



Scooters India Limited

(A Government of India Enterprises)

Post Bag No. 23, GPO, Sarojini Nagar, Lucknow - 226008 Uttar Pradesh, India

Corporate Identity No. L25111UP1972GOI003599

Telephone No. 0522-2476242, 0522-2476200 Fax No. 0522-2476190

E-mail: companysecretary@scootersindia.com Website: www.scootersindia.com

October 7, 2015

BSE Limited
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

Subject: Clause 36 of the Listing Agreement - Discharged the Company from BIFR

Dear Sir,

Further to our letter dated 21.9.2015, we wish to inform that Hon'ble bench of Board for Industrial & Financial Reconstruction, New Delhi has discharged the company from its purview on its ceasing as Sick Industrial company in terms of the provision of section 3 (1)(o) of Sick Industrial Company (special provision) Act 1985 during recent hearing held on 15th day of September, 2015.

The statement of proceedings of the said hearing is attached herewith for your ready reference.

We humbly request you to kindly take the above on your records.

Thanking You,

Yours faithfully,
For Scooters India Limited,


~~for (Amit Gupta)~~
Authorized signatory

Encl: as above

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
BENCH OFFICE-III

CASE NO. 501/10-M/S SCOOTERS INDIA LTD.

SUMMARY RECORD OF PROCEEDINGS OF THE HEARING HELD
ON 15.09.2015 BEFORE THE BENCH CONSISTING OF
SHRI J.P.DUA, CHAIRMAN AND SHRI S.C.SINHA, MEMBER.

<u>Present</u>	<u>Name & Designation of the Representative S/Shri</u>
M/s Scooters India Ltd.	Rahul Bali, Director(Tech.) Amit Gupta, PCS
State Bank of India(OA)	Sanjay Kalra, Chief Manager
Indian Overseas Bank	R.S.Khatak, AGM
Deptt. of Heavy Industry, Govt. of India	Ajay Kumar, Under Secy.
SIL Employees Union	Om Parkash Yadav, President A.K.Thakar, Cashier Moti Chand Singh, Gen. Secy.
Staff Association Scooter Udyog	A.N.Mishra, President
SIL Action Sangathan	R.A.Khan, President
SIL Kamgar Union	M.P.Tiwari, Secretary
SIL Officers Welfare Association	S.R.Singh, President D.S.Rathore, Hon. Secy.
Scooters India Karamchari Sangh	Pramod Kumar Singh, President
Automobile Products of India	Amit Baisoya, Advocate

1. M/s. Scooters India Ltd, based on its audited balance sheet (ABS) as on 31.3.2009, had filed a reference under Section 15(1) of the Sick Industrial

Companies (Special Provisions) Act, 1985 (hereinafter referred to as the Act). It was noted from Form A and other papers filed by the company that it was incorporated in the State of U.P. on 7.9.1972. The company owned a factory located at Lucknow. The company was engaged in the manufacturing of Automobiles (2 wheelers and 3 wheelers).

2. In the hearing held on 18.2.2010, the Bench declared the company sick u/s 3(1)(o) of SICA and appointed State Bank of India (SBI) as the Operating Agency (OA) u/s 17(3) of SICA to prepare a rehabilitation scheme for the company. The Bench further issued the following directions:

- i) The company shall prepare a fully tied up draft rehabilitation scheme (DRS) within three months in consultation with the parent ministry and submit the same to OA, with a copy to the Board.
- ii) The OA shall examine the DRS prepared by the company with in further four weeks time and hold a joint meeting of all the stake holders to consider the company's DRS and submit a report with a fully tied up DRS, if it emerges . The Guidelines a n d Check list for preparation of DRS is also enclosed herewith.
- iii) The company shall not dispose of any of its assets as per provisions of Section 22 of SICA without prior approval of the Board.
- iv) The Bench fixed the next date of hearing on 17.6.2010.

3. In the hearing held on 17.6.2010, the Bench issued the following directions:

- i) DHI shall take early decision on the proposal submitted by the company and fully tied up DRS shall be filed with the OA within two months.
- ii) The Bench fixed the next date of hearing on 18.10.2010.

4. In the hearing held on 18.10.2010, the Bench issued the following directions:

- (a) The company should verify all the Recognized Unions of the company and should forward a list to the Board within a period of one month. The company should also intimate these unions to attend the next hearing before the Board.
- (b) The company is permitted to sell movable assets viz. Buses as disclosed in the company's letter dated 18.6.2010, for not below the total sale of value of Rs.18.00 lakhs.
- (c) The company is directed to submit a fully tied -up DRS with SBI (OA) within a period of 6 weeks. Thereafter, SBI (OA) should call for a joint meeting of all concerned and submit its recommendation / suggestion on DRS alongwith its report before the Board within a further period of 4 weeks.
- (d) The next date of hearing in this matter is fixed on 24.02.2011. The hearing fixed on 24-02-2011 has been cancelled.

5. In the hearing held on 10.01.2012, the Bench issued the following directions:

- (i) State Bank of India (OA) is directed to prepare a DRS of company after obtaining a copy of the report of Price Water House and submit the same to the Board, within eight weeks.
- (ii) The company is directed to assist/ provide SBI (OA) all the necessary details required for preparing the DRS.
- (iii) The following amendment is carried out in the SOP dated 18 -10-2010:

(a) Para 8(b) : For : Rs.18.00 lakhs

Read : Rs.16,447.53

- (iv) The Bench fixed the next DOH on 12 Apr 2012.

6. In the hearing held on 12-04-2012, the Bench asked the CMD of the company whether he has any objection in impleading the above Unions. The CMD replied that the decision taken by the Bench in the matter will be acceptable to him. Accordingly, the Bench issued the following directions:

- (i) State Bank of India (OA) is directed to prepare a DRS of the company after obtaining a copy of the report of Price Water House and submit the same to the Board, within two months.
- (ii) The company is directed to provide SBI (OA) all the necessary details required for preparing the DRS.
- (iii) SIL Employees Union (INTUC), Staff Association Scooter Udyog (AITUC), SIL Mazdoor Action Sangadan (AITUC), SIL Kamgar Union Lucknow (AICCTU) & SIL Officers Welfare Association are impleaded as party in the case. The Bench Officer is directed to add these names in the mailing list.
- (iv) The Bench fixed the next DOH on 16 July 2012.

7. In the hearing held on 16 -07-2012, the Bench opined that the company may consider wage revision of the employees if financially viable. The company may also have meetings with the Unions for their grievances. Accordingly, the Bench issued the following directions:

- (i) State Bank of India (OA) is directed to prepare a DRS of the company after obtaining a copy of the report of Price Water House and submit the same to the Board, within six weeks.
- (ii) The company is directed to provide SBI (OA) all the necessary details required for preparing the DRS.
- (iii) Scooters India Karamchari Sangh is impleaded as party in the case.
- (iv) The Bench fixed the next DOH on 03 Oct. 2012.

8. In the hearing held on 03.10.2012, the Bench issued the following directions:

- (i) State Bank of India(OA) to circulate the DRS to all concerned within one week for comments, convene a Joint Meeting of all concerned within further three weeks and submit a fully tied up DRS, if it emerges, to Board s office with a copy to company, within six weeks.
- (ii) The management to consider to hold meeting with the worker unions regarding their demands.

(iii) The next date of hearing in this matter is fixed on 27 Nov 2012.

9. In the hearing held on 16.01.2013, the Bench issued the following directions:

- (i) Department of Heavy Industry (DHI), Government of India to finalize the rehabilitation proposal of SIL and submits its report to Board's office, within 30 days.
- (ii) Department of Heavy Industry (DHI), Government of India is advised to consider to revise the Pay Scale of SIL employees at par with other CPSU.
- (iii) The Chairman & Managing Director of SIL to hold a meeting with all workers/ employees unions and submit its report to Board's office within 30 days.
- (iv) The Bench fixed the next date of hearing on 11.04.2013.

10. In the hearing held on 11.04.2013, the Bench issued the following directions:

- (i) Deptt. of Heavy Industry(DHI) to appoint one MD, one Dir (Admn) and one Dir (Fin) on regular basis for revival of the company.
- (ii) Deptt. of Heavy Industry (DHI) to reconsider the relaxation of DPE guidelines for implementation of 2007 pay revision in SIL.
- (iii) C&MD to hold a meeting with the workers & employees of SIL and submit minutes of the meeting to Board's office within 15 days.
- (iv) State Bank of India (OA) to hold a joint meeting of all concerned and submit a fully tied up DRS to Board's office within four weeks.
- (v) The Bench fixed the next date of hearing on 11.06.2013.

11. In the hearing held on 11.06.2013, the Bench issued the following directions:

- (i) State Bank of India (OA) to hold a joint meeting of all concerned within 10 days and submit a fully tied up DRS to Board's office by 30 June 2013.

- (ii) Bench reiterate its earlier direction that Deptt. of Heavy Industry (DHI) to consider the relaxation of DPE guidelines for implementation of 2007 pay revision in SIL.
- (iii) The Bench fixed the next date of hearing on 04.09.2013.

12.1 An MA No.316/BC/2013 dated 12.6.2013 has been filed by the company, applicant-company M/s Scooters India Ltd. praying this Hon'ble Board be pleased to:

- (a) Permit the applicant company for early implementation of part of Revival plant (as per para 11 of this application) including issue of shares, restructuring, release and utilization of funds as approved by GOI vide letter dated 22.2.2013 and also to give effect to the same in annual accounts for the year ended at 31st March, 2013, pending finalization, submission of DRS and sanction by this Hon'ble Board.
- (b) Permit the applicant company to incur CPEX by availing funds of Rs.31.90 crores from GOI against allocation of Rs. 70.38 crores for meeting CAPEX as per GOI approval dated 22.2.2013.
- (c) Permit the applicant company for availing funds of Rs. 20 crores against allocation of Rs. 20 crores, for meeting working capital requirements as per GOI approval dated 22.2.2013.
- (d) Pass any other order or direction as may be deemed fit and proper in the facts and circumstances of the present case.

12.2 In the hearing on 19.06.2013 in MA No. 316/ BC/ 2013, the Bench allowed the MA No. 316/BC 2013 and issued the following directions:

- (a) Permit the Applicant Company for early implementation of part of Revival plan (as per para 11 of the MA No. 316/ 2013) including issue of shares, restructuring, release and utilization of funds as approved by GOI vide letter dated 22.02.2013 and also to give effect to the same in annual accounts for the year ended at 31st March, 2013, pending finalization, submission of DRS and sanction by the Board.

- b) Permit the Applicant Company to incur CAPEX by availing funds of Rs.31.90 crores from GOI against allocation of Rs.70.38 Crores for meeting CAPEX as per GOI approval dated 22.02.2013.
- c) Permit the Applicant Company for availing funds of Rs.20 crores against allocation of Rs.20 Crores, for meeting working capital requirements as per GOI approval dated 22.02.2013.

13. In the hearing held on 04.09.2013, the Bench issued the following directions:

- (i) State Bank of India (OA) to submit fully tied up DRS of the Company to Board's office, within 15 days.
- (ii) Board's office to examine the DRS of the Company, on receipt of the same from State Bank of India (OA).
- (iii) The Bench fixed the next date of hearing on 13. 11. 2013.

14. In the hearing held on 13.11.2013, the Bench issued the following directions:

- (i) SBI (OA) to facilitate a meeting between the SIL Management and Unions/ Associations of SIL to resolve the grievances of the employees and submit its report to Board s office, within one month.
- (ii) Company to submit its legal view on the net worth position of the company to SBI (OA), with a copy to the Board, within two weeks.
- (iii) SBI (OA) to submit its legal view on the net worth position of the company to Board s office, with a copy to the Company, within further four weeks.
- (iv) The Bench fixed the next date of hearing on 28. 01. 2014.

15. In the hearing held on 28.01.2014, the Bench issued the following directions:

- (i) SBI (OA) to hold a meeting on 08.02.2014 between the SIL management and Unions/ Associations of SIL on the basis of DPE guidelines dated

16.06.2010 to resolve the grievances of the employees and submit its report to Board's office, within four weeks.

- (ii) CMD, SIL, Dir (Tech), SIL and Fin. Controller, SIL will present in the meeting to be held on 08.02.2014.
- (iii) SBI (OA) to examine the legal submission of the Company on their net worth position and submit its report to Board's office, with a copy to the company, within four weeks.
- (iv) The Bench fixed the next date of hearing on 07 Apr 2014.

The hearing fixed for 7.4.2014 was postponed.

16. An MA No. 379/BC/2014 dated 29.8.2014 has been filed by M/s Automobile Products of India Ltd., the applicant in respect of the company M/s Scooters India Ltd. praying this Hon'ble Board be pleased to:

- a) That the applicant be impleaded as a party to the reference made by SIL before the Hon'ble Board being Case No.501/2010 and to permit necessary amendment in terms thereof;
- b) that the claim of the applicant as more particularly described in the Particulars of Claim (Annexure-I) be taken on record;
- c) to direct the OA to include the claim of the applicant in the DRS;
- d) to permit the OA to make further representations before the OA, if necessary;
- e) the applicant be granted personal hearing before the Hon'ble BIFR and the OA before finalizing the DRS;
- f) pending the hearing and final disposal of this MA the formulation and/or approval and/or implementation of the DRS be stayed;
- g) For ad-interim reliefs in terms of prayer (f) above;
- h) for costs of this MA.
- i) for such further and other reliefs as the Hon'ble BIFR deems appropriate in the facts and circumstances of the case.

The hearing fixed in MA No.379/2014 on 10.9.2014, 24.9.2014 & 15.10.2014 were postponed.

17. In the hearing held on 03.11.2014 in MA No.379/2014, the Bench issued the following directions:-

- (i) There was no representative on behalf of the applicant – Automobile Products of India, in the hearing. Accordingly, MA No.455/2014 filed by Automobile Products of India, stands dismissed for non-prosecution.
- (ii) The company to submit ABS for the period ending 31.03.2013 & 31.03.2014 to OA (SBI) and to Board' office (in quadruplicate) within a period of four weeks.
- (iii) The company also to submit CA's certificate stating whether the networth of the company has turned positive or not to OA (SBI) and to the Board's office (in quadruplicate) within a further period of four weeks.
- (iv) The next date of hearing in the main case is fixed on 05.05.2015.

18. In the hearing held on 25.02.2015, the Bench issued the following directions:

- (i) Company to submit the status of the networth as per accounting procedure alongwith the report whether DRS is required to be sanctioned for its long term revival to the Board within a period of four weeks with a copy to the SBI (OA).
- (ii) SBI (OA) to examine the report after receipt from the company and submit a comprehensive report to the Board within a further period of four weeks.

(iii) The next date of hearing is fixed on 05.05.2015.

19.1 In the hearing held today (15.09.2015), the representative of SBI (OA) stated that as per direction issued by the Bench in the hearing held on 25.02.2015, they have examined the report submitted by the company and they have submitted a comprehensive report on the networth of the company to the Board. He further confirmed that the networth of the company has turned positive, it ceased to be a sick industrial company within meaning of clause (o) of sub section (1) of section 3 of SICA and recommended to discharge the company from the purview of SICA.

19.2 The representative of the company stated that the networth of the company is conditionally positive. He clarified that if certain reliefs and concessions are taken into account, the profit will increase which can make networth positive. He further stated that the reliefs and concessions stipulated in the DRS are need to be sanctioned for sustainable revival of the company. He also added that the company is sincerely doing its best to bring down the cost of manufacturing and able to earn profit. He further added that the DRS of the company duly approved by the Cabinet Committee has already been submitted to the SBI (OA) and after examination of DRS, the SBI (OA) has submitted the DRS to the Board.

19.3 The representative of DHI, Govt of India stated that the Ministry has agreed to formulate revival scheme for revival of the company and also agreed to incorporate the reliefs and concessions under consideration.

19.4 The representative of SIL Employees Union and representative of other unions stated that despite the agreement with management and even there is Hon'ble High Court decisions, the management has not revised the pay structure as per DPE Guidelines, 2006. The representative of DHI, Govt of India stated that the issue of pay revision is under consideration of Ministry and it is expected to get it settled in near future.

19.5 Having considered the submissions made during the hearing and the material on record, the Bench observed that State Bank of India(OA) vide its letter dated 22.05.2015, has recommended that the company may be discharged from the purview of SICA since the networth of the company has turned positive as per the ABS as on 31.03.2013, and 31.03.2014. The details of the status of networth of the company is as given below:-

Particulars	31.03.2013 (Rupees in crore)	31.03.2014 (Rupees in crores)
Accumulated loss	1568.68	238.30
Networth	5348.39	8538.39
Excess of networth over accumulated loss	3759.71	8300.09

Considering the facts on record, the Bench noted that the net worth of the company has become positive by substantial amount as per Audited Balance Sheets as on 31.03.2013 and 31.03.2014, and thus it does not remain to be a sick industrial company in terms of Section 3(1)(o) of SICA. Accordingly, the company - M/s. Scooters India Ltd is discharged from the purview of SICA with the following directions:

- (i) The company M/s Scooters India Ltd ceases to be a sick industrial company, within the meaning of Section 3(1)(o) of the SICA as its net worth has turned positive. It is, therefore, discharged from the purview of SICA/BIFR.
- (ii) The Board discharges State Bank of India from the responsibility of Operating Agency (OA) to the Board.
- (iii) All Secured Creditors, Statutory Authorities are at a liberty to recover their dues, if any, according to law.
- (iv) The Special Director, if any, appointed by the Board on company's 'Board of Directors' (BOD), would stand discharged with immediate effect. The company would complete necessary formalities with the concerned 'Registrar of Companies' (ROC), as may be required.

Let a copy of this order be circulated to all concerned.

(S.C.SINHA)
MEMBER

(J.P.DUA)
CHAIRMAN