditor's Audit fee	66,180	66,180
(b) Fee for Certification	60,665	55,150
	<u>126,845</u>	<u>121,330</u>

The above figures includes service tax.

B.N. Raj
Financial Controller

P. P. Sarkar
Director (Technical)

Ajai Kumar
Chairman-cum-Managing Director

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

Place : Lucknow
Date : 25th July, 2011

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 :

Registraton Number	3599 of 1972-73
State Code	20 (Uttar Pradesh)
Balance Sheet date	31.03.2011

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 : (Figures in ₹)

Total liabilities	1,444,233,408
Total assets	1,444,233,408

Sources of funds :

a) Paid up capital	534,838,188
b) Reserves and surplus	926,083
c) Secured loans	42969,613
d) Unsecured loans	865,499,524

Application of funds :

a) Net fixed assets	171,820,133
b) Investments	-
c) Net current assets	256,152,027
d) Miscellaneous expenditure	-
e) Accumulated losses	1,016,261,248

IV Performance of company : (Figures in ₹)

a) Turnover (Gross)	1,747,551,986
b) Total expenditure	1,866,536,571
c) Profit before tax	(171,113,506)
d) Profit after tax	(171,113,506)
e) Earning per share in rupees excluding advance received from Govt. of India	(3.98)
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. P. Sarkar
Director (Technical)

Ajai Kumar
Chairman-cum-Managing Director

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

Place : Lucknow
Date : 25th July, 2011

Sanjeev Srivastava
(Partner)
Membership No.73449



SCHEDULE 23

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011.
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

Particulars	Current Year ₹	Previous year ₹
Cash flow from operating activities :		
Net Profit/(Loss) before Tax and extra ordinary items	(171,113,506)	(278,883,829)
Adjustment for :		
<u>Depreciation</u>		
(i) For Current Year	13,354,961	15,146,022
(ii) For Prior Period	-	-
<u>Deffered Revenue Expenditure</u>		
(i) Written Off for The Year	-	594,196
(ii) Addition For the Year	-	-
Provision for Loss in Value of Investment	-	-
Provision/Written off for Doubtful Debts	1,367,548	2,224,749
Provision for inventory Obsolescence	7,453,590	11,055,054
Interest Income	(11,855,580)	(13,431,089)
Interest Paid	105,374,611	53,690,377
(Profit)/Loss in exchange rate change	10,181	(40,087)
(Profit)/Loss on sale of fixed assets	-	69,239,222
Operating profit before working capital changes	(55,408,195)	(209,644,607)
Adjustment for :		
Trade receivables	(2,443,373)	4,144,810
Inventories	(94,643,251)	(82,158,663)
Other current assets	(683,716)	(1,547,765)
Loans & advances	34,553,462	(101,459,897)
Trade payables	(178,066,002)	155,316,830
Cash generated/(Loss) from operations :	(296,691,075)	(235,349,292)
Less Taxes paid :		
Income Tax	-	-
Fringe Benefit Tax	-	-
Cash in flow/(outflow) before extra ordinary items	(296,691,075)	(235,349,292)
Extra ordinary items :		
Prior Period Adjustment	-	(1,169,807)
(Loss) /Gain in exchange rate	(10,181)	40,087
Net cash from operating activities	(296,701,256)	(236,479,012)
Increase in fixed assets / capital expenditure	(14,934,055)	(4,548,892)
Sale / Adjustments of fixed assets	-	-
Interest Income	11,855,580	13,431,089
Net cash used in investing activities	(3,078,475)	8,882,197
Cash flow from financing activities :		
Interest paid	(105,374,611)	(53,690,377)
Increase in share capital	-	-
Repayment of term loan to G.O.I.	(140,734,000)	-
Receipt of long term loan from G.O.I.	468,000,000	284,300,000
(Decrease) / Increase in cash credit limits	-	-
Interest Accrued & Due from GOI	50,959,982	3,642,314
Net cash used in financing activities	272,851,371	234,251,937
Net increase / (decrease) in cash and cash equivalents	(26,928,360)	6,655,122
Cash and cash equivalents (Opening balance)	191,159,984	184,504,862
Cash and cash equivalents (Closing balance)	164,231,624	191,159,984

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'11/31st March'10	For the FY 2010-11 ₹	For the FY 2009-10 ₹
Cash and stamps in hand	267,725	1,336,484
Cheques in hand	28,428	1,125,254
Term Deposits with Scheduled Banks	160,344,784	177,587,666
Balance with Scheduled Banks	3,590,687	11,110,580
Unsecured loans from scheduled banks/ ICDs/CPs		
Cash and Cash Equivalents as restated	164,231,624	191,159,984
Net change in cash and Cash equivalents	(26,928,360)	6,655,122

2. Cash & Cash Equivalent includes :

- (a) Term Deposits for ₹ 125,221,199 (Previous year ₹ 118,531,269) held against L.C. Margin.
(b) Term Deposits for ₹ 4,576,913 (Previous year ₹ 4,328,182) 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. P. Sarkar
Director (Technical)

Ajai Kumar
Chairman-cum-Managing Director

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

Place : Lucknow
Date : 25th July, 2011

Sanjeev Srivastava
(Partner)
Membership No.73449



SCOOTERS INDIA LIMITED

(A Government of India Enterprise)
Registered Office : Lucknow – Kanpur Road,
(16th Mile Store), Post Bag No.23 (G.P.O.),
P.O. Sarojini Nagar, Lucknow – 226008

NOTICE

Notice is hereby given that the 39th Annual General Meeting of the members of Scooters India Limited will be held at **3.00 p.m. on Friday, the 30th day of September, 2011, at Gandhi Bhawan Auditorium, Opposite Shaheed Smaarak, Mahatma Gandhi Marg, Lucknow** 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 31.3.2011.
2. To appoint a director in place of Mr. P.P. Sarkar, who retires by rotation and being eligible has offered himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution 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 2011-12.”

By order of the Board of Directors

Sd/-
Ajai Kumar
Chairman –cum-Managing Director

Place : Lucknow
Date : August 30th, 2011



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 **26.9.2011** to **30.9.2011** (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 2B, 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 Skyline 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.

Green Initiative

*In terms of the Circulars No. 17/2011 of 21 April 2011 and 18/2011 of 29 April 2011 issued by the Ministry of Corporate Affairs (MCA) as part of its "Green Initiative in Corporate Governance", MCA allows paperless compliances including service of a notice/document by companies to their shareholders through electronic mode. The Company, therefore, proposes to send documents required to be sent to shareholders like Notices of General Meetings (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. to the shareholders in electronic form to the e-mail IDs provided by them and made available to the Company. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website www.scootersindia.com for download by the shareholders. The physical copies of the Annual Report will also be available at the Company's Registered Office in Lucknow for inspection during office hours. Shareholders will be entitled to be furnished, free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit and Loss Account and Auditors' Report, upon receipt of a requisition from the shareholders, any time as a Member of the Company. In order to enable the Company to send such documents in electronic form, the shareholders are requested to register their e-mail IDs with the Company on its **e-mail ID companysecretary@scootersindia.com***



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 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), Pragma 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 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.