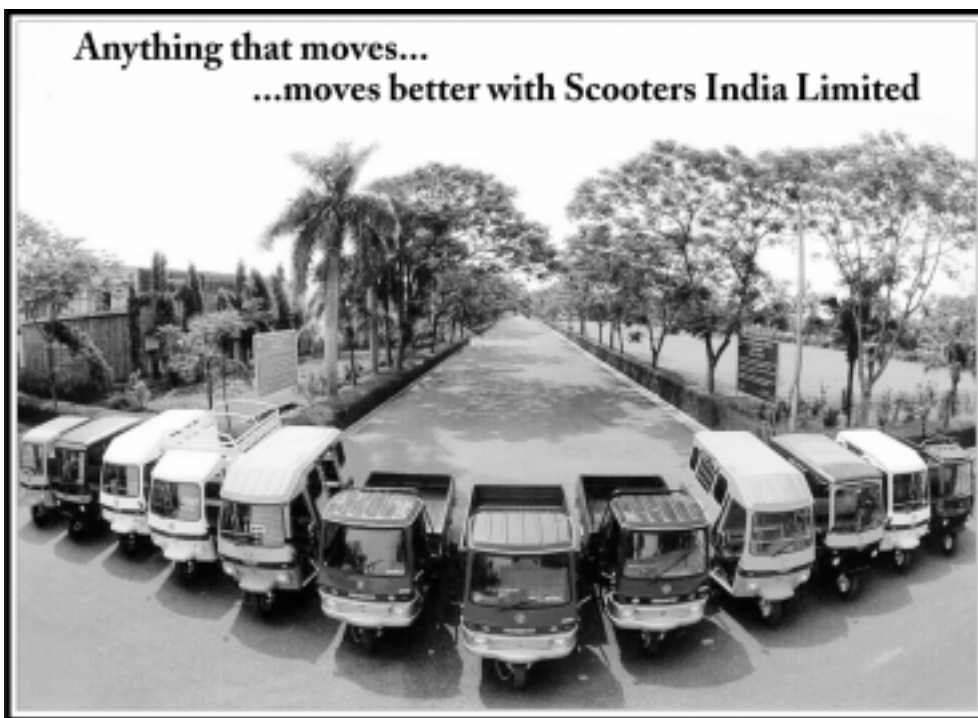


42nd ANNUAL REPORT 2013-14

*Anything that moves...
...moves better with Scooters India Limited*



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 Directors

Shri R.K. Singh, IAS	- Chairman & Managing Director (Additional Charge)	w.e.f. 15.05.2013
Shri Ajai Kumar	- Chairman-cum-Managing Director	w.e.f. 23.04.2008 to 13.04.2013
Shri Rahul Bali	- Director (Technical)	w.e.f. 02.04.2013

GOI, Nominee Directors

Shri Harbhajan Singh, IAS	- GOI, Part time official Director	w.e.f. 13.09.2011 to 20.12.2013
Shri S.K. Goyal	- GOI, Part time Non official Director	w.e.f. 17.05.2012 to 25.03.2014
Shri Dinesh Kumar	- GOI, Part time Non official Director	w.e.f. 25.03.2014 to 31.07.2014
Shri S.K. Singh	- GOI, Part time Non official Director	w.e.f. 20.12.2013 to 08.08.2014
Shri Arvind Kumar	- GOI, Part time Non official Director	w.e.f. 08.08.2014 till date

Statutory Auditor

D.S. Shukla & Co.
Chartered Accountants
GF-2 Ekta Appartment
125, Chandralok Colony
Lucknow (U.P.)

Cost Auditors

Sunil Singh & Co.
SSCO Tower D-2/28,
Vibhuti Khand, Gomti Nagar
Lucknow-226010

Bankers

State Bank of India
Indian Overseas Bank

Delhi Sales & Liaison Office

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

Registered Office & Works

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

Registrar & Transfer Agent

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

INTERNAL AUDITORS

Vimal Dixit & Associates
Chartered Accountants
65/75, Chitwapur Road, Opp. Vikas Deep Building,
Station Road, Lucknow-226001 U.P.

G.N. Sinha & Co.
Chartered Accountants
25, Central Road, P.O. Shyamnagar North
24 Parganas, Pin - 743127

Nemani & Associates
Chartered Accountants
Flat No. 108, S.R. Complex,
Habsiguda, Hyderabad-500 007

C.J. Kulkarni & Co.
Chartered Accountants
'Jal-Deep', 810 Sadashiv Peth, Bar, Gadgil Street,
Pune-411030

Ajay Agarwal & Co.
Chartered Accountants
1/42, Lalita Park, Laxmi Nagar, Delhi-110092

STOCK EXCHANGES

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

Dear Shareholders,

The Board of Directors of your Company is pleased to present the **42nd 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, 2014.

1. PRODUCTION REVIEW :

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

Description	(Nos.)	
	<u>2012-2013</u>	<u>2013-2014</u>
Three wheelers	15,807	14,584

2. SALES REVIEW :

The Sales performance for the year is shown below :

Description	<u>2012-2013</u>		<u>2013-2014</u>	
	Physical (in Nos.)	Financial (₹ in lakhs)	Physical (in Nos.)	Financial (₹ in lakhs)
Three Wheelers	15,837	19,020.74	13,877	17,267.66
Spares	-	546.27	-	546.38
Petrol, Diesel, Lubricants etc.	-	1,415.25	-	1,552.35
Other Sales	-	1.44	-	68.91
TOTAL	-	<u>20,983.70</u>	-	<u>19,435.30</u>

3. FINANCIAL REVIEW :

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

Description	(₹ in Lakhs)	
	<u>2012-2013</u>	<u>2013-2014</u>
a) PBDIT	(286.32)	1,554.66
b) Profit before Interest, Depreciation & Exceptional items	(286.32)	1,554.66
c) Profit before Exceptional item	(600.06)	1,359.64
d) Profit/(Loss) for the year	(600.06)	1,359.64

During the year under report :

- (1) The profit before depreciation, interest & taxes has increased by ₹ 1,840.98 lakhs.
- (2) The net profit has increased by ₹ 1,959.70 lakhs as compared to the corresponding previous year.

4. OPERATIONAL REVIEW

During the year under review the management undertook several measures to turn around the Company as a result of which after several years of losses, the Company has reported operational profits (PBDIT from operations) of INR 265.39 Lakhs during the year 2013-14. Some of the initiatives undertaken by the management, that helped the Company's turnaround are highlighted below :

- Selection of optimal product mix to enhance value and to suit the market dynamics. The value of the product has improved by 4% (approx).
- Better inventory management & control leading to reduction in material cost by 4% (approx).
- Power savings, reduction in power consumption, control on rejections etc. leading to reduction in the unit energy consumption by approx 3%.

The Company has also reduced its future obligation considerably by initiating several measures like offering leave encashment benefit etc. to employees during the year.

5. CONTRIBUTION TO NATIONAL EXCHEQUER

The company has contributed a sum of ₹ 4,161.50 lakhs (towards duties & taxes) to the exchequer during the period under review vis-a-vis ₹ 4,852.12 lakhs during previous financial year.

6. EXPORTS

The company has achieved exports of ₹ 37.95 lakhs during the period under review. The royalty income by way of foreign exchange remittances is NIL during the year.



7. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY :

An expenditure of ₹ 20.98 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 01.04.2014 TO DATE :

No material change and commitment have been made by the company from 01.04.2014 to date that has adverse effect on the financial position. However it is pertinent to note that GOI has vide letter no. F. No. 3-33/2009 – PE VI dated 22.02.2013 conveyed that Cabinet has approved the revival package of ₹ 201.96 crores, which inter-alia includes the infusion of fresh funds, conversion of plan & non plan loan in to equity & waiver of interest and directed for taking necessary approval from BIFR. Since the Draft Rehabilitation Scheme (DRS) was under preparation by Operating Agency (SBI) and sanction by BIFR was likely to take some time, pending finalization of DRS & sanction by BIFR, SIL filed the Miscellaneous application for seeking necessary permission/appropriate directions for reliefs & concessions enabling conversion of loan in to equity/issue of shares/reduction of shares capital etc. without further approval of shareholders/Central Government/SEBI/Stock exchanges in terms of provisions of section 81(1A) of the Companies Act, 1956, listing agreement, Securities And Exchange Board Of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011, restructuring of balance sheet and for release of funds for capital expenditure and working capital in line with the cabinet decision for revival of SIL. BIFR in its hearing dated June 19, 2013, allowed the Miscellaneous application of SIL and vide order dated 24.06.2013 issued necessary directions accepting the prayers of SIL. Accordingly SIL has given effect to BIFR order envisaging inter-alia restructuring in share capital & write off of interest on plan & non plan loan against accumulated losses etc. in the annual accounts for the year ended at 31st March, 2013. The Draft Rehabilitation Scheme (DRS) is under preparation by Operating Agency (SBI) and shall be submitted in due course before BIFR for sanction. The Board of Directors of the Company have also recommended the implementation of pay scales (2007) for officers and has submitted proposal to DHI for Presidential directives. The negotiations for wage revision for workmen are also in process.

9. 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	<ul style="list-style-type: none"> □ To sustain production till finalization of revival plan. □ To achieve 2% decrease in cost. □ Induction of Manpower to fill the gap. □ 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 2013-14 as against 2012-13 is given below :



<u>Category</u> <u>Segment/Sub-segment</u>	<u>Production (In Nos.)</u>	
	<u>Apr.12 - Mar.13</u>	<u>Apr.13 - Mar.14</u>
Passenger Carrier	740,689	733,248
Goods Carrier	99,053	96,872
Total :	839,742	830,120
	<u>Domestic Sales (In Nos.)</u>	
Passenger Carrier	441,118	384,923
Goods Carrier	97,173	94,711
Total :	538,291	479,634

Note : Sales excluding Export of 303,088 Nos. in 2012-13 and 353,392 Nos. in 2013-14.

Source-SIAM

Scooters India Limited has been a pioneer in bringing out various models of 3-wheelers running on Diesel, Electric, LPG 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. With focused efforts and approach, SIL has achieved sales of 13877 nos. in 2013-14. By achieving these sales, SIL has utilized 84% of their capacity. This has also resulted in decreasing the SIL market share from 3.43% in 2012-13 to 2.94% in 2013-14.

The company continues to be the leader in larger capacity of vehicles i.e. passenger carrier (6+1) segment and goods carrier exceeding 1 ton of vehicles. The market share of company is 78.95% in 2013-14 (SIL sales 5,403 nos. out of 6843 nos.)

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

- Rapid 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 in coming years. The demand driver for 3-wheeler are its affordability as an economical viable transport solution. However, the demand for 3-wheeler passenger carrier depends on the availability of permits issued by Local RTOs.
- Increased demand from semi-urban and rural areas for 3-wheelers because of its high product manoeuvrability and drivability.
- Suitability of 3-wheelers for congested Indian roads and tropical conditions.
- Self employment opportunity for a large number of youths especially with the Govt. focus on various schemes for the unemployed youth.
- 3-wheelers of smaller capacity are in great demand in load carrier segment because of increase in organised retail marketing across the country which requires faster and economical transportation.
- 3-wheeler is a low cost transport solution to daily commuting passenger. Hence the market for 3-wheeler shall continue to be there because of higher cost of transportation in other modes of transport like taxi, contract carriages, buses etc.



- 3-wheelers are also better earning opportunity for unemployed youth. With a minimum expenditure i.e. ₹ 45,000 – ₹ 50,000 (margin money), one can start earning ₹ 300 – ₹ 400 per day right from the day one of purchasing a new 3-wheeler.

(C) Resources and Liquidity :

In view of the continuing cash losses, the company's liquidity position was under strain.

(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.

(E) Opportunities & Threats :

E.1. Opportunities :

- Growing automobile sector
- Untapped markets of South, West, East and Exports
- Developing hub and spoke transportation model.
- Increasing allocation of funds for poverty alleviation under various Govt. Schemes like PMRY, SC/ST, NREGS 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.
- 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 still 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.

(ii) Strategic Road Map :

Although there has been negative growth in three wheeler segment of Auto sector in India, the performance of your company has improved considerably in comparison to the previous year. 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

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. BIFR approved the miscellaneous application filed by the Company for seeking necessary permission/appropriate directions for reliefs & concessions enabling issue of shares, restructuring of balance sheet and for release of funds for capital expenditure and working capital in line with the cabinet decision for revival of SIL. The Draft Rehabilitation Scheme (DRS) is under preparation by Operating Agency (SBI) and shall be submitted in due course before BIFR for sanction.

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

Your company is an ISO 9001: 2000 certified which focuses on quality management system.

Information in accordance with provision of Section 217(1)(e) of the Companies Act, 1956 regarding the conservation of energy, technology absorption and foreign exchange earnings and outflow are given in **Annexure-I, I-A and I-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 under period under review i.e. 01.04.2013 to 31.03.2014, the industrial relation in the company improved with the implementation of long pending negotiated wages (2002) for workmen. However, workmen have been demanding for implementation of wage revision (2007). The negotiations for the same are in process.

12. TRAINING AND 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 Professional Excellence through Motivation, etc. Employees were trained during 01/04/2013 to 31/03/2014 on Acupressure & Naturopathy, Leadership & Risk Management training program as per details given below :

Programme Details	Officers	Staffs	Workmen	Trainees	Total
Internal	137	09	03	-	149
External	-	-	--	-	
Total	137	09	03	-	149

13. VIGILANCE:

Vigilance Group continues to function with particular emphasis on maintaining strict vigil over various activities of the Company. The Company also observed Vigilance Awareness Week from October 28, 2013 to November 02, 2013.

14. 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 Professional Excellence through Motivation, Advance Engine Combustion & Diagnostics, Competence Building for Effective Management, Healthcare Services, Part Programming for CNC Machines, Leadership Strategies for Building Excellence, Quest for Excellence Imperatives for India PSUs, Health, Safety, Environment Protection through Legal Reforms & technological Innovations, Building & Leading Effective Teams, Safety Engineering & Management, Value Based Management, Legal framework for Cost Audit Compliances, Cost Accounting Record Rules 2011 & Cost Audit Report Rules 2011, Finance for Non-finance Executives, International Commercial Practices, Energy Conservation, House Keeping etc.

15. 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 on Republic Day.

16. RESERVATION FOR SCHEDULED CASTES & SCHEDULED TRIBE:

As on 31.03.2014 the total strength of the company is 620. Out of these, 142 employees belong to Scheduled Castes and 01 employee to Scheduled Tribe.

17. DIRECTORS:

The tenure of Shri Ajai Kumar as Chairman cum Managing Director of the Company came to an end w.e.f. 13.04.2013. Shri R K Singh, Jt. Secretary, Department of Heavy Industries, Ministry of Heavy Industries & Public Enterprises, Government of India has been given Additional charge as Chairman & Managing Director w.e.f. 15.05.2013. Shri Rahul Bali has been appointed as Director (Technical) w.e.f. 02.04.2013. Shri S K Singh has been appointment as Part time official director vice Shri Harbhajan Singh w.e.f. 20.12.2013 & Shri Dinesh Kumar has been appointed as part time official director vice Shri S K Goyal w.e.f. 25.03.2014. Mr. Dinesh kumar retired w.e.f. 31.07.2014 on his retirement and Mr. Arvind Kumar has been appointed as Part time official Director in place of Mr. S K Singh w.e.f. 08.08.2014. The Company has taken up the matter with Ministry for filling up the vacant positions of Independent Directors as well as Director (Finance) on the Board.

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

18. 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 2014, 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 2014 on a 'going concern' basis.

19. 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.

20. FIXED DEPOSITS:

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

21. STATUS OF REPAYMENT OF LOAN FROM GOI

In terms of Cabinet approval the existing term Plan & non plan Loan as of 31st March, 2012 of ₹ 85.21 crores (Plan loan - ₹ 1.93 Crores & non plan ₹ 83.28 Crores) of has been converted into equity share capital of ₹ 85.21 crores by issue of 8.52 crores equity share of ₹ 10 each at par and further the Equity Share Capital of the Company has been reduced by ₹ 85.21 crores by cancellation of aforesaid ₹ 85.21 crores equity share capital held by the Government of India in terms of BIFR order dated 24.06.2013. The existing Interest Accrued as on 31 March, 2012 amounting to ₹ 2,637 Lacs on GOI loan (Plan loan of ₹ 193 lacs & Non plan loan of ₹ 8328 lacs) has been written off against accumulated losses and no further interest has been provided for on the aforesaid loan from 31st March, 2012 onwards. No provision of interest on Non Plan Loan of ₹ 189 lacs released during the financial year 2012-13 has been made.

22. AUDITORS' REPORT:

M/s D S Shukla & Co., Chartered Accountants have been appointed by the Comptroller and Auditor General of India, as Statutory Auditors of the Company for the year 2013-14. The Statutory Auditor reports on the accounts of the company for the financial year ended 31st March, 2014 in enclosed as Annexure-III.

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**.

23. COST AUDITOR:

M/s Sunil Singh & Co., 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 2014.

24. CORPORATE GOVERNANCE:

A Certificate from M/s D S Shukla & Co, Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement along with the report on Corporate Governance is attached as **Annexure-II** to this report.



25. ACKNOWLEDGEMENT:

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

R K Singh
Chairman & Managing Director

Place : New Delhi

Date : August 13, 2014

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

- Judicious usage of all resources including compressed air, water & power etc.
- Periodic servicing of suction filters, moisture traps, unloader and delivery valves.

Water

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

Power

- Constitution of Energy Conservation Cells (ECON Cells). headed by the Secretariat ECON Cell consisting of Director (Technical) & All HODs. followed by ECON Sub-Cells which goes all the way down to the Shop Floor. The objective of this ECON cell is to trace out possible scope of Energy Conservation at levels, and assigning corresponding tasks to the concerned ECON Cell and then chase the issue by Monthly Meetings till the desired output is achieved.
 - Reduction of Contract Demand from 400kVA to 3000kVA by optimizing the Maximum Demand by Shift Managements, etc.
 - Overhauling & Changing of Transformer Oil with fresh Transformer Oil of 02 nos. 5MVA Main Transformer, 05nos. 1500kVA. 01no. 500kVA & 01no. 560kVA Distribution Transformers.
 - Replacement of 50 nos. old Conventional motors with new IE2 motors.
 - Replacement of 22nos. 15HP (over rated) Mono-Block pumps with New 7.5HP, Energy Efficient EFFI, Mono-Block Pumps.
 - Installation of 05nos. new VFDs in the Die Casting Shop & Paint Shop to optimize the use of motors & conserve energy.
 - Stopping usage of heaters during winter seasons for personal Heating Purpose.
 - Reduction in operation time of FDVs by 01 Hour in order to Conserve Energy.
 - Stopping of water sprinklers in FDVs during Humid Seasons to Conserve Energy.
 - Operation of 30HP water pump to till SIL Over Head Tank has been restricted to C-Shifts only (low tariff zone).
 - Operation Hours of 04nos. of 120HP Compressors has been reduced by 01 Hour by proper planning in order to conserve energy.
 - Arresting of Water & Air leakages on continuous basis.
- Continuous awareness drive for conservation & optimal/judicious usage of recourses.

(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 Company has reduced its energy cost. The details are given in attached Annexure-IA.

II. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form-B attached as Annexure-1B.

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

Foreign exchange earned by way of export of goods is ₹ 13.17 lakhs in 2013-14 as compared to ₹ 30.19 lakhs during previous year.



Form - A

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

Description	2012-2013	2013-2014
A. Power and fuel consumption		
1. Electricity		
a) <u>Purchased</u>		
Unit*	6082000	5460,000
Total Amount (₹)	40318,563	44058,974
Rate / Unit (₹)	6.629162	8.0694091
b) <u>Own Generation</u>		
i) Through Diesel Generator Unit*	3860	2770
Units per litre of diesel oil	1.4582	2.4171
Cost / Unit (₹)	34.34	24.9886
ii) Through Steam Turbine / Gen.	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 (kg)	57,830	59,855
Total Amount (₹)	2462979.70	2399586.95
Average Rate per Kg. (₹)	42.59	40.09
(b) Light Diesel Oil		
Quantity (Kilo litres)	96.00	62.28
Total Amount (₹)	6042402	3132684.00
Average Rate per Kg. (₹)	63.17	50.30
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)	2012-2013	2013-2014
Production (in Nos.)	-	15807	14583
Electricity (Unit)	-	384.7662	344.4086
Furnace oil (Ton)	-	-	-
Light Diesel oil (Kilo litres)	-	-	-
Coal (Specify quality)	-	NIL	NIL
Others (Specify)	-	NIL	NIL

*Unit denotes KWH

**Form - B**

Annexure - 1B

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 | <ul style="list-style-type: none"> <input type="checkbox"/> Development of a small 3-wheeler 3-seater soft top for passenger carrier vehicle with front mounted G265WG engine and subjected to running & limited endurance trials. <input type="checkbox"/> Development of concept vehicle with rear mounted engine, <input type="checkbox"/> Design optimization and modification carried out in handle bar controls and steering operation. | | | | | | | | |
| 2. Benefits derived as a result of the above R&D | <ul style="list-style-type: none"> <input type="checkbox"/> Customer feedback sought to provide market acceptability of the development. <input type="checkbox"/> Input on further development requirement to upgrade for launch as a BS-IV compliant product as per CMV Rules. | | | | | | | | |
| 3. Future plan of action | <ul style="list-style-type: none"> <input type="checkbox"/> Production of pilot batch of small 3-wheeler 3-seater soft top passenger carrier vehicle with front mounted G265WG engine. <input type="checkbox"/> Development of Instrument Cluster comprising of speedometer, fuel meter, tell tale & temperature meter. <input type="checkbox"/> Development of non-metallic Dash board & Mudguard. <input type="checkbox"/> Commercial production of Aluminum wet-clutch system. <input type="checkbox"/> Adoption of improved brake system for all 3 wheeler with models provision of self adjustment of brake shoes. | | | | | | | | |
| 4. Expenditure on R&D | <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">A) Capital</td> <td style="text-align: right;">NIL</td> </tr> <tr> <td style="padding-left: 20px;">B) Recurring</td> <td style="text-align: right;">₹ 878844.21</td> </tr> <tr> <td style="padding-left: 20px;">C) Total</td> <td style="text-align: right;">₹ 878844.21</td> </tr> <tr> <td style="padding-left: 20px;">D) Total R&D expenditure as a percentage of total turnover</td> <td style="text-align: right;">0.05%</td> </tr> </table> | A) Capital | NIL | B) Recurring | ₹ 878844.21 | C) Total | ₹ 878844.21 | D) Total R&D expenditure as a percentage of total turnover | 0.05% |
| A) Capital | NIL | | | | | | | | |
| B) Recurring | ₹ 878844.21 | | | | | | | | |
| C) Total | ₹ 878844.21 | | | | | | | | |
| D) Total R&D expenditure as a percentage of total turnover | 0.05% | | | | | | | | |



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 organizations 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 concept small 3-seater soft top 3-wheeler for passenger carrier application and 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 D S Shukla & Co., Chartered Accountants 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 31.03.2014 is comprised of four directors, two of whom are part time official Director, nominated by Govt. of India. Executive directors on the Board of SIL includes Director (Technical) & Chairman cum Managing Director, who has been given additional charge.

A) List of Directors

Name of Director	Tenure	No. of other Director ship	No. of other committee ship	
			Member	Chairman
Whole time Functional Director				
Shri R.K. Singh, IAS, CMD	15.5.2013 till date	5	2	1
Shri Rahul Bali, Director (Technical)	02.04.2013 till date	-	1	-
Part-time Non Executive Director (Official)				
Shri S.K. Singh Director, GOI Nominee	20.12.2013 to 08.08.2014	4	-	-
Shri Dinesh Kumar Director, GOI Nominee	25.03.2014 to 31.07.2014	2	-	-
Part time Non Executive Director (Non Official)				
Shri S.K. Goyal Director GOI Nominee	17.05.2012 to 25.03.2014	3	-	-

The matter of induction of independent director on the Board has been taken up with the Govt. of India.

Sl. No.	Name of Directors	BM dated 23.4.13	BM dated 28.5.13	BM dated 12.7.13	BM dated 13.8.13	BM dated 5.11.13	BM dated 27.1.14	AGM dated 30.9.13
Total Strength →		3	4	4	4	5	4	4
1.	Shri R.K. Singh	-	P	P	P	P	P	P
2.	Shri Harbhajan Singh	P	P	P	P	P	-	-
3.	Shri S.K. Goyal	P	P	P	P	P	P	-
4.	Shri Rahul Bali	P	P	P	P	P	P	P
5.	Shri S.K. Singh	N/A	N/A	N/A	N/A	N/A	P	-

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

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 Committees 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 & Shareholders/Investors Grievance Committee

In view of absence of Independent Directors on the Board of the Company, the Company is presently not having functional Audit/Shareholders/Investors Grievance Committee. The Company has taken up matter regarding the appointment of Independent Directors on the Board, with the Government of India, accordingly the Committees shall be constituted again after their appointment.

B. Share Transfer Committee

Present Composition of Share Transfer Committee is :

1. Shri R.K. Singh, CMD
2. Shri Rahul Bali, Director (Tech.)
3. Shri B.N. Raj, Financial Controller

Company Secretary acts as Secretary to the Committee

4. General Body Meetings :

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

Year	Location	Date	Time
2010-2011	Gandhi Bhawan, Prekshagrih, Lucknow	30 th Sept., 2011	3.00 p.m.
2011-2012	Gandhi Bhawan, Prekshagrih, Lucknow	29 th Sept., 2012	3.00 p.m.
2012-2013	Kisan Mandi Bhawan Auditorium, Gomti Nagar, Lucknow	30 th Sept., 2013	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
30.9.2011	ONE	No	N.A.	N.A.
29.9.2012	TWO	No	N.A.	N.A.
30.9.2013	FIVE	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 2013-14 :
(Amount in ₹)

Name	Designation & Period	Sitting Fee	Salary	Benefits & Contribution to PF/Pension/ Others	Total
Shri Ajai Kumar	CMD	-	41,280.44	4,377.60	45,658.04
Sri R.K. Singh	CMD	-	-	-	-
Sri Rahul Bali	Director (Tech.)	-	14,82,716.77	1,59,869.59	16,42,586.36
Total :			15,23,997.21	1,64,247.19	16,88,244.40

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

**6. General Shareholder Information:
Annual General Meeting :**

Date and Time	: 25 th Day of September, 2014 at 3.00 p.m.
Financial Calender	: 1 st April, 2013 to 31 st March, 2014
Venue	: Kisan Mandi Bhawan Auditorium, Vibhuti Khand, Gomti Nagar, Lucknow-226010
Book Closure date	: 22 nd September, 2014 to 25 th September, 2014.
Listing of Equity	: BSE, DSE
Stock code	: 505141



Registrar & Transfer Agent	: Sky Line Financial Services Private Limited D-153/A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020
Dematerialization of Shares	: CDSL - 353246 as on 31.3.2014 : NSDL - 41907400 as on 31.3.2014
Outstanding GDR / ADRs / Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	: NIL
Plant Location	: Lucknow- Kanpur Road (16 th Mile Stone), Post Bag No. 23 (G.P.O) P.O. Sarojini Nagar, Lucknow-226 008.
Address for Investor Correspondence	: Lucknow- Kanpur Road (16 th 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, 2013 to March, 2014**

Months	Open Price	High Price	Low Price	Close Price	No.of Shares	No.of Trades	Total Turnover (₹)	*Spread (₹)	
								H-L	C-O
April 13	19.35	23.40	18.35	22.50	31849	211	684448	5.05	3.15
May 13	22.40	24.20	20.30	20.65	33607	223	725639	3.9	-1.75
June 13	20.00	22.65	16.00	18.75	21346	288	419979	6.65	-1.25
July 13	19.00	21.25	14.60	14.60	20534	337	390583	6.65	-4.40
August 13	15.10	19.20	13.50	15.60	5531	54	85117	5.70	0.50
September 13	15.00	18.75	15.00	16.05	4936	69	81916	3.75	1.05
October 13	15.70	17.70	15.00	16.80	10553	91	168964	2.70	1.10
November 13	15.60	17.70	15.20	15.25	15234	87	241462	2.50	-0.35
December 13	14.80	17.40	14.35	16.25	56911	224	866762	3.05	1.45
January 14	16.30	18.30	14.20	16.20	30874	409	500155	4.10	-0.10
February 14	15.45	16.45	14.20	15.30	12771	404	192281	2.25	-0.15
March 14	15.15	16.85	14.55	16.25	14760	394	232824	2.30	1.10

* 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 13.8.2013, 05.11.2013, 27.01.2014, 28.05.2014)	The Company has published quarterly results in Rastriya Swarup, Financial Express and 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, 2014

Shareholding of Nominal Value Category	Share Holders		Share Amount in Rupees					
	Number	%	Physical	NSDL	CDSL	TOTAL	%	
Upto 500	8467	94.71	583809	246358	114505	944672	1.11	
501 - 1000	289	3.23	61300	132238	56121	249659	0.29	
1001 - 2000	95	1.06	39050	79663	27259	145972	0.17	
2001 - 3000	34	0.38	13600	47573	25981	87154	0.10	
3001 - 4000	14	0.16	3700	30391	17972	52063	0.06	
4001 - 5000	12	0.13	4350	36902	14266	55518	0.07	
5001 - 10000	13	0.15	25800	61238	10000	97038	0.11	
10001 and above	16	0.18	42390000	41273037	87142	83750179	98.09	
TOTAL	8940	100.00	43121609	41907400	353246	85382255	100.00	

Category	Percentage
1. Central Government	93.74
2. Nationalized Banks & Financial Institutions	3.97
3. Corporate Bodies	0.18
4. Indian Public and Others	2.11
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.

R.K. Singh, IAS
Chairman and 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 2013-14 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

R. K. Singh
CMD / CEO

Place : New Delhi
Dated : June 12, 2014

**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, 2014 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 procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, *subject to the matter of composition of the Board of Directors and constitution of Audit committee because of no nomination of independent Directors by Government of India in the Board of Scooters India Limited.*

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For and on behalf of
D.S. Shukla & Co.
Chartered Accountants
FRN : 000773C

Shreeharsh Shukla
Partner
M.No. 408990

Place : New Delhi
Date : 16.05.2014

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF SCOOTERS INDIA LIMITED, LUCKNOW****Report on the Financial Statements**

We have audited the accompanying financial statements of **Scooters India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in india :

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014; and
- (b) In the case of the Statement of profit and loss, of the profit for the year ended on that date.
- (c) In the case of the cash flow statement, of the cash flow for the year ended on that date.

Emphasis of matter

1. Attention is invited to para no.7 to Note No.1 of the Audited financial statement for the year ended 31st March 2014 with regards to adhoc provision of 0.5% on the value of closing stock of raw material and components, stores spares and consumables for redundancy. Our report is not qualified in respect of this matter.
2. Attention is invited to Note No.32 of the Audited financial statement for the year ended 31st March 2014 with regards to non confirmation of most of the balances of debtors and creditors accounts claims recoverable, advances, deposits, materials lying with third parties and the consequent effect on the book balances and the actual balance over the profitability/loss to the company. Our report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 law have been kept by the Company so far as appears from the examination of those books.
 - (c) The Balance Sheet, and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of accounts.



- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) As per the Notification No. GSR 829 (E) dated 21.10.2003 issued by the Department of 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.

Place: New Delhi
Date: 16th May, 2014

For D.S. Shukla & Co.
Chartered Accountants
Firm Registration No. 000773C

Shreeharsh Shukla
Partner
M.No-408990



**ANNEXURE TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE
MEMBERS OF SCOOTERS INDIA LIMITED, LUCKNOW ON THE ACCOUNTS OF
THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2014**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (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 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, firm or other parties covered in register maintained under section 301 in the Act.
- (b) According to information and explanation given to us, the Company has not taken any loan, Secured or unsecured, to the companies, firm or other parties covered in register maintained under section 301 in the Act.
- (c) 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.



- (iv) According to the 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.
- (v) As informed and as per records, the company has not accepted any deposits from the public during the year.
- (vi) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (vii) 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.
- (viii) (a) As per records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues, to the extent applicable to it with the appropriate authorities and as informed no undisputed amount were outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming payable, except the following:

Sl. No.	Name of the dues	Nature of dues	Period	Amount (in Lakhs ₹)
1	Kerala sales Tax	State Sales Tax	92-93,93-94 & 94-95	4.22
2.	Assam Sales Tax Act	State Sales Tax	98-99	0.03
			Total	4.25

- (b) The disputed statutory dues aggregating ₹ 158.43 lakhs plus interest 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 Act	Sales Tax & Interest	Dy.Com.(Appeal)	96-97	0.49
(b)	State Sales Tax Act	Entry Tax & Penalty	Comm. Of Commercial Taxes	97-98 to 06-07	113.77
(c)	State Sales Tax Act	Entry Tax & Penalty	Tribunal	03-04,04-05 & 05-06	10.55
(d)	State VAT Act	Entry tax & Interest	Additional Commissioner (Appeal)	08-09	1.91

2. (a)	Central Excise & Service Tax	Service Tax	Additional Commissioner	Oct.2002-Mar.2007	3.15 & 6.34 Penalty & Interest Indeterminate
(b)	Central Excise & Service Tax	Service tax	Additional Commissioner	Apr.2007-Mar.2008	0.28 & 0.30 Penalty & Interest Indeterminate
(c)	Central Excise & Service Tax	Central Excise	Additional Commissioner	2005-06 to 2008-09	1.85 & 1.85 Penalty & Interest Indeterminate
(d)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	Apr.2009-Sept.2009	0.41 & 0.41 Penalty & Interest Indeterminate
(e)	Central Excise & Service Tax	Central Excise	Commissioner (Appeals)	Oct.2009-Mar.2010	0.12+0.12 Penalty & Interest Indeterminate
(f)	Central Excise & Service Tax	Central Excise	Assistant Commissioner	Apr.2010-Sept.2010	1.99 & 1.99 Penalty & Interest Indeterminate
(g)	Central Excise & Service Tax	Central Excise	Additional Commissioner	2005-06 to 2008-09	6.27 & 6.27 Penalty & Interest Indeterminate
(h)	Central Excise & Service Tax	Central Excise	Assistant Commissioner	Oct.2010-Mar.2011	0.12 & 0.12 Penalty & Interest Indeterminate
(i)	Central Excise & Service Tax	Central Excise	Assistant Commissioner	Apr.2011 to Sep.2011	0.06 & 0.06 Penalty & Interest Indeterminate
				Total :	158.43 & Interest Indeterminate

(ix) The company has not incurred cash losses at the end of the financial year but has incurred cash losses in the immediately preceding financial year. The Company has been declared sick under section 3 (1) (o) of the SICA, by BIFR in its meeting held on February 18, 2010, consequent to the reference made by the Company, due to erosion



of its net worth as on March 31, 2009. The Cabinet committee, GOI has approved the revival package of 20,196 lakhs, which inter-alia includes the infusion of fresh funds, conversion of plan & non plan loan in to equity & waiver of interest. The Draft Rehabilitation Scheme (DRS) is under preparation by Operating Agency (SBI) and shall be submitted in due course before BIFR for sanction

- (x) 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, except for the term loan provided by the Government of India which the company has not repaid as the matter is being taken up with the Department of Heavy Industry/ Board of Industrial & Financial Reconstruction for maintaining the status quo.
- (xi) According to the 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.
- (xii) 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.
- (xiii) 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.
- (xiv) 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
- (xv) According to information and explanations given to us, the company has received a plan term loan amounting to ₹ 2000 lakhs from Government of India in financial year 2013-14, which has since been utilized as per terms of the sanction letter.
- (xvi) According to information and explanations given to us, and on an overall examinations of the Balance Sheet, we are of the opinion that funds raised on short term basis have, prima-facie, not been used during the year for long term investment.
- (xvii) 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.
- (xviii) 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.
- (xix) The Company has not raised any money by way of public issue during the year.
- (xx) 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, as explained to us by the management that in the Financial Year 2008-09 Board of Directors revealed that a commercial agreement was executed by the then CMD without the authority of the Board and after due consideration the Board decided to refer the matter of the appropriate authority for future action, however no action on the same was reported to us.

For D.S. Shukla & Co.
Chartered Accountants
Firm Registration No.000773C

Place: New Delhi
Date: 16th May 2014

CA Shreeharsh Shukla
Partner
M.No-408990



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, 2014.

The preparation of financial statements of Scooters India Limited for the year ended 31st March, 2014 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 standards of auditing 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 16 May, 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of Scooters India Limited for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

(Atreyee Das)

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

Place : New Delhi
Date : 01.07.2014



BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	AS AT 31-3-2014 ₹ in Lakhs	AS AT 31-3-2013 ₹ in Lakhs
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	8,538.39	5,348.39
b) Reserves & Surplus	3	(233.40)	(1,588.68)
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	2,113.40	151.20
(b) Other Long term liabilities	5	239.05	244.66
(3) Current Liabilities			
(a) Short-term borrowings	6	209.63	1,264.04
(b) Trade payables	7	3,152.58	2,974.47
(c) Other current liabilities	8	1,198.55	939.12
(d) Short-term provisions	9	11.50	202.80
Total		15,229.70	9,536.00
II. Assets			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		1,468.82	1,540.13
(ii) Capital work-in-progress		18.71	11.44
(b) Non-current investments	11	-	-
(c) Deferred tax assets (net)	12	-	-
(d) Long term loans and advances	13	273.35	305.08
(2) Current assets			
(a) Inventories	14	4,629.25	3,553.32
(b) Trade receivables	15	175.98	260.87
(c) Cash and Bank Balance	16	7,150.19	3,336.60
(d) Short-term loans and advances	17	1,289.32	436.75
(e) Other current assets	18	224.08	91.81
Total		15,229.70	9,536.00

Accompanying Notes 1 to 49 are an integral part of the Financial Statements

B.N. Raj
Financial Controller

Rahul Bali
Director (Technical)

R.K. Singh
Chairman and Managing Director

In terms of our report of even date
For D.S. Shukla & Co.
FR No. 000773C
Chartered Accountants

Place : New Delhi
Date : 16th May, 2014

Shreeharsh Shukla
(Partner)
Membership No.F408990


PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31,2014

	Note No.	YEAR ENDED 31-3-2014 ₹ in Lakhs	YEAR ENDED 31-3-2013 ₹ in Lakhs
I. Revenue from operations			
Gross Sales	19	19,366.39	20,982.26
Less : Excise Duty		1,879.38	2,008.82
Net Sales		17,487.01	18,973.44
II Other Operating Revenue	20	68.91	1.44
III. Other Income	21	1,372.73	366.87
IV. Total Revenue (I + II + III)		18,928.65	19,341.75
V. Expenses :			
Cost of materials consumed	22	11,915.67	13,283.76
Cost of sales at petrol pump	22	1,515.44	1,382.69
(Accretion)/Decretion to Stock	23	(788.88)	(62.11)
Employee benefit expense	24	3,173.87	3,426.98
Depreciation	10	129.65	131.38
Finance cost	25	65.37	182.36
Other expenses	26	1,463.04	1,630.63
Prior year items	27	119.89	-
Total		17,594.05	19,975.69
Less : Expenditure included in above capitalized		25.04	33.88
VI. Total Expenses		17,569.01	19,941.81
VII. Profit before tax (IV-V)		1,359.64	(600.06)
VIII. Tax expense :			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX. Profit/(Loss) for the period (VI-VII)		1,359.64	(600.06)
X. Earning per equity share :			
(1) Basic	28	1.59	(1.12)
(2) Diluted	28	1.59	(1.12)

Accompanying Notes 1 to 49 are an integral part of the Financial Statements

B.N. Raj
Financial Controller

Rahul Bali
Director (Technical)

R.K. Singh
Chairman and Managing Director

In terms of our report of even date
For D.S. Shukla & Co.
FR No. 000773C
Chartered Accountants

Place : New Delhi
Date : 16th May, 2014

Shreeharsh Shukla
(Partner)
Membership No.F408990



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

Particulars	Year Ended 31-03-2014 ₹ in lakhs	Year Ended 31-03-2013 ₹ in lakhs
Cash flow from operating activities :		
Net Profit/(Loss) before Tax	1,359.64	(600.06)
Adjustment for :		
Depreciation		
(i) For Current Year	129.65	131.38
(ii) For Prior Period	-	-
-Prior Year items	(4.36)	-
-Loss Written off	-	11,158.72
-Provision for Loss in Value of Investment	-	-
-Provision/Written off for Doubtful Debts	0.48	8.26
-Provision for inventory Obsolescence	-	6.74
-Excess Provision Written Back	(1,015.10)	(54.12)
-Interest Income	(318.18)	(301.08)
-Interest Paid	65.37	182.36
-(Profit)/Loss in exchange rate change	-	0.39
-(Profit)/Loss on sale of fixed assets	-	-
	<u>(1,142.14)</u>	<u>11,132.65</u>
Operating profit before working capital changes	<u>217.50</u>	<u>10,532.59</u>
Adjustment for :		
-Trade receivables	105.47	6.50
Inventories	(845.42)	279.02
Other current assets	(132.27)	(5.77)
Long Term Loans & advances	31.73	(39.45)
Short Term Loans & advances	(141.48)	300.17
Other Long Term Liabilities	(5.61)	(11.09)
Trade payables	179.19	180.33
Other Current Liabilities	272.82	(2,995.58)
Capital Reserve	-	-
Provisions	(191.30)	133.92
	<u>(726.87)</u>	<u>(2,151.95)</u>
Cash generated/(Loss) from operations :	<u>(509.37)</u>	<u>8,380.64</u>
Less Taxes paid :		
Income Tax	-	-
Net cash from operating activities	<u>(509.37)</u>	<u>8,380.64</u>
Cash flow from investing activities		
Increase in fixed assets / capital expenditure	(65.44)	(37.87)
Sale / Adjustments of fixed assets	-	-
Interest Income	318.18	301.08
Other Fixed deposit with banks realised/(made)	(3,346.70)	(35.87)
(Loss)/Gain in exchange rate	-	(0.39)
Net cash used in investing activities	<u>(3,093.96)</u>	<u>226.95</u>
Cash flow from financing activities		
Interest paid*	(65.37)	(182.36)
Increase in share capital	3,190.00	-
Repayment of term loan to G.O.I.	-	-
Receipt of long term loan from G.O.I.	2,000.00	189.00
Settlement of GOI Loan*	-	(8521.12)
(Decrease) / Increase in cash credit limits	(1,054.41)	(43.45)
Net cash used in financing activities	<u>4,070.22</u>	<u>(8,557.93)</u>
Net increase / (decrease) in cash and cash equivalents	<u>466.89</u>	<u>49.66</u>
Cash and cash equivalents (Opening balance)	264.34	214.68
Cash and cash equivalents (Closing balance)	<u>731.23</u>	<u>264.34</u>

*₹ 3090.00 lakhs included in Deposit with banks is earmarked for Capital Expenditure.



Notes to the Cash Flow Statement

1. Cash Flow Statement has been prepared on indirect Method as per Accounting Standard 3 on Cash Flow Statement issued by Institute of Chartered Accountants of India

2. Cash and Cash Equivalents :

(₹ in lakhs)

	2013-14	2012-13
Cash in hand	1.61	14.26
Cheques in hand	195.36	51.54
Balance with Banks		
Current accounts	534.26	198.54
	731.23	264.34

B.N. Raj
Financial Controller

Rahul Bali
Director (Technical)

R.K. Singh
Chairman and Managing Director

In terms of our report of even date
For D.S. Shukla & Co.
FR No. 000773C
Chartered Accountants

Place : New Delhi
Date : 16th May, 2014

Shreeharsh Shukla
(Partner)
Membership No.F408990

Annexed to and forming part of the Accounts

NOTE NO.-1

ACCOUNTING POLICIES

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.

(iv) All assets & liabilities has been classified as current & non-current as per Company's normal operating cycle & other criteria set out in the revised schedule VI to the Company's Act 1956.

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.

b) LEASE RENTALS :

Rental expenses in respect of Leased premises and equipment are charged to the Statement of Profit and Loss.

Rental incomes on assets given on operating lease on an accrual bases over the lease term are recognized in the Statement of Profit and Loss.

c) BORROWING COST :

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.

**d) INTANGIBLE ASSETS :**

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 5 years. Amortisation is done on straight line basis.

e) 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 :

- (i) Current Investments are valued at cost or market value whichever is lower.
- (ii) Non Current 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.
- (iii) Income from dividend is recognized in books of accounts when the right to receive such dividend is established.

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 net 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. PROPOSED DIVIDEND :

Dividend is provided in the books of accounts as proposed by the Board of Directors, pending approval at the Annual General Meeting.

18. CONTINGENT LIABILITIES AND COMMITMENTS :

- 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.

D. CAPITAL COMMITMENTS :

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

NOTE NO. 2
Share Capital

	As at 31.03.2014 ₹ in lakhs	As at 31.03.2013 ₹ in lakhs
Authorised Capital 25,00,00,000 Equity Shares (Previous Year 25,00,00,000) of ₹ 10 each.	<u>25,000.00</u>	<u>25,000.00</u>
Issued Capital 8,53,85,500 Equity Shares (Previous year 5,34,85,500) of ₹ 10 each	<u>8,538.55</u>	<u>5,348.55</u>
Subscribed and fully paid up Capital 8,53,82,255 Equity Shares* (Previous year 5,34,82,255) of ₹ 10 each	<u>8,538.23</u>	5,348.23
Forfeited Shares	<u>0.16</u>	<u>0.16</u>
	<u>8,538.39</u>	<u>5,348.39</u>

*Of the subscribed and paid up capital 9,05,000 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.

a. The reconciliation of the number of shares outstanding as on 31st March 2014 are as follows :

Particulars	Equity Shares	
	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	53485500	5,348.55
Shares issued during the year	31900000	3,190.00
Shares outstanding at the end of the year	85385500	8,538.55

31900000 shares at ₹ 10/- each has been issued during the year under reference against receipt of ₹ 3190.00 lakhs for CAPEX in terms of Revival package sanctioned by Cabinet Committee of Government of India.

- b. Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held are as follow :

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Government of India	80034029	93.74	51495490	96.28

c. **Terms/Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

NOTE NO. 3
Reserve and Surplus

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Reserves		
Capital Reserve *	<u>4.90</u>	<u>9.26</u>
	<u>4.90</u>	<u>9.26</u>
Surplus		
Opening Balance	(1,597.94)	(12,156.60)
Add : Net Profit/(Net Loss) During the year	1,359.64	(600.06)
Less : Loss written off	<u>-</u>	<u>11,158.72</u>
Closing Balance	<u>(238.30)</u>	<u>(1,597.94)</u>
	<u>(233.40)</u>	<u>(1,588.68)</u>

* Share forfeiture adjustment during 1980-81 ₹ 4.90 lakhs



	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
a) Forfeiture of Share		
Balance at the beginning of the year & at the end of the year	<u>4.90</u> <u>4.90</u>	<u>4.90</u> <u>4.90</u>
b) Government Grants		
Balance at the beginning of the year	4.36	4.36
Less : Transfer to prior year items	<u>4.36</u>	<u>-</u>
Balance at the end of the year (Refer note no.45)	<u>-</u> <u>4.90</u>	<u>4.36</u> <u>9.26</u>

NOTE NO. 4**Long Term Borrowings**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Unsecured Loan from Related Party		
Loans from Government of India*	<u>2,113.40</u> <u>2,113.40</u>	<u>151.20</u> <u>151.20</u>

* Please refer Note No.47

The Government of India, Ministry of Industry & Public Enterprises, Deptt. of Heavy Industry released funds by way of interest free plan loan amounting to ₹ 2000.00 lakhs during the year for working capital under approved revival package of Scooters India Limited by Cabinet/Misc. application approved by BIFR.

NOTE NO. 5**Other Long Term Liabilities**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Trade Payable		
Other Payable :		
Advances	1.90	1.90
Deposits	<u>223.68</u>	<u>242.76</u>
	<u>225.58</u>	<u>244.66</u>
Related Party		
Refund of TDS on Interest payable to Government of India	<u>13.47</u>	<u>-</u>
	<u>239.05</u>	<u>244.66</u>

Disclosure w.r.t. micro, small & medium enterprises as required by MSMED Act 2006 is made in Note No.37



NOTE NO. 6
Short Term Borrowings

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Secured		
Loans and advances from Banks*		
State Bank of India	-	719.80
Indian Overseas Bank	209.63	544.24
	<u>209.63</u>	<u>1,264.04</u>

* Cash Credit / Overdraft facility from State Bank of India & Indian Overseas Bank are secured by hypothecation of inventories/book debts/fixed deposit. The cash credit/overdraft is repayable on demand & carries interest as notified by banks from time to time.

NOTE NO. 7
Trade Payables

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Acceptances	1,010.81	1,279.47
Other Trade Payable (Comprising of Sundry Creditors (Gen. & anc.), Bills payable etc.)	2,141.77	1,695.00
	<u>3,152.58</u>	<u>2,974.47</u>

Disclosure w.r.t. micro. small & medium enterprises as required by MSMED Act 2006 is made in Note No.37)

NOTE NO. 8
Other Current Liabilities

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Advances and Deposits @	137.07	101.49
Unspent Balance against Workmen Housing Colony*	40.61	40.64
Other Payables (Comprising of Salary & Wages, Liability for Expenses etc.)	824.01	759.19
	<u>1,001.69</u>	<u>901.32</u>
Related Party		
Interest payable to Government of India	121.26	-
Current Maturities of Long Term Loan From GOI**	75.60	37.80
	<u>196.86</u>	<u>37.80</u>
	<u>1,198.55</u>	<u>939.12</u>

@ Include ₹ 1.26 lakhs (Previous year ₹ 1.26 lakhs) on account of advance deposited by workmen for allotment of House in Workmen's Colony.

*The details are

Amount recovered so far from workmen	146.65	146.68
Less : Expenditure on Workmen's Housing Colony	106.04	106.04
	<u>40.61</u>	<u>40.64</u>

** Refer Note No.47



NOTE NO. 9
Short Term Provision

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Provision for Retirement Benefit		
Gratuity	-	-
Leave Encashments	-	190.10
	<u>-</u>	<u>190.10</u>
Provision for others		
Warranty	11.50	12.70
	<u>11.50</u>	<u>202.80</u>

a. Liability for Gratuity & Leave Encashment has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in Accounting Standard 15 the details of which are given in Note No.38.

b. The details of provision for warranty are given below :

			(₹ in Lakhs)
Particulars	2013-14	2012-13	
Opening Balance	12.70	16.10	
Add : Provision for the year (net) including additional/less	2.22	3.14	
Provision for earlier years	<u> </u>	<u> </u>	
Total	14.92	19.24	
Less : Payment/Debits	3.42	6.54	
Closing Balance	<u>11.50</u>	<u>12.70</u>	


SCOOTERS INDIA LIMITED
NOTE No. 10
Fixed Assets

Amount ₹ in lakhs

DESCRIPTION	GROSS BLOCK AT COST				ACCUMULATED DEPRECIATION			NET BLOCK		
	AS AT 01.04.2013	ADDITIONS DURING THE YEAR	Deduction/ Adjustment/ Transfer	AS AT 31.03.2014	AS AT 01.04.2013	For the Year	Impairment Loss/ Reversal of Impairment Loss	AS AT 31.03.2014	AS AT 31.03.2014	AS AT 01.04.2013
Tangible Assets										
A Lease Hold Land	12.58	-	-	12.58	5.52	0.14	-	5.66	6.92	7.06
Building (including Roads Services & Tubewell)	404.27	-	-	404.27	316.09	2.13	-	318.22	86.05	88.18
Plant and Machinery*	2,824.76	-	-	2,824.76	1,729.11	82.29	-	1,811.40	1,013.36	1,095.65
Special Tools	1,812.14	-	25.04	1,837.18	1,576.41	29.83	-	1,606.24	230.94	235.73
Handling Equipment	110.20	-	0.65	110.85	91.83	2.09	-	93.92	16.93	18.37
Furniture & Fixtures	333.34	-	3.94	337.28	299.91	5.18	-	305.09	32.19	33.43
Office Equipments	60.95	-	0.17	61.12	42.50	2.12	-	44.62	16.50	18.45
Electrical Equipments Installation & Fittings	184.95	-	17.91	202.86	155.89	2.01	-	157.90	44.96	29.06
Vehicles	98.21	-	10.63	108.84	84.01	3.86	-	87.87	20.97	14.20
TOTAL	5,841.40	-	58.34	5,899.74	4,301.27	129.65	-	4,430.92	1,468.82	1,540.13
B. Intangible Assets	-	-	-	-	-	-	-	-	-	-
C. Capital Work in Progress										
Capital items awaiting installation	6.71	-	7.27	13.98	-	-	-	-	13.98	6.71
Construction work in progress	4.73	-	-	4.73	-	-	-	-	4.73	4.73
Total	11.44	-	7.27	18.71	-	-	-	-	18.71	11.44
D. Intangible Assets Under Development	-	-	-	-	-	-	-	-	-	-

Note : Amount of Borrowing Cost Capitalised during the year is NIL. (Previous Year - NIL)

*The land has been taken on lease for a period of 90 years i.e. 125.29 acres w.e.f. 5th October, 1974 & 22.209 acres w.e.f. 10th August, 1976.



NOTE NO. 11
Non Current Investments

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Investment at cost (Unquoted fully paid)		
UP Instruments Limited		
1,55,030 Equity Shares (Previous Year 1,55,030 Equity Shares) of ₹ 10 each	15.50	15.50
UP Tyres & Tubes Limited		
5,22,800 Equity Shares (Previous Year 5,22,800 Equity Shares) of ₹ 10 each	52.28	52.28
Co-operative Electric Supply Society Limited		
5,700 Equity Shares (Previous Year 5,700 Equity Shares) of ₹ 10 each	0.57	0.57
	68.35	68.35
Less : Provision for estimated loss in value	68.35	68.35
	-	-

- 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 investment of ₹ 12.71 lakhs during 1996-1997 & ₹ 2.79 lakhs during 2004-2005 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 during 1996-1997.
- c. The company invested ₹ 0.57 lakhs 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 in the year 2006-2007.

NOTE NO. 12
Defferred Tax Assets

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
(A) Deferred tax liability		
On account of timing difference with regard to depreciation.	258.91	285.78
Total A	<u>258.91</u>	<u>285.78</u>
(B) Deferred tax Assets		
On account of timing difference with regard to disallowance of provision in income Tax.	249.87	315.70
On account of timing difference with regard to unabsorbed depreciation, scientific research expenditure and carry forward losses.	4545.33	4112.77
Total B	<u>4795.20</u>	<u>4428.47</u>
Deferred Tax Assets (B-A)	<u>4536.29</u>	<u>4142.69</u>

In consideration of prudence, the above deferred tax assets aggregating to ₹ 4536.29 lakhs (Previous Year ₹ 4142.69 lakhs) has not been recognized 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 realized. 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.



NOTE NO. 13
Long Term Loans and Advances

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
(Advances recoverable in cash or kind or for value to be received)		
1. Unsecured considered good :		
a) Deposits	78.47	62.32
b) Others	194.88	242.76
(Comprising of Deposit with Income tax, etc.)		
2. Unsecured Considered doubtful	40.25	39.57
	<u>313.60</u>	<u>344.65</u>
Less : Provision for doubtful advances	40.25	39.57
	<u>273.35</u>	<u>305.08</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

NOTE NO. 14
Inventories

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Raw Materials and Components*	1,418.68	1,496.13
Stores and Spares	223.97	181.28
Loose Tools and Consumables*	316.12	321.49
Work-in-progress	501.01	573.12
Finished goods	1,916.29	1,038.43
Material-in-transit	148.02	58.91
Material under Inspection	2.43	-
Disposal Stores	223.45	240.32
Other Stock #	33.53	28.40
	<u>4,783.50</u>	<u>3,938.08</u>
Less : Provision for Inventory Obsolescence	132.62	363.13
Provision for material lying with sub Contractor doubtful of recovery	21.63	21.63
	<u>4,629.25</u>	<u>3,553.32</u>

*Raw - materials, loose tools and consumables lying with sub-contractors amount to ₹ 63.81 lakhs (Previous year ₹ 68.57 lakhs).

Other stocks includes Petrol Pump of ₹ 33.53 lakhs (Previous Year ₹ 20.08 lakhs)

a. The Company held no security in respect of material lying with third parties/contractors to the tune of ₹ 63.81 lakhs (Previous year ₹ 68.57 lakhs).

b. Provision available for material doubtful of recovery is ₹ 21.63 lakhs (Previous year ₹ 21.63 lakhs).

NOTE NO. 15
Trade Receivables

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Unsecured		
Debts outstanding for a period exceeding 6 months from the date it becomes due Considered good	88.40	86.02
Considered doubtful	<u>354.62</u>	<u>375.68</u>
	<u>443.02</u>	461.70
Other debts considered good	<u>87.58</u>	<u>174.85</u>
	530.60	636.55
Less : Provision for doubtful debts	<u>354.62</u>	<u>375.68</u>
	<u>175.98</u>	<u>260.87</u>
<p>a. As on 31.03.2014 there is an outstanding of ₹ 58.22 lakhs (Previous year ₹ 85.65 Lakhs) against M/s Amausi Motors Limited, Lucknow. Pursuant to the arrangement entered into by the company for liquidating the balances, the outstanding has come down during the year by ₹ 27.43 Lakhs (Previous year ₹ 4.94 lakhs). The outstanding is expected to be liquidated in the following years.</p> <p>b. Legal proceedings are in progress for recovery of outstanding in case of 37 dealers, the amount involved, as on 31.3.2014 is ₹ 327.01 Lakhs. (Previous year 37 dealers amounting to ₹ 335.86 lakhs) against which provision has been made.</p> <p>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.</p>		

NOTE NO. 16
Cash and Bank Balances

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Cash and Cash Equivalents		
Cash in hand	1.61	14.26
Cheques in hand	195.36	51.54
Balance with banks		
Current accounts	<u>534.26</u>	198.54
	<u>731.23</u>	<u>264.34</u>
Other Bank Balance		
Fixed deposits with banks held as margin money or security against borrowings and other commitments	2,889.42	2,669.20
Deposit with Bank with original maturity of less than 12 months held for other commitments*	3,529.54	403.06
	<u>6,418.96</u>	<u>3,072.26</u>
	<u>7,150.19</u>	<u>3,336.60</u>

* ₹ 3090.00 lakhs included in Deposit with banks is earmarked for Capital Expenditure.



NOTE NO. 17
Short Term Loans And Advances

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
(Advances recoverable in cash or kind or for value to be received)		
1. Secured considered good	0.01	0.01
2. Unsecured considered good :		
a) Deposits	42.70	67.23
b) Others	1,246.61	369.51
(Comprising of Advance to LIC, Festival Advance, etc.)		
3. Unsecured Considered doubtful	162.64	163.32
	<u>1,451.96</u>	<u>600.07</u>
Less : Provision for doubtful advances	162.64	163.32
	<u>1,289.32</u>	<u>436.75</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

NOTE NO. 18
Other Current Assets

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Interest accrued on Term deposits	224.08	91.81
	<u>224.08</u>	<u>91.81</u>

NOTE NO. 19
Revenue from operations

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Three-Wheeler	17,267.66	19,020.74
Spare-parts	546.38	546.27
Petrol, Diesel, Lubricants etc.*	1,552.35	1,415.25
	<u>19366.39</u>	<u>20,982.26</u>

*Includes 43,412.32 ltrs. of petrol, diesel, oil etc. value ₹ 26.29 lakhs (Previous year 49,070.26 ltrs. Value ₹ 27.28 lakhs) consumed for internal use.

**NOTE NO. 20
Other Operating Revenue**

	Year Ended 31.03.2014 ₹ in Lakhs	Year Ended 31.03.2013 ₹ in Lakhs
Miscellaneous Items & Scrap	<u>68.91</u>	<u>1.44</u>
	68.91	1.44

**NOTE NO. 21
Other Income**

	Year Ended 31.03.2014 ₹ in Lakhs	Year Ended 31.03.2013 ₹ in Lakhs
Miscellaneous Receipts		
Sale of :		
a) Empties	8.31	-
Interest on :		
a) Term deposits	298.02	297.86
b) Others	20.16	3.22
Excess Provision written back	1,015.10	54.12
Other receipts	31.14	11.67
(Comprising of rent received, petrol pump recovery, etc.)		
TOTAL	<u>1,372.73</u>	<u>366.87</u>

**NOTE NO. 22
Consumption of Materials**

	Year Ended 31.03.2014 ₹ in Lakhs	Year Ended 31.03.2013 ₹ in Lakhs
(I) Consumption of Materials :		
a) Raw Materials and Components		
Opening Stock	1,496.13	1,733.58
Add : Purchases	11,838.39	13,046.32
	<u>13,334.52</u>	<u>14,779.90</u>
b) Less :		
i) Closing Stock	1,418.68	1,496.13
ii) Shortages in Inventory written off	0.17	0.01
	<u>1,418.85</u>	<u>1,496.14</u>
c) Consumption of Materials (a - b)	<u>11,915.67</u>	<u>13,283.76</u>
(II) Petrol Pump		
a) Opening Stock	20.08	26.47
Add : Purchases	1,522.95	1,376.51
	<u>1,543.03</u>	<u>1,402.98</u>
b) Less : i) Closing Stock	27.28	20.08
ii) Shortages written off	0.31	0.21
	<u>27.59</u>	<u>20.29</u>
c) Cost of saes at Petrol Pump (a - b)	<u>1,515.44</u>	<u>1,382.69</u>

a. The consumption of material is derived as a balancing figure by adding opening inventory with purchases during the year and deducting closing inventory.

**NOTE NO. 23****Accretion / (Decretion) to Stock**

		Year Ended 31.03.2014 ₹ in Lakhs	Year Ended 31.03.2013 ₹ in Lakhs
Opening Stock			
Finished Goods		1,038.43	1,013.12
Work-in-progress		573.12	623.33
Disposal Stores		240.32	153.31
	A	<u>1,851.87</u>	<u>1,789.76</u>
Closing Stock			
Finished Goods		1,916.29	1,038.43
Work-in-progress		501.01	573.12
Disposal Stores		223.45	240.32
	B	<u>2,640.75</u>	<u>1,851.87</u>
(Accretion) / Decretion	(A - B)	<u>(788.88)</u>	<u>(62.11)</u>

NOTE NO. 24**Employees' Benefit Expenses**

		Year Ended 31.03.2014 ₹ in Lakhs	Year Ended 31.03.2013 ₹ in Lakhs
Salaries, Wages and Bonus*		2,580.85	2,507.06
Contribution to Provident and Other Funds		275.65	560.28
Staff Welfare Expenses		317.37	359.64
	Total	<u>3,173.87</u>	<u>3,426.98</u>

* Includes stipend paid to the trainees/apprentices ₹ 30.46 lakhs (Previous year ₹ 32.62 lakhs).

Note : Amount of arrears of wage revision 2002 payable to workmen has been included in salaries, wages & bonus. For details please refer Note No.42

NOTE NO. 25**Finance Cost**

		Year Ended 31.03.2014 ₹ in Lakhs	Year Ended 31.03.2013 ₹ in Lakhs
Interest on Loans and advances from :			
Government of India		-	-
Banks		65.37	182.36
		<u>65.37</u>	<u>182.36</u>

NOTE NO. 26
Other expenses of Manufacture, Administration, Selling and Distribution

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Consumption of Stores, Spares and Tools	359.80	385.74
Power & fuel	460.37	426.66
Rent	28.81	24.21
Repairs : a) Building	7.94	8.32
b) Plant & Machinery	31.66	79.96
c) Others	25.05	33.77
Insurance	5.48	6.72
Rates and Taxes	17.33	3.50
Miscellaneous Expenses	21.94	12.65
Research and Development	8.79	10.62
Excise Duty with Cess	62.62	158.73
Postage, Telegram and Telephone	14.16	13.19
Travelling Expenses	39.49	33.63
Printing and Stationery	19.89	23.76
Board Meeting Expenses	0.24	0.06
Legal Expenses	56.57	69.31
Consultancy Charges	13.25	9.10
Vehicle Running and Maintenance	4.54	6.45
Bank Charges	16.89	11.98
Demands and Interest on Taxes	1.13	0.74
Advertisement & Sales Promotion Expenses	20.98	10.12
Freight & Packing Expenses	194.78	202.80
Service Expenses (Free Coupon/After Sales Service)	41.74	59.65
Cash Discount & Incentives	0.18	6.29
Entry Tax	8.93	17.28
Loss in Exchange Rate due to Fluctuation	-	0.39
Bad and Doubtful Debts, Advances and others written off	0.48	0.22
Provision for doubtful debts/advances	-	8.04
Provision for inventory obsolescence	-	6.74
Total	1,463.04	1,630.63

NOTE NO. 27
Prior Year Items (Net)

	Year Ended 31.03.2014 ₹ in Lakhs	Year Ended 31.03.2013 ₹ in Lakhs
House Tax	124.25	-
Interest Subsidy DG Set Loans	(4.36)	-
	<u>119.89</u>	<u>-</u>

**NOTE NO. 28****Earning Per Share (EPS)**

	2013-2014	2012-2013
Profit as per Profit & Loss Account (₹ in lakhs)	1,359.64	(600.06)
Average number of Equity Shares (Face value ₹ 10 each)	85,382.255	53,482,255
Basic & Diluted Earning per share (in ₹)	1.59	(1.12)

NOTE NO. 29**Contingent Liabilities & Commitments**

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Company is contingently liable for		
(i) Claims against the company not acknowledged as debts.		
(a) Consumer Forum Cases (Refer Point No.A)	12.00	13.00
(b) UP Govt.	98.55	98.55
(c) Cases of Private Parties.	62.93	122.91
(d) In connection with guarantee/Indemnity given by SIL to OBC (Refer Point No. B.)	304.20	265.09
(e) SIL vs ESIC (Refer Point No.C)	27.34	27.34
(f) Punjab National Bank vs SIL (Refer Point No.D)	213	213
(g) Demand Notices raised by Central Excise and Service Tax Authorities.	31.71 Plus Interest Indeterminate	74.23 Plus Interest and further Penalty Indeterminate
(h) Demand Notice raised by Income Tax Authorities for previous years for which appeals are pending before the competent authorities	5186.86 lakhs	NIL
(ii) Unfavorable Arbitration award in the matter between Ordnance Factory Board and the Company. (Refer Point No.E)	23.85+Interest thereon	23.85+Interest thereon
(iii) Counter claim of M/s UPSICL (Refer Point No.F)	9.27 Plus Interest Indeterminate	9.27 Plus Interest Indeterminate
(iv) Employees' Cases pending before various Court	36 Nos.& Amount Indeterminate	36 Nos.& Amount Indeterminate
(a) In Labour Court		
(b) In Other	102 Nos.& Amount Indeterminate	110 Nos.& Amount Indeterminate
(v) The Workmen Housing Colony (Refer Point No. G)	2412.00	2412.00
(vi) House Tax (refer note no.41)	NIL	2936.96

Point No. A

The amount involved in 10 cases (previous year 11 cases) of Consumer forum is estimated at ₹ 12 lakhs (previous year ₹ 13 lakhs). In remaining 69 cases (previous year 73 cases) the amount is indeterminate.

Point No. B

Scooters India Limited filed a writ petition in case of SIL Vs Oriental Bank of Commerce (OBC) before the High Court, Lucknow Bench in 2011 against the order passed by the Debt Recovery Appellate tribunal as the Committee of Disputes was dissolved by the Hon'ble Supreme Court order resulted in pending of the approval for approaching Court.

Point No. C

Employee State Insurance Corporation (ESIC) demanded ESI contribution of the employees from SIL in contravention of the judgement and order dated 22.06.2005 passed in SIL vs BIFR & Others and Appeal No. 304 of 2002 by tribunal AAIFR. The case is pending before High Court, Lucknow Bench. The company has not recognized liability of ₹ 27.34 lakhs (previous year ₹ 27.34 lakhs) in the books of accounts and it is shown as contingent liability.

Point No. D

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. The company has not recognized liability of ₹ 213 lakhs (previous year ₹ 213 lakhs) in the books of accounts and it is shown as contingent liability.

Point No. E

In the matter of arbitration case between Ordnance Factory Board and the Company, a representation was made in 2011 to the Ministry for reviewing the order passed by the Law Secretary being arbitrary. The representation is still pending. Since the Law Secretary has not considered the issue on the merit as pointed out by the Committee on Disputes and, therefore, pending further action, the company has not recognized liability of ₹ 23.85 lakhs plus interest thereon (previous year ₹ 23.85 lakhs plus interest thereon) in the books of accounts and it is shown as contingent liability.

Point No. F

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.

Point No. G

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 for 90 years lease, the execution of conveyance deed with the State Government is pending due to delay in completion of procedural formalities.

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. After meeting which was held with the officials of forest department, it has been informed vide their letter no. 4456/14-10 dated 09/01/2014 that revised proposal is to be submitted in order to transfer Forest land to Scooters India Ltd.

NOTE NO. 30

	As at 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs
Estimated amount of contracts (net of advances) remaining to be executed on Capital Accounts and not provided for.	23.22	NIL

NOTE NO. 31

Sales-tax assessment both under UPVAT and CST has been completed up to the Financial year 2010-11. The Income-tax assessment has been completed up to assessment year 2011-12 (financial year ended on March 31, 2011). The company does not foresee any liability against pending assessment.

NOTE NO. 32

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.

NOTE NO. 33

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 nationalized 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.

NOTE NO. 34

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.

Note No. 35

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 31-03-2014.

Note No. 36

Related party disclosure as required by AS-18

- (a) List of related parties during the financial year 2013-14

I. Government of India

II. Whole-Time Directors

Shri Ajai Kumar, Chairman-cum-Managing Director
(From 23th April 2008 to 13th April 2013)

Shri Rahul Bali, Director (Technical)
(From 02nd April 2013 to till date)

III Part-Time Director

Shri R.K. Singh (Chairman and Managing Director)
(From 15th May 2013 to till date)

Shri Harbhajan Singh
(From 13th September 2011 to 20th December 2013)

Shri S.K. Goyal
(From 17th May 2012 to 25th March 2014)

Shri Dinesh Kumar (From 25th March 2014 to 31st July, 2014)

Shri S.K. Singh (From 20th December 2013 to 08th August, 2014)

(b) Transaction with related parties

(₹ In lakhs)

Sl. No.	Nature of Transaction	Persons having control over the Company	Directors	Total
1.	Remuneration to Director	-	16.43	16.43
2.	Interest payable (including T.D.S.) to Government of India on funds released for CAPEX	134.73	-	134.73
3.	Current maturities of Long Term Loan from Government of India	75.60	-	75.60

NOTE NO. 37

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.

NOTE NO. 38

Liability for Gratuity & Leave Encashment has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in Accounting Standard 15 the details of which are given as under :

(₹ In lakhs)

Amount to be Recognized in Balance Sheet	Gratuity (Funded) As at 31.03.2014	Leave Encashment (Funded) As at 31.03.2014	Gratuity (Funded) As at 31.03.2013	Leave Encashment (Funded) As at 31.03.2013
Present Value of Funded Obligation	2,628.43	685.54	2646.31	1233.58
Fair Value of Plan Assets	(3,007.76)	(1,081.24)	(2885.03)	(1043.49)
Net Liability	(379.33)	(395.70)	(238.72)	190.09
Amounts in Balance sheet				
Liability	(379.33)	(395.70)	(238.71)	190.09
Assets	-	-	-	-
Net Liability	(379.33)	(395.70)	(238.71)	190.09



(₹ In lakhs)

Amount to be Recognized in Balance Sheet	Gratuity (Funded) As at 31.03.2014	Leave Encashment (Funded) As at 31.03.2014	Gratuity (Funded) As at 31.03.2013	Leave Encashment (Funded) As at 31.03.2013
Expenses to be Recognized in the statement of Profit & Loss				
Current Service Cost	90.75	82.77	91.48	170.49
Interest on Defined Benefit Obligation	228.29	106.72	247.02	109.01
Expected Return on Plan Assets	(260.75)	(94.02)	(308.85)	(114.79)
Net Actuarial Losses/Gains) Recognised in Year	(198.91)	(681.29)	127.60	(22.83)
Total Included in "Employees' Emoluments"	(140.61)	(585.80)	157.25	141.87
Actual Return on Plan Assets	250.23	90.25	276.35	101.65
Reconciliation of Benefit obligations & Plan Assets for the Period				
Change in Defined Benefit Obligation	2,646.31	1,233.59	2872.36	1267.59
Opening Defined Benefit Obligation				
Current Service Cost	90.75	82.77	91.49	170.49
Interest Cost	228.29	106.72	247.02	109.01
Actuarial Losses / (Gain)	(209.42)	(685.05)	95.10	(35.96)
Benefits Paid	(127.50)	(52.49)	(659.66)	(277.54)
Closing Defined Benefit Obligation	2,628.43	685.54	2646.31	1233.59
Change in Fair Value of Assets				
Opening Fair Value of Plan Assets	2,885.03	1,043.48	3268.34	1214.81
Expected Return on Plan Assets	260.75	94.02	308.85	114.79
Actuarial Gain / (Losses)	(10.52)	(3.77)	(32.50)	(13.14)
Contributions by Employer	-	-	-	4.56
Benefits Paid	(127.50)	(52.49)	(659.66)	(277.54)
Closing Fair Value of Plan Assets	3,007.76	1,081.24	2885.03	1043.48
Summary of the Actuarial Assumption				
Discount Rate	8.84%	8.84%	8.00%	8.00%
Expected Rate of Return on Assets	8.85%	8.85%	9.40%	9.40%
Salary Escalation Rate - Senior Staff	9.00%	9.00%	11.20%	11.20%
- Junior Staff	9.00%	9.00%	11.20%	11.20%

**NOTE NO. 39**

The company has been declared sick under section 3(1) (o) of the SICA by BIFR in its meeting held on February 18, 2010 consequent to the reference made by the company, due to erosion of its net worth as on March 31, 2009. The Cabinet committee, GOI has approved the revival package of ₹ 20,196 lakhs, which inter-alia includes the infusion of fresh funds, conversion of plan & non plan loan in to equity & waiver of interest. The Draft Rehabilitation Scheme (DRS) is under preparation by Operating Agency (SBI) and shall be submitted in due course before BIFR for sanction. However Pending finalization of DRS & sanction by BIFR the Company has availed & implemented the part of the Revival package from GOI as per sanction of Cabinet Committee, after taking necessary approval from BIFR through miscellaneous application field.

Based on BIFR approval through miscellaneous application the Company has not made any provision for interest on non plan loan of ₹ 189.00 lakhs released during 2012-13 as also for Income Tax, if any required under section 115 JB of the Income Tax Act, 1961 regarding Minimum Alternate Tax for the book profit during the year under report.

NOTE NO.40

The company has initiated legal proceeding against Fine White Line for recovery of royalty dues and protection of SIL rights in Lambretta Trademark and expenditure of ₹ 23.49 lakhs has been incurred during the year under report.

NOTE NO. 41

Company has been regularly paying house tax of ₹ 2.93 lakhs after rebate of 10% on every year in time as per demand raised by Nagar Nigam. House Tax for the financial year 2012-13 was paid on 25.04.2012.

However, Nigam had imposed house tax of ₹ 2,936.96 lakhs including current tax, arrears and interest based on assessment of annual value of ₹ 1,021.06 lakhs from the year 2002 and at annual value (A.V.) of ₹ 1,837.58 lakhs from the year 2010, vide their Notice No. ZOV/cc/2012-13 dated 11.06.2012 and ZOV/cc/2012-13 dated 16.05.2012.

As the demand raised by Nagar Nigam, prima facie was not considered justified and correct, it was decided to challenge the above notice before Municipal Authorities. After having series of meeting with higher authorities of Nagar Nigam it was finally agreed for re-assessment of house tax through valuer. Based on the valuer report after re-assessment by fixing annual value ₹ 59.18 lakhs in place of ₹ 1,021.06 lakhs with effect from April 2002 and from the year 2010 onwards annual value ₹ 111.20 lakhs in place of ₹ 183.76 lakhs has been fixed and demand Vide letter no. 493/205/13 dated 24/01/2014 for an amount of ₹ 137.68 lakhs is against current tax and arrears and interest of ₹ 55.91 lakhs has been raised. Payment of ₹ 124.25 lakhs for period upto March 2013 and ₹ 13.42 for the year 2013-14 totaling ₹ 137.68 lakhs has been paid and settled. Interest of ₹ 55.91 lakhs was waived off by Nagar Nigam as payment of current tax and arrears was made on 31/03/2014, taking into account it was an omission.

NOTE NO. 42

The Board in its 224th meeting held on May 28, 2013 approved the implementation of negotiated pay scale (2002), for workmen on the rolls of the company as on 01.04.2013 and also decided for considering the payment of arrears to the workmen who were on the rolls of the company on 01.08.2004 when the company starts making cash profit which was considered and approved by the Board in its meeting held on 16.05.2014. As against estimated arrears of ₹ 269.00 lakhs, reported in note no. 27(a) in annual accounts for the year ended at 31st March, 2013, the actual arrears have been worked out as under and has been taken into annual accounts for the year ended at 31st March, 2014.

Details	Recoverable*		Payable*	
	No. of workmen	Amount (₹ in lacs)	No. of workmen	Amount (₹ in lacs)
Workmen who are on rolls of SIL as on 01.04.2013	308	-48.13	139	+23.01
Workmen who retired before 01.04.2013	808	-77.70	219	+19.24
Total		-125.83		+42.25

* included in Note No. 21

** included in Note No.24

Regarding wage revision no provision has been made pending negotiated settlement with workmen.

NOTE NO. 43

During the year, the GOI released ₹ 3190.00 lakhs as equity for capital expenditure under the approval of revival package of SIL by Cabinet/BIFR. In line of GOI Letter No. F.No. 3(15)/2013-PE-VI dated 31st March 2014, interest of ₹ 134.73 lakhs including TDS accrued on deposit of funds pending utilization for CAPEX, has been shown as payable to GOI and not recognized as income. The Company is in the process of filing necessary returns of allotment in respect of issue of share capital of ₹ 3,190.00 lakhs to Government of India. The company is also in the process of filing necessary return for increasing authorised share capital from ₹ 75.00 Crores to ₹ 250.00 Crores.

**NOTE NO. 44**

Based on BIFR order dated 22.06.2013, the Board of SIL in their 225th meeting held on 12.07.2013 effected Reduction of Equity Share Capital of the company held by the Government of India by ₹ 8,521.12 lakhs as on 31st March 2013 against Accumulated Losses, in line with business plan for revival of SIL, which was further ratified by the share holders of the Company in their 41st Annual general meeting held on 30th September, 2013

NOTE NO. 45

In line with Accounting Standard AS-12 "Accounting for Government Grants" the interest subsidies on DG Set loans received from UPFC in 1976-77 and 1986-87 totaling ₹ 4.36 lakhs which were inadvertently classified under Capital Reserve have been rectified under prior period items during current year.

NOTE NO. 46

The Company's significant leasing arrangements are in respect of operating lease for premises (residential, office, stores, godowns etc) . These leasing arrangements are in the nature of cancellable lease which are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of ₹ 28.81 lakhs (Previous year ₹ 24.21 lakhs) payable are charged as "Rent".



NOTE No. 47

Loans From Government of India

Amount in ₹

Particulars	Loan Amount	Rate of Interest (Normal/ Penal)	Month of Last Installment Due	Default up to 31.03.2014			Outstanding as on 31.03.2014			Outstanding as on 31.03.2015		
				Principal	Normal Interest	Penal Interest	Principal	Normal Interest	Penal Interest	Principal	Normal Interest	Penal Interest
Plan Loan	2,000.00	Interest Free	Jul-20*	-	-	-	2,000.00	-	-	-	-	-
Non Plan Loan	165.00	13.50%/2.75%	Jul-17	-***	-	-	165.00	-	-	-	165.00	-
	24.00	13.50%/2.75%**	Jul-17	-***	-	-	24.00	-	-	-	24.00	-
Total	2,189.00			-	-	-	2,189.00	-	-	-	189.00	-
Less : Included in Current Maturities (Note No.8)							75.60	-	-	-	37.80	-
Less : Interest Accrued & Due on Government of India Loan (Note No.8)								-	-	-	-	-
Amount Included in Note No. 4							2,113.40	-	-	-	151.20	-

*As per sanction 23/07/2013 the Moratorium period for the loan is 3 years and installment commence from 31.03.2015

**Based on BIFR approval through miscellaneous application the Company has not made any provision for interest on Non Plan loan of Rs. 189 lakhs.

***₹ 37.80 lakhs is not shown as the matter is being taken up with Department of Heavy Industry/Board of Industrial & Financial Reconstruction for maintaining the status quo.

**NOTE NO. 48**

Additional information pursuant to Revised Schedule VI part II of the Companies Act, 1956

1. Stock and Turnover for the year ended Mar 31,2014

	Stocks					
	At Commencement		At Close		Turnover	
	Nos	₹ in Lakhs	Nos	₹ in Lakhs	Nos	₹ in Lakhs
Vikram Three Wheeler	1,063 (1,093)	960.43 (956.03)	1,770 (1,063)	1,856.33 (960.43)	13,877 (15,837)	17,267.66 (19,020.74)
Spares and Components	-	78.00 (57.09)	-	59.96 (78.00)	-	546.38 (546.27)
Petrol Pump stock* (Quantity Ltrs.)	32,308 (47,228)	20.08 (26.47)	41,899 (32,308)	27.28 (20.08)	2,438,368 (2,559,644)	1,552.35 (1,415.25)

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 24,48,394 ltrs. of Diesel/Petrol during the year (Previous Year 25,45,060 ltrs). There has been evaporation loss of 435.30 ltrs. (Previous Year 336.10 ltrs.)

(3) Turnover includes the following export sales

	2013-14		2012-13	
	Nos	₹ in Lakhs	Nos	₹ in Lakhs
Spares & components	-	37.95	-	38.23

Note : Export sales includes deemed export of ₹ 24.78 lakhs (Previous Year ₹ 8.03 lakhs).

2. C.I.F. Value of Import, Expenditure and Earnings in foreign currencies.

	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
A. C.I.F. Value of Imports		
Spare parts/Components	-	-
Capital goods	-	-
Others	1.31	1.49
	1.31	1.49



	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
B. Expenditure in foreign currencies		
On account of royalty, know-how, professional consultation fees, interest, provisions and others	-	-
	-	-
C. Earnings in foreign currencies		
Export of goods calculated on F.O.B. Basis*	13.17	30.19
	13.17	30.19

Explanatory Notes :

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

3. Details of Raw Materials Consumed

(i) Raw Materials (including spare parts) and Components.

Materials	Unit	2013-14		2012-13	
		Qty.	Value (₹ in Lakhs)	Qty.	Value (₹ in Lakhs)
Ferrous	Kg.	1,780,366	631.43	1,912,383	664.23
	Mtrs	17,598	338.20	139,789	383.81
Non-ferrous	Kg.	179,432	252.86	200,482	270.26
B.O.S.F.	-	-	3,271.88	-	3,660.35
Tyres & Tubes	Nos	116,227	877.53	130,198	984.41
Spare-parts Components	-	-	6,543.77	-	7,320.70
			<u>11,915.67</u>		<u>13,283.76</u>

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

	2013-2014		2012-13	
	₹ in Lakhs	%	₹ in Lakhs	%
(a) Imported (CIF, custom duty and other charges)	1.65	0.01	1.89	0.01
(b) Indigenous	11,914.02	99.99	13,281.87	99.99
	<u>11,915.67</u>	<u>100.00</u>	<u>13,283.76</u>	<u>100.00</u>



4. Auditor's Remuneration

	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
(a) Statutory Auditor's Audit fee	0.67	0.67
(b) Fee for Certification & Consultation	1.29	1.18
(c) Cost Audit Fees	0.17	0.24
(d) Tax Audit Fees	0.25	0.22
	2.38	2.31

The above figures includes service tax.

Note No. 49

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

B.N. Raj
Financial Controller

Rahul Bali
Director (Technical)

R.K. Singh
Chairman and Managing Director

In terms of our report of even date
For D.S. Shukla & Co.
FR No. - 000773C
Chartered Accountants

Place : New Delhi
Date : 16th May, 2014

Shreeharsh Shukla
(Partner)
Membership No.F408990



SCOOTERS INDIA LIMITED

(A Government of India Enterprise)
Corporate Identity No. L25111UP1972GOI003599
Registered Office : Lucknow – Kanpur Road,
(16th Mile Stone), Post Bag No.23 (G.P.O.),
P.O. Sarojini Nagar, Lucknow – 226008
E-mail : companysecretary@scootersindia.com
Website : www.scootersindia.com

NOTICE

Notice is hereby given that the 42nd Annual General Meeting of the members of Scooters India Limited will be held at **3.00 p.m. on Thursday, the 25th day of September, 2014, at the Kisan Mandi Bhawan Auditorium, Vibhuti Khand, Gomti Nagar, Lucknow-226 010, Uttar Pradesh** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31.03.2014.
2. To appoint a director in place of Mr. Rahul Bali, 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 142 of the Companies Act 2013, and other applicable provisions, if any, of the Companies Act, 2013, the remuneration of the Statutory Auditors appointed by Comptroller & Auditor General of India (C & AG) under section 139(5) of the said act, be and is hereby approved to be fixed at ₹ 1,00,000/- for the year 2014-15.”

SPECIAL BUSINESS :

4. Regularization of Shri Arvind Kumar as Director

To consider and, if thought fit, to pass with or without modifications, the following as Ordinary Resolution:

“RESOLVED that Shri Arvind Kumar be and is hereby regularized as an ordinary director in terms of the provision of section 152 of the Companies Act, 2013.”



5. Approval of Remuneration of Cost Auditor

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“RESOLVED that pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board of Directors

Sd/-
R K Singh
Chairman & Managing Director

Place : New Delhi
Date : August 13, 2014



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING OF THE COMPANY MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF.** A proxy need not be a member of the Company, Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable. A person shall not act as a Proxy for more than 50 members and holding ins the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
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 **22.09.2014** to **25.09.2014** (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. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 72 of the Companies Act, 2013, are requested to fill up the form annexed as a part of the Annual Report and send the same to the office of the Registrar and Transfer Agent of the Company.
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.
11. Voting through electronic means



In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 42nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The Company has signed an agreement with CDSL for facilitating e-voting to enable the Shareholders to cast their vote electronically. The instructions for shareholders voting electronically are as under :

- (i) The voting period begins on **Friday, 19th September, 2014 at 10.01 hrs. and will end on Sunday, 21st September, 2014 at 18.00 hrs.** During this period shareholders' of the Company, holding share either in physical form or in dematerialized form, as on the cut-off date (record date) of 15th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :

PAN	<p>For Members holding shares in Demat Form and physical Form</p> <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>□ Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number/member ID in the PAN field.</p>
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- In case the folio number/member ID is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number/member ID 1 then enter RA00000001 in the PAN field.s

DOB	Enter the date of birth as recorded in your demat account or in the company records for the said demat account in dd/mm/yyyy format.
-----	--

Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
-----------------------	--

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the No. of share in the Dividend Bank details field.

-
- (viii) After entering these details appropriately, click on "SUBMIT" tab.
 - (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xi) Click on the EVSN for the relevant SCOOTERS INDIA LIMITED on which you choose to vote.
 - (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.



- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institution Shareholders
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindi.com.
- (xx) Mr. Amit Gupta, (FCS-5478, CP. NO. 4682) of Amit Gupta & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of a least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxi) The Results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's report shall be placed on the Company's website www.scootersindia.com and on the website of CDSL within 2 (two) working days of the passing of the resolutions at the AGM of the Company and communicated to the stock Exchanges.



EXPLANATORY STATEMENT UNDER SEC.102 OF COMPANIES ACT 2013

Item No. 4:

Shri Arvind Kumar has been appointed as a part time official director the company, under article 112 (f) of the Articles of Association of the Company, by Government of India, Ministry of Heavy Industries & Public Enterprise, Department of Heavy Industry w.e.f. 08.08.2014. It is proposed to regularize his appointment as an ordinary director, liable to retire by rotation.

The Boards commends the resolution set out in the item No.4 of the notice for your approval as an ordinary resolution. None of the Director, key managerial personnel of their relative except Mr. Arvind Kumar himself is interested in resolution for aforesaid resolution.

Item No. 5:

Regulation 14 of the Companies (Audit and Auditors) Rules, 2014 requires that the remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders.

M/s Sunil Singh & Co., Cost Accountants had been appointed as Cost Auditor for the year 2014-15 by the Board of Directors in their 230th meeting held on 12.06.2014. The Board has recommended the remuneration of ₹ 15000/- inclusive of all.

The Boards commends the resolution set out in the item No.5 of the notice for your approval as special resolution. None of the Director, key managerial personnel or their relative is interested in resolution for their respective re-appointment.

By order of the Board of Directors

**Sd/-
R K Singh
Chairman & Managing Director**

Place : New Delhi
Date : August 13, 2014



GREEN INITIATIVES

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 Auditor' 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 R K Singh – aged 46 years, an IAS officer of 1991 batch of Uttar Pradesh Cadre, has been appointed as Chairman & Managing Director on additional charge basis w.e.f. 15.05.2013. He holds qualification of B.Tech in Thermal Science and has rich experience of about 21 years in Department of Land Revenue Mgmt & District, Environment & Forests, Youth affairs & sports, Urban Development, Labour & Employment, Human Resource Development, and Agriculture & Cooperation, and in Heavy Industries. He has very rich and comprehensive experience in the field of various developments and management projects.

Before joining SIL he has worked with CADRE and held so many designation in the same Organization as SDO, Assistant Commissioner, Deputy Secretary, Joint Secretary, Special Secretary, District Magistrate, Collector & D M, and Director and now presently he is on Central Deputation as Joint Secretary in Ministry of Heavy Industries. He is on Board of several PSU's including Instrumentation Limited, Bharat Bhari Udyog Nigam Limited, Engineers Projects (India) Limited, Richardson & Cruddas (1972) Limited, Tungbhadra Steel Products Limited.

Shri Rahul Bali – aged 48 year, has been appointed as Director (Technical) w.e.f. April 02, 2013. He is a Mechanical Engineer from National Institute of Technology, Jaipur and holds Post Graduate Diploma in Business Management from MDI, Gurgaon. He has been awarded "Finance Minister's Gold Medal" at MDI and is a Certified PMP (Project Management Professional) by PMI, USA and has wide exposure to the entire hydrocarbon value chain, automotive and manufacturing sector. He is a Life member of OMEGA association of Society of Petroleum Engineers (SPE) International & All India Management Association (AIMA) & member of American Society of Mechanical Engineers (ASME).

Before joining SIL Board, he had worked with ONGC as Chief Engineer (Production) with Facilities Engineering Group, Mumbai High Asset, Mumbai.

He has over 24 years' of diverse and progressive experience in the areas of Marketing, Oil and Gas Production, Project Management both upstream and downstream oil industry in India. Prior to joining ONGC he had worked with National Engineering Industry-NEI Ltd., largest bearing manufacturing company in India and had also worked on deputation with MRPL refinery - a joint sector company that was acquired by ONGC in 2003- and was actively associated during its turn around.

Shri Arivind Kumar - aged 47 years, has been appointed as Part time official Director w.e.f. 08.08.2014. He is Deputy Secretary in Department of Heavy Industry, Ministry of Heavy Industries. He holds Masters in Business Administration & Economics and is also law graduate. He is also pursuing Ph.D from IIFT, New Delhi. He has over 15 years diversified experience in various areas & before taking charge as Deputy Secretary, DHI, he has served as Director, Prasar Bharti, Under Secretary, Department of Revenue & foreign trade development officer at DGFT.

Attendance Card
SCOOTERS INDIA LIMITED

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

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

I/We hereby record my/our presence at the **42nd Annual General Meeting** of the Company held on Thursday, 25th September, 2014 at 3.00 p.m. at Kisan Mandi Bhawan Auditorium, Vibhuti Khand, Gomti Nagar, Lucknow-226 010

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

Notes :

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

SCOOTERS INDIA LIMITED

(A Government of India Enterprise)

Corporate Identity No. L25111UP1972GOI003599

Registered Office : Lucknow-Kanpur Road, (16th Mile Store), Post Bag No.23

(G.P.O.), P.O. Sarojini Nagar, Lucknow-226008

E-mail : company secretary@scootersindia.com

Website : www.scootersindia.com

Date : August 13, 2014

Sub. : Service of Documents through Electronic Mode

The Ministry of Corporate Affairs, Government of India, has notified Section 101 of the Companies Act, 2013 and the other rules governing the said Act. As per Rule 18(3)(1) of Chapter VII and Rule 11 of Chapter IX, the Company is requesting for a positive consent from its members to receive Notices of General Meeting/Postal Ballot, Annual Report and other shareholders communication. This will enable you to receive such notice(s)/Annual Report(s)/document(s)/Communication(s) etc., promptly and without loss in postal transit. Once we receive your positive consent, henceforth, Notices of Meetings, Annual Reports, Directors' Report, Auditors' Report and other shareholders communication will be sent to you electronically to your email address as provided by you AND/OR made available to the Company by the Depositories viz. National Securities Depository Limited (NSDL)/Central depository Services (India) Limited (CDSL). **As and when there are changes in your e-mail address, you are requested to update the same with your Depository Participant (DP). For share held in physical form, you can register your e-mail address with the Company's Registrar M/s Skyline Financial Services Private Limited, at "admin@skylinerta.com" OR the Company at "companysecretary@scootersindia.com"** mentioning your name(s) and folio Number. Please note that if you still wish to get a physical copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you. We look forward to your support.

Thanking you

Yours sincerely

For Scooters India Limited

Sd/-

R.K. Singh

Chairman & Managing Director

Date :

M/s skyline Financial Services Private Limited

D-153/A, IST FLOOR OKHLA INDUSTRIAL AREA PHASE-1, NEW DELHI-110020.

Dear Sir,

As per your letter dated Auust 13, 2014, I/We submit to you as under :

- 1) I/We hereby give my/our CONSENT to the Company to use my/our registered email id in my/our demat account with the Depository Participant for serving members related documents, under the Companies Act, 2013. (Please tick mark (s/) appropriately)

DP ID/CLIENT ID : _____

YES (?) NO (?)

- 2) Kindly use my/our Email Id : _____ for serving the documents for

Physical Folio No. _____

YES (?) NO (/)

Thanking you

Yours sincerely,

Name of First/sole holder _____ Signature _____

**Form No. MGT-11
PROXY FORM
(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014)**

CIN	L25111UP1972GOI003599
Name of the Company	SCOOTERS INDIA LIMITED
Address	Lucknow-Kanpur Road, (16 th Mile Stone), Post Bag No.23 (G.P.O.), P.O. Sarojini Nagar, Lucknow-226008

42ND ANNUAL GENERAL MEETING

Name of Member(s)	
Registered Address	
E-mail Id	
Folio No./Client Id	
DP ID	

I/We being member(s) of.....shares of above named Company, hereby appoint.

Name				
Address				
Email Id				
Resolution No.	Resolution	Vote (See Note no.2)		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Balance sheet, profit & loss account, cash flow statement, report of board of directors, auditors for financial year ended at 31 st March, 2014.			
2.	Appointment of Mr. Rahul Bali as director, who retires by rotation and being eligible offers himself for reappointment.			
3.	Approval of remuneration of statutory Auditors of the Company for 2014-15.			
Special Business				
4.	Appointment of Mr. Arvind Kumar as an ordinary Director.			
5.	Ratification of remuneration of Cost Auditor for year 2014-15			
Signatures				

or failing him.

Name	
Address	
Email Id	
Signatures	

or failing him,

Name	
Address	
Email Id	
Signatures	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 42nd Annual general meeting to be held **Thursday, the 25th day of September, 2014 at 3.00 P.M.** at the registered office of the Company at **Kisan Mandi Bhawan Auditorium, Vibhuti Khand, Gomti Nagar, Lucknow-226010** and at any adjournment thereof in respect of such resolutions as are indicated below :

Signed this.....day of.....2014.

Affix a
revenue
Stamp

Signature of Shareholder

Signature of Proxy holder(s)

Notes :

- 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- 2. It is optional to indicate your preference. If you leave the for, against, abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.**

Form No. SH-13
Nomination Form
[Pursuant to section 72 of the Companies Act, 2013 and rule
19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,

Name of the company	:	Scooters India Limited (CIN - L25111UP1972GOI003599)
Address of the company	:	Lucknow-Kanpur Road, (16 th Mile Stone), Post Bag No. 23 (G.P.O.), P.O. Sarojini Nagar, Lucknow-226008

I/We.....holder(s) of securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of Securities	Folio No.	No. of Securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S

a) Name	
b) Date of birth	
c) Occupation	
d) Nationality	
e) Address	
f) E-mail Id	
g) Relationship with the security holder	

(3) IN CASE NOMINEE IS A MINOR

a) Date of birth	
b) Date of attaining majority	
c) Name of guardian	
d) Address of guardian	

Witness : (Signature with name & address)	Signature : Name : Address :
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Through Registered Post/Speed Post/Courier

If undelivered please return to :

SCOOTERS INDIA LIMITED

(A Government of India Enterprise)

Registered Office : Lucknow - Kanpur Road,

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

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

Corporate Identity No. L25111UP1972GOI003599

